



**FIDEURAM**

INTESA SANPAOLO PRIVATE BANKING

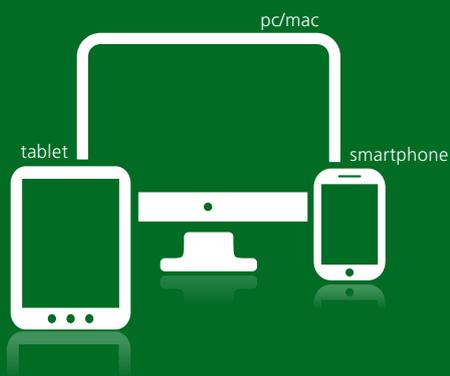
# Integrated Annual Report 2015

# Mission

**To help** our customers manage their assets wisely, based on a detailed analysis of their real needs and risk profile.

**To offer** financial advisory services covering the full spectrum of our clients' assets with the support of expert professionals, acting with total transparency and complete respect for the rules. That is **Fideuram - Intesa Sanpaolo Private Banking's mission.**

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





Customers



Shareholders



Colleagues



Suppliers



Community



Environment

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# About this Report

## INTEGRATED FINANCIAL STATEMENTS

The Fideuram - Intesa Sanpaolo Private Banking Group has, in line with recent international reporting developments, published an Integrated Annual report for the third consecutive year, prepared in accordance with the International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC) in December 2013.

The reporting process aims to provide a full overview by integrating traditional financial reporting with reports on the Group's environmental, social and governance performance.

The document has been designed to address all our stakeholders effectively, with the aim of:

- a. Providing a complete picture of our ability to create value sustainably over time.
- b. Highlighting the connections between our strategy and financial performance and the social, environmental and economic contexts in which we operate, so that the reader is able to obtain a full understanding of the results achieved and formulate their own forecasts regarding our future.
- c. Presenting complete, clear and concise financial and other information to communicate with the market with high standards of transparency.

## REGULATORY FRAMEWORK AND GUIDELINES

The European Commission follows developments in the integrated reporting process and in 2014 issued Directive No. 95/2014, which makes it compulsory for public-interest entities with more than 500 employees to include non-financial information (environmental, social and governance matters) in their Annual Reports.

The new requirements will apply from the 2017 Financial Statements, once the Member States have transposed the directive into their respective national regulations.

**“The Integrated Report has been prepared starting from our business model to highlight our strategic focus and the components that influence the creation of value”**

Our Group is thus ahead of the reference regulations in presenting an integrated document that outlines our business model through capital analysis to show the factors that have a material influence on our ability to **create value**.

Our integrated reporting uses qualitative and quantitative Key Performance Indicators (KPIs) to analyse the interdependencies between the financial, productive, intellectual, human, relational and natural capital underlying the value created by the Group.

The non-financial reporting has been prepared in accordance with the G4 Sustainability Reporting Guidelines drawn up by the Global Reporting Initiative (GRI) in May 2013.

The application level of the said guidelines adopted for the preparation of this document is the Core level, which is considered more suited to the principles of conciseness and connectivity of an Integrated Report.

This document has been prepared in accordance with the principles set out by the Assessment Committee of the Oscar di Bilancio.

## IN CONCLUSION

Integrated reporting is a journey on which perfection is gradually achieved as reporting processes for the production of the supporting information are developed. In line with this philosophy, our Group has continued its actions to improve the quality of its reporting through involving internal and external stakeholders in the choice of relevant aspects to report on.

The Integrated Annual Report is available in Italian and English on the Fideuram website. Following the revision of our accounts closure and reporting processes, we have further accelerated our publication times to provide prompt financial communications to the markets. In addition, an interactive Annual Report with multimedia information (audio and video aids) is available on the homepage of our website, supplementing and enhancing the financial reporting with a varied array of external corporate communications.

We extend our thanks to all the stakeholders who played an active role in improving our 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.



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- 1.4 Key drivers
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- 1.7 Risk management

€**2.5**bn  
**wealth created**  
in 2015  
(up €**0.3bn** on 2014)

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

#### Client Assets 2015



■ Non-managed assets ■ Managed assets



## 1. Business model

# 1.1 Group structure

The Fideuram - Intesa Sanpaolo Private Banking Group ("Fideuram Group" hereinafter) operates in six different countries across Europe (Italy, France, Switzerland, Ireland, the United Kingdom and Luxembourg) and comprises parent company **Fideuram - Intesa Sanpaolo Private Banking** ("Fideuram" hereinafter) and ten subsidiaries.



## Ireland

FIDEURAM ASSET MANAGEMENT IRELAND 100%

## France

FINANCIÈRE FIDEURAM 99.99%

EURO-TRÉSORERIE 99.99%

## Italy

FIDEURAM INTESA SANPAOLO PRIVATE BANKING

INTESA SANPAOLO PRIVATE BANKING 100%

SANPAOLO INVEST 100%

FIDEURAM INVESTIMENTI 99.50%

SIREFID 100%

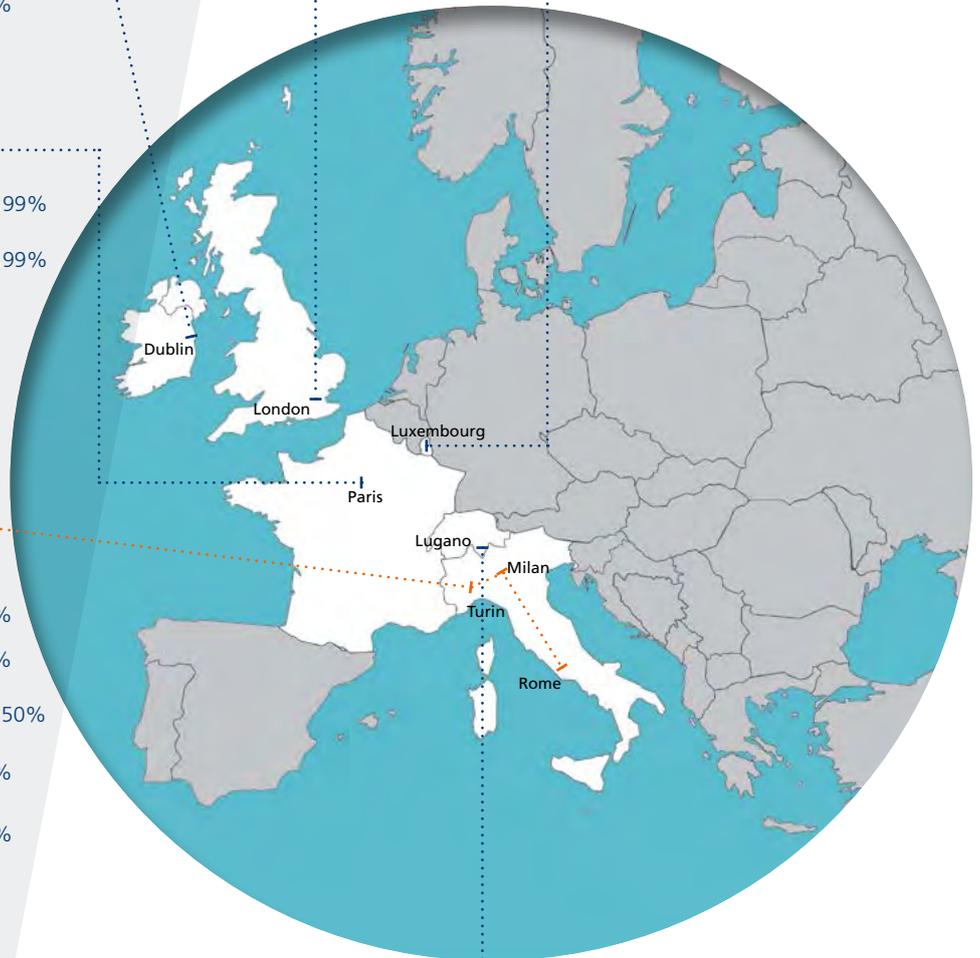
FIDEURAM FIDUCIARIA 100%

## United Kingdom

Branch of INTESA SANPAOLO PRIVATE BANKING

## Luxembourg

FIDEURAM BANK LUXEMBOURG 100%



## Switzerland

INTESA SANPAOLO PRIVATE BANK SUISSE 100%

## 1.2 Business model

Fideuram - Intesa Sanpaolo Private Banking is the number one Private Bank in Italy and the fourth largest in the euro area with approximately €189bn client assets.

With effect from 30 June 2015, Banca Fideuram changed its name to Fideuram - Intesa Sanpaolo Private Banking and acquired a controlling interest in three Intesa Sanpaolo Group companies: Intesa Sanpaolo Private Banking S.p.A., Sirefid S.p.A. and Intesa Sanpaolo Private Bank (Suisse) S.A..

The new entity was created to direct the business of the Intesa Sanpaolo Group Private Banking Division, which brings together the companies providing the Group's financial advisory, asset management and trust services.

The Division's mission is to serve the upper affluent customer segment, creating value with products and services conceived for excellence, while ensuring the increased profitability of client assets through the constant development of our product range and service delivery solutions.

The Fideuram Group specialises in particular in the provision of financial advisory services and the development, management and distribution of financial, insurance and banking products and services.

The Group's positioning strategy is prin-

cipally focused on the Private Banking and High Net Worth Individuals segments, with our products and services being provided through around 6,000 highly-qualified professionals in three separate networks (the Fideuram, Sanpaolo Invest and Intesa Sanpaolo Private Banking networks), each with their own brand identities, service models and customer profiles.

Together, our three networks enable us to provide complete geographical coverage of the Italian market with the support of 227 Bank Branches and 325 Personal Financial Advisers' offices.

The Group's service model is centred on professional advisory services and the creation of longstanding relationships of trust between our customers and Personal Financial Advisers. The Group boasts a strong and stable retail customer base, which can depend on a dedicated service model and tailored product offering.

Our advisory services are offered as "Basic Advisory Services", which we provide for all customers free of charge in line with the requirements of the EC's Markets in Financial Instruments

Directive (MiFID), and as two types of "Advanced Advisory Services" (SEI and Active), which are paid services designed specifically for customers with greater financial assets and provided on the basis of a contract.

The investment solutions proposed by our Personal Financial Advisers are for the most part developed and managed within the Group through dedicated product companies.

In addition, the Group's marketing agreements with leading international investment houses mean that we are also able to offer third-party products in accordance with the "Guided Open Architecture Model" that the Group has adopted to complement its expertise and satisfy even the most complex customer needs.

The Fideuram Group also engages in banking activities (asset gathering and lending), offering its customers a complete range of banking products and services.

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



Branches



Private Banking



Online

Dedicated bank



Personal Financial Adviser and Customer

# OUR BUSINESS MODEL

CONTEXT: PRIVATE BANKING MARKET - ITALY - SWITZERLAND - UNITED KINGDOM



## Mission

**To help** our customers manage their assets wisely, based on a detailed analysis of their real needs and risk profile.



**To offer** financial advisory services covering the full spectrum of our clients' assets with the support of expert professionals, acting with total transparency and complete respect for the rules.

## Strengths

Integrated Group

Distribution networks with well-known distinctive brands

Service model based on advanced advisory support

Guided Open Architecture Approach

Focus on Private Banking customers and High Net Worth Individuals

The Fideuram Group's customers are segmented as follows:



### HIGH NET WORTH INDIVIDUALS

Customers with financial assets potentially in excess of €10,000,000

### PRIVATE BANKING CUSTOMERS

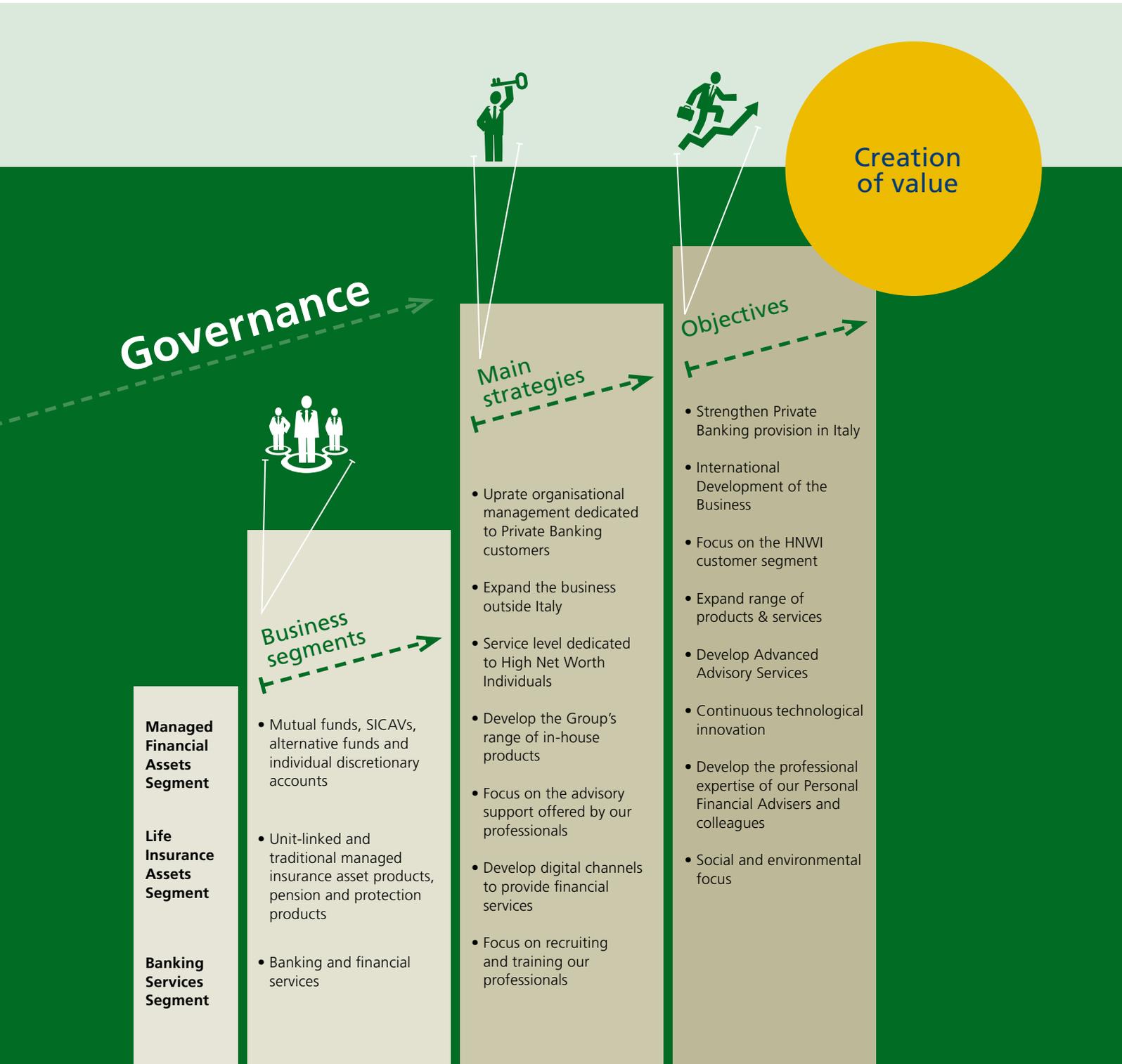
Customers with financial assets of between €500,000 and €10,000,000

### AFFLUENT CUSTOMERS

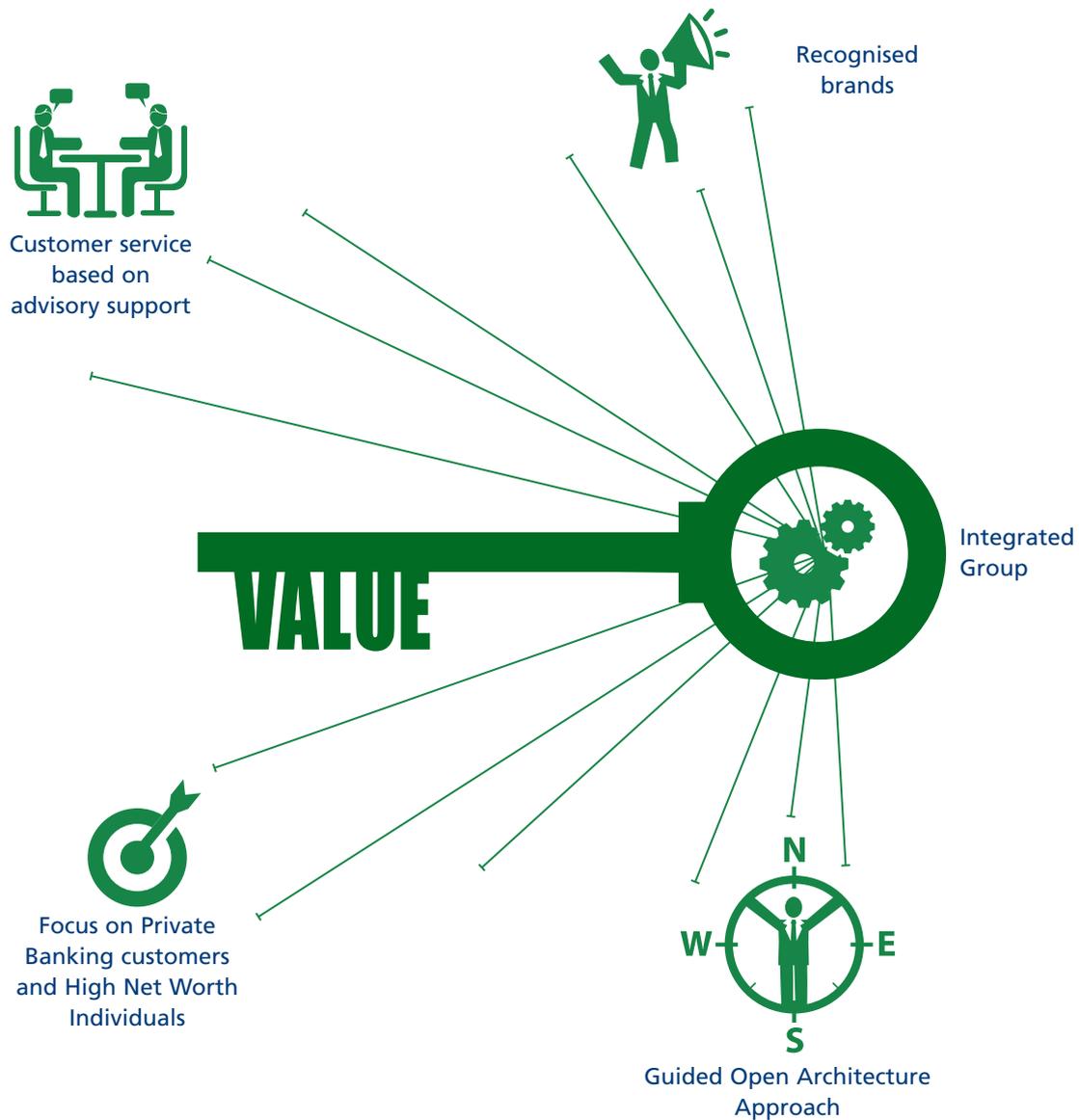
Customers with financial assets of between €100,000 and €500,000

### MASS MARKET CUSTOMERS

Customers with financial assets of less than €100,000



## 1.3 Key factors in the value-creation process



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

- An **Integrated Group** of companies based in 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. Thanks to the fact that these product companies interact directly with the Personal Financial Adviser Networks, they are kept constantly updated on any changes in customer needs and are able to create the most appropriate investment solutions. The Group will set up its own Investment Center in 2016, tasked with establishing a unified market vision that is expressed in a spectrum of asset allocation approaches differentiated by customer profile, risk propensity and distribution network.
- Three **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 and Intesa Sanpaolo Private Banking brands and their consolidated reputations of longstanding on the Italian market. The latter are key to attracting new customers and the top professionals in the sector with a

complete offering of products and services, bank branches and leading-edge expertise. A bricks and mortar presence, with 227 bank branches and 325 Personal Financial Advisers' offices, enables us to offer our customers a complete service that secures their loyalty and strengthens the Group's role as a one-stop-shop provider of banking products and services.

- **A service model based on advanced advisory 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 two different contracts:*

*SEI Advanced Advisory Service:* Provided on the basis of a dedicated contract and subject to the payment of fees and commission. This service consists in identifying the customer's individual requirements classified by area of need, in analysing their overall position (including any third-party portfolios) and risk/return profile, in identifying appropriate investment strategies and solutions for each individual area of need and in monitoring them over time.

*Active Advanced Advisory Service:* A personalised advisory service subject to the payment of fees and commission for customers with non-managed financial asset investments who require the constant support of a team of central specialists to guide their various different investment decisions in accordance with the type of asset concerned.

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

- Tax, legal and succession advisory services for asset planning.
- Trust services, supported by Sirefid and Fideuram 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, conducting the related needs analyses internally or with the support of external consultants for valuation and agency services, including for international purchases and sales.

- **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 third-party investment companies.

- A clear **focus on Private Banking customers and High Net Worth Individuals (HNWI)**, segments that account for approximately 73% of the Group's client assets and which have high growth prospects on the Italian market. These are, moreover, also Client Assets that are 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 Group supports its Private Banking customers with a dedicated service model using ad hoc organisational management and a complete array of special products and services aimed principally at company-owner, senior-management and professional households - a target group that tends to have a demand for solutions protecting value in its various forms, while also being highly articulate about its varied and complex requirements.

The Group plans to enhance the support offered its High Net Worth Individual customers by establishing an Intesa Sanpaolo Private Banking Department that will support the Personal Financial Adviser Network with dedicated products and strategies, operating as an HNWI Hub comprised of the following units:

- Competence Center, offering specialist advisory support providing investment, wealth advisory, real estate and related solutions.
- Client Business Development, responsible for developing the support provided to existing customers and for acquiring new ones, including through the establishment of a network of relationships with private sector operators or external professionals, and through offering ordinary and extraordinary financial services and lending services to business customers.
- Business Model and Initiatives, tasked with managing the dedicated service model and related risks, as well as providing business planning to support the model of interaction between the Department and specialist network.

The new HNWI customer service model, delivered through specialisation of the network with dedicated resources and HNWI Branches, aims to converge the most important relationships on a small number of operating centres and to strengthen our market coverage of the HNWI segment through the creation of ad hoc organisational solutions. These branches will liaise with the HNWI Competence Center on a regular basis in order to resolve any issues typical of a dedicated service model (including with regard to product and service offerings, business practices and pricing, etc.).

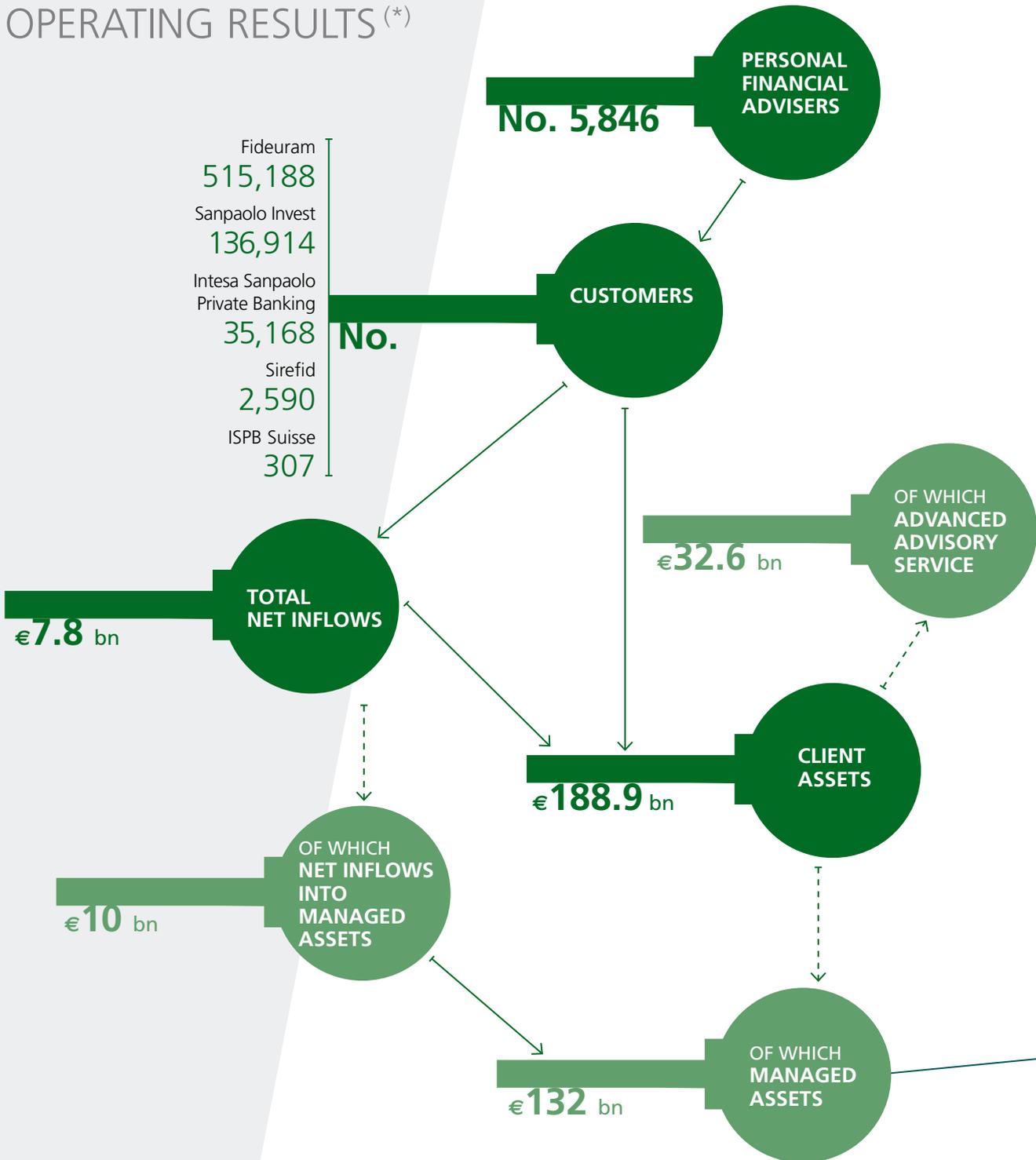


Further information on pages 28-31, 49-51, 86-87, 150-154

# 1.4 Key drivers

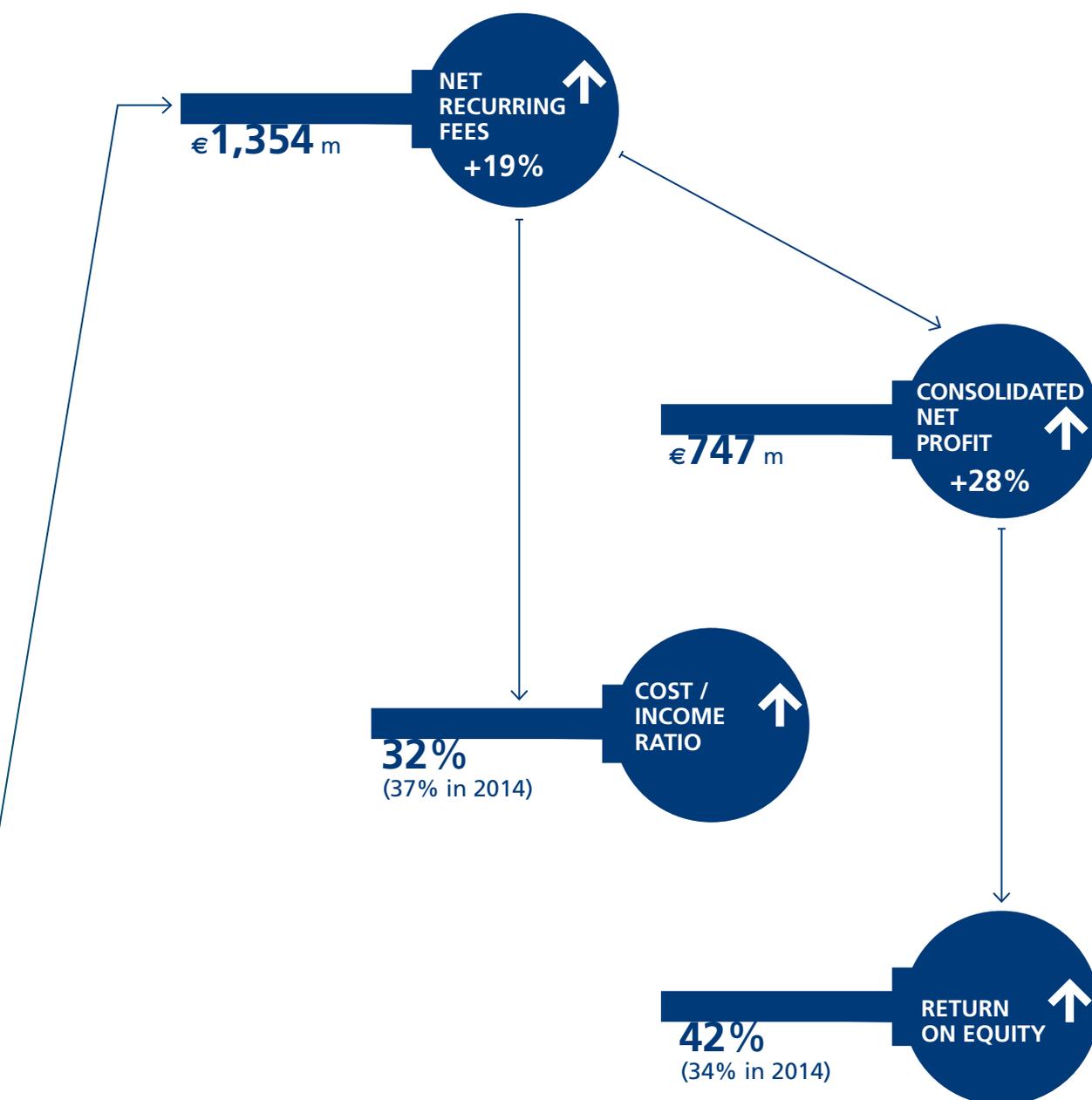
## Key drivers of the business model

### OPERATING RESULTS (\*)



(\*) Restated where necessary to take the changes in the scope of consolidation into account so that straight comparisons can be made. The figures for Net inflows (total and into managed assets) in particular also include the contributions of Intesa Sanpaolo Private Banking, Sirefid and Intesa Sanpaolo Private Bank (Suisse), as if the company transactions had become effective from 1 January 2014.

## FINANCIAL RESULTS (\*)



(\*) Restated where necessary to take the changes in the scope of consolidation into account so that straight comparisons can be made. All the financial results take into account the contributions of Intesa Sanpaolo Private Banking, Sirefid and Intesa Sanpaolo Private Bank (Suisse), as if the company transactions had become effective from 1 January 2014.

## 1.5 Business segments

The Group's business model, based on advanced advisory support, covers three business segments:

**Managed Financial Assets Segment**, which extends from mutual funds to SICAVs, alternative funds and individual discretionary accounts.

**Life Insurance Assets Segment**, which covers unit-linked and traditional managed insurance asset products as well as pension and protection products.

**Banking Services Segment**, which covers the Group's banking and financial services.



### MANAGED FINANCIAL ASSETS SEGMENT

The Managed Financial Assets Segment covers the collective asset management solutions (mutual funds, SICAVs and alternative funds) and individual discretionary account solutions outlined below.

#### MUTUAL FUNDS

The collective asset management solutions offered fall into two main categories:

• **Benchmarked Funds:** with a return objective linked to a market index. The portfolio composition of these types of funds is determined by selecting assets for under/overweighting with respect to the benchmark within the limits of the investment policy.



• **Flexible Mutual Funds:** Mutual funds that have the objective of obtaining positive absolute returns for different levels of risk without being linked to a reference benchmark. These funds offer greater freedom where the composition of the portfolio is concerned in that their investment policies stipulate a maximum risk limit rather than limiting portfolio composition variability.



The solutions offered have been developed in accordance with an "open architecture" approach and consist of mutual funds and SICAVs offered by Group companies and third-party asset managers based both in and outside Italy.



Further information on pages 64-67

## Benchmarked Funds

- **Stock funds**

Stock funds (specialised in relation to geographical area and economic sector) mainly invest in equities and largely follow a basic management approach that assesses the individual companies to identify the equities with the most attractive prospective profit growth.

- **Bond and money-market funds**

Bond and money-market funds (specialised in relation to geographical area - financial duration - issuer - creditworthiness) mainly invest in liquidity instruments, government bonds and credit instruments. The management strategy adopted for these products combines a Top-Down approach based on the anticipated economic and credit cycles, and a Bottom-Up approach that analyses the individual issuers.

- **Balanced funds**

Balanced funds invest in bond and equity instruments following an active management approach in terms of market exposure and selection of the individual instruments.

- **Funds of funds**

Funds of funds, whether equity/stock or balanced funds, are solutions that allocate their investments to funds managed by the Group and leading investment companies, which are selected by a specialist team of Group fund managers.

- **Ethical funds**

Ethical funds invest in bond and equity instruments following investment policies that combine economic investment objectives with financial sustainability and social value.

## Flexible Mutual Funds

- **Flexible funds**

Flexible funds have a management policy that aims to obtain positive returns without being linked to a benchmark. This management policy also gives the fund manager ample scope to change the underlying instrument (equity or bond) in accordance with the limits specified in their investment policy regarding underlying instruments and the risk levels which determine their nature (flexible bond funds - flexible stock funds).

- **Formula funds**

Formula funds differ from traditional mutual funds in that their yields are calculated using a predetermined formula based on financial instruments or indexes and can provide for the protection or guarantee at the end of the formula period of the principal invested. Their financial structure generally consists in a diversified portfolio of government bonds and/or corporate securities plus a derivatives component.

- **Protected capital funds**

Protected capital funds follow investment policies that aim to protect the value of the investment using quantitative investment management and quantitative loss-limiting techniques.

- **Flexible funds of funds**

Flexible funds of funds are solutions without links to a benchmark that invest in funds managed by the Group and by leading investment companies, which are selected by a specialist team of fund managers.

This comprehensive offering includes the wide range of Multimanager solutions provided by the Group's Fonditalia Luxembourg umbrella fund, developed with leading international asset managers.

## DISCRETIONARY ACCOUNTS

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

### Management styles

#### 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 that constitutes a management limit.

#### Benchmark lines

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

#### Personalized 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.

#### 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 / Sanpaolo Invest OMNIA and Intesa Sanpaolo Private Banking portfolio management contract).

The Fideuram/Sanpaolo Invest offering is based on a "single management contract" with Fideuram Investimenti SGR, which provides access to a wide range of investment lines offering different management styles, geographical areas and investment instruments that can be combined following what is known as a "Core-Satellite" approach to diversify the investment type and risk. This service 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. Completing the support provided, the Group also offers the Symphonia SGR portfolio management service.

Intesa Sanpaolo Private Banking (ISPB) offers a wide spectrum of investment lines organised by customer type, management style and investment risk.

Customers of high standing who wish to receive constant updates on the investment choices made are served by the "**Dinamic Lines**" managed by Intesa Sanpaolo Private Banking, which offer a highly personalised service in terms of management style and underlying assets, and the "**Private Banking Lines**" managed by Eurizon Capital using a specialist team dedicated to high net-worth individuals. The "**Navigable Lines**" complete the range, enabling customers to combine balanced solutions and solutions dedicated to specific categories of financial assets, in accordance with their investment profile.

An innovative financial service is also available, offering principal-protected notes in niche investment areas. The investment approaches are developed by Intesa Sanpaolo Private Banking's Innovative Finance service and the notes are issued by Banca IMI.

## LIFE INSURANCE ASSETS SEGMENT



The Group provides its customers with a wide range of insurance products, including the following in particular:

- Life insurance asset products (traditional insurance products and unit linked insurance products) that pay a capital sum or an annuity upon the occurrence of a life-related event (survival or death).
- Pension products (personal pension plans and open pension funds) that pay a capital sum or an annuity on retirement.
- Protection products that insure against the risk of certain specified events.

### INSURANCE PRODUCTS - UNIT LINKED

Unit linked insurance products provide for the payment of a capital sum upon the occurrence of a life-related event (survival or death), in return for the payment of a premium by the policyholder. The value of the capital sum is linked to the value of the internal funds or mutual funds in which the premiums paid by the policyholder have been invested. These policies thus provide a financial management service, while simultaneously offering optional basic insurance coverage.

Products in this category include the "Fideuram Vita Insieme" family of policies offered by Fideuram and Sanpaolo Invest, and the Fideuram Vita Private Mix policy offered by Intesa Sanpaolo Private Banking. These are flexible solutions combining investment opportunities and insurance coverage.

The "Fideuram Vita Insieme" family of products offers different versions to suit different customer segments, with the highest level of personalisation being offered by "Fideuram Vita Insieme Private". A number of innovative personal capital protection strategies were launched in 2015, offering features that are unique in the Italian market.

The Intesa Sanpaolo Private Banking offering was also extended in 2015 with the addition of the Fideuram Vita Private Mix unit linked life insurance product and the "Synthesis" multi-class policy, which allows the investment to be allocated in varying percentages to a traditional segregated insurance fund and to the Group's mutual and unit linked funds.

### INSURANCE PRODUCTS - TRADITIONAL

Traditional insurance products provide for the payment of a premium by the policyholder in return for the payment of a revalued capital sum, with the option of conversion into a life annuity which may be reversible (the latter being a 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). Fideuram Vita Garanzia e Valore Flex 2, offered by Fideuram and Sanpaolo Invest, is a product in this category.

### 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 and "Progetto Pensione" personal pension plan offered by Fideuram and Sanpaolo Invest.

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. Products in this category include "Fideuram Vita Attiva" and "Salute Fideuram", offered by Fideuram and Sanpaolo Invest, and "AcasaConMe", offered by Intesa Sanpaolo Private Banking.



## BANKING SERVICES SEGMENT

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

- Banking services and in particular current accounts with ancillary services for the lodging of securities, debit cards (issued by Fideuram and Intesa Sanpaolo Private Banking), credit cards (issued by Setefi S.p.A. with the Fideuram / Intesa Sanpaolo Private Banking logo, and by CartaSi and American Express), mortgages (issued by the Intesa Sanpaolo Group) and lending products (principally secured by assets held with the Group itself).
- Non-managed asset investment opportunities.

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

### CURRENT ACCOUNTS

The Group offers a range of current accounts with different conditions to suit different customer needs and levels of financial assets.

These accounts include our “Zero Spese” (no fee) current accounts and our accounts for Private Banking customers (the “Conto Zero Spese” and “Fideuram Private Banking” accounts from Fideuram and Sanpaolo Invest respectively, and the “Conto Private Zero Spese” and “Conto Private Flessibile” accounts from Intesa Sanpaolo Private Banking”). The main differences between these two types of accounts consist in whether or not they incur management fees and whether or not they pay credit interest. In addition to this array of classic banking products and services, the Group also offers liquidity risk management products in the form of accounts with restrictions on withdrawals or closure for a given period that pay higher interest rates than our instant-access current accounts.

The Group offers a range of different credit card solutions to cater for different customer profiles.

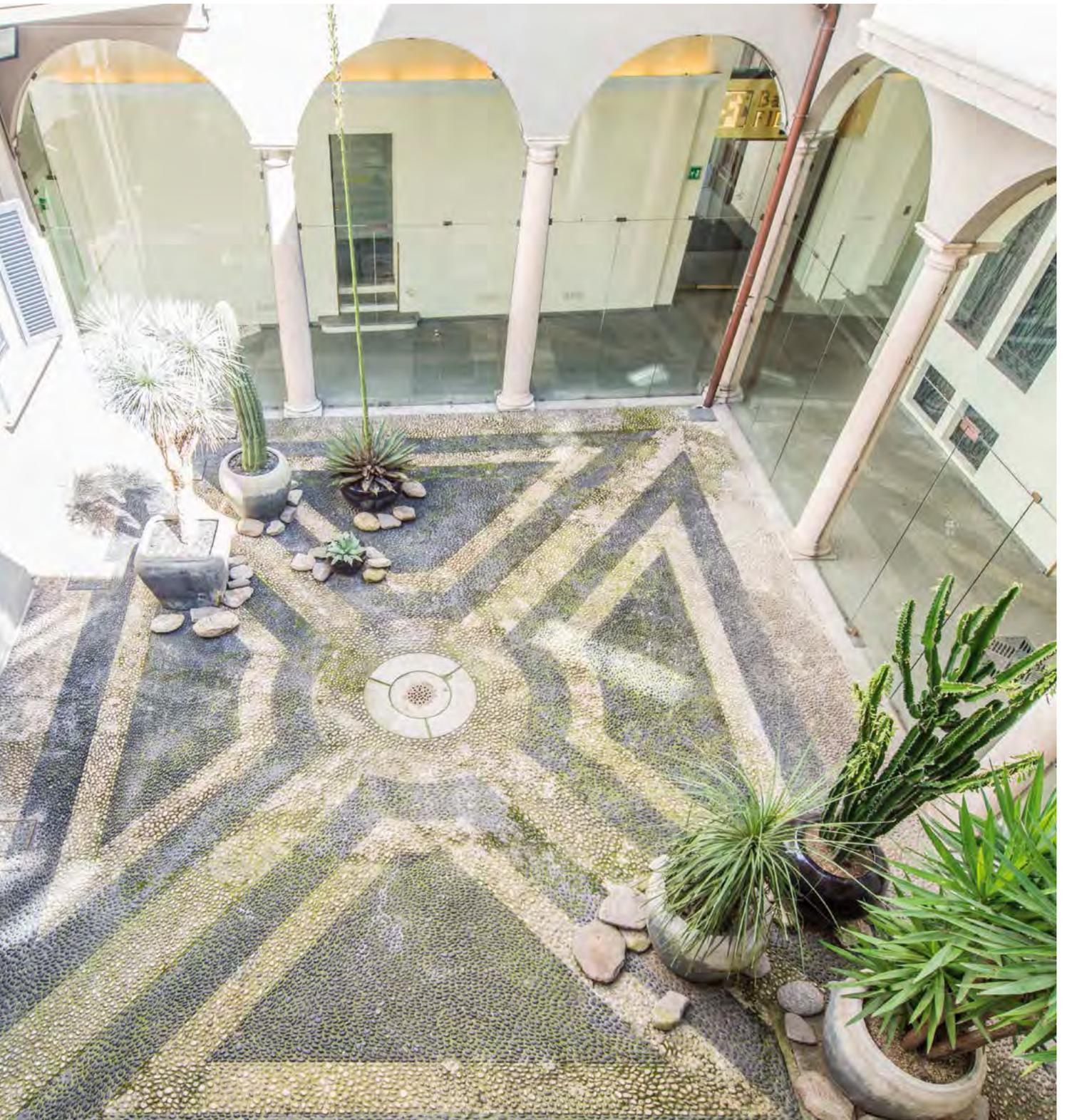
### CREDIT SERVICES

The Group offers its customers lines of credit that afford them cash flow flexibility, secured by investment products held with the Group or substantial assets managed by the Group.

These credit services are of two types: those provided by granting lending products secured by collateral in the form of securities or other assets held with the Group, and lines of credit secured by assets the customer has invested with the Group.

### NON-MANAGED ASSETS

The Group offers its customers the option of investing directly in shares, bonds, structured bonds, certificates and other financial instruments. The non-managed asset investment transactions available to the Group’s customers include the purchase of financial instruments on the primary market, transactions on the secondary market and repurchase agreement transactions.



Fideuram Milan Office.

## 1.6 Stakeholders

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

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

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

Our **colleagues** play a prime key role in enabling us to achieve our corporate objectives. The Group invests in them constantly to enhance their individual competencies and foster their professional growth. Our colleagues include our **Personal Financial Advisers**, who are at the centre of our business model. Our Personal Financial Advisers are all professionals registered in the Italian National Register of Personal Financial Advisers and committed to the Group through agency contracts or (in the case of Intesa Sanpaolo Private Banking) employed by the Group.

Our **suppliers** are business partners with whom the Group works to our mutual benefit to achieve the objective of satisfying every need 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 considers that its work to create sustainable value can only proceed hand in hand with a commitment to reducing its ecological footprint.

The Fideuram Group's principal stakeholders are mapped below.

## Stakeholder map (\*)

		2015	2014
	<b>Customers</b>		
High Net Worth Individual Customers	Fideuram Customers (No.)	515,188	501,478
Private Banking customers	Sanpaolo Invest Customers (No.)	136,914	134,335
Affluent customers	Intesa Sanpaolo Private Banking Customers (No.)	35,168	35,014
Mass Market customers	Sirefid Customers (No.)	2,590	2,889
	Intesa Sanpaolo Private Bank (Suisse) Customers (No.)	307	335
	Client Assets (€m)	188,898	178,771
	<b>Shareholder</b>		
Intesa Sanpaolo S.p.A.	Ordinary Shares (No.)	1,500,000,000	980,290,564
	Par value (€)	No-par shares	0.19
	Shareholders' equity (€m)	1,877	1,692
	Consolidated pay-out (%) (**)	75.1	72.7
	Fideuram pay-out (%) (**)	99.7	97.9
	Rating (Standard & Poor's)	BBB-/Stable	BBB-/Stable
	<b>Colleagues</b>		
Employees	Employees: men (No.)	1,633	1,610
Personal Financial Advisers	Employees: women (No.)	1,295	1,255
	Graduate employees (%)	44	43
	Turnover (%)	10.3	9.5
	Average hours training per employee (No.)	41	39
	Personal Financial Advisers (No.)	5,846	5,851
	Average hours training per Personal Financial Adviser (No.)	64	54
	<b>Suppliers</b>		
Business partners	IT services (€m)	23	17
Large Suppliers	Building management (€m)	56	58
Small Suppliers	Third-party services (€m)	107	96
	Professional and insurance costs (€m)	16	19
	Advertising and promotional costs (€m)	9	7
	Other expenses (€m)	36	23
	<b>Community</b>		
Leading investment companies	Charitable and other donations (€m)	0.4	0.5
Non-profit organisations	Current taxes (€m)	299	220
Public institutions	Indirect taxes and levies (€m)	223	229
Local			
Media			
	<b>Environment</b>		
Environmental organisations			
Future generations	Paper consumption per employee (kg)	73	79

(\*) Restated where necessary to take the changes in the scope of consolidation into account so that straight comparisons can be made. The figures in particular also include the contributions of Intesa Sanpaolo Private Banking, Sirefid and Intesa Sanpaolo Private Bank (Suisse), as if the company transactions had become effective from 1 January 2014.

(\*\*) The figure for 2015 includes interim dividends totalling €501m paid in December.

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



Further information on pages 68-69

The consolidated income statement reflects the value the Group has transferred to its stakeholders.



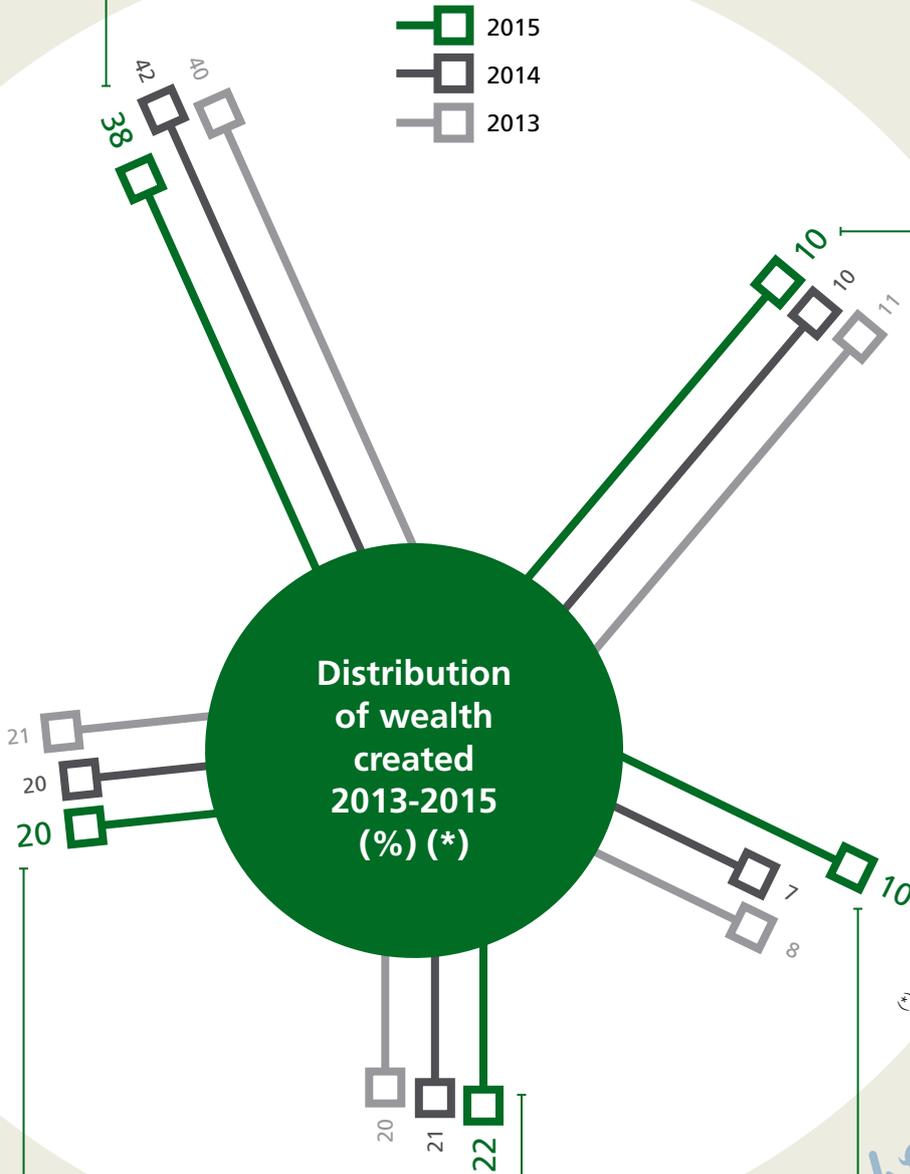
## Customers

The income statement for the stakeholder **Customers** does not express the value created, largely consisting in the returns obtained through the subscription of financial products offered by the Group.



## Colleagues

- Fee and commission expense
- Personnel expenses
- Provisions for the termination of agency agreements and for the Personal Financial Adviser network loyalty schemes



## Suppliers

- Administrative expenses

(\*) Restated taking changes in the scope of consolidation into account so that straight comparisons can be made



Value retained



## Government, Bodies and Institutions, Community and Environment

- Fee and commission expense
- Administrative expenses (donations)
- Direct taxes
- Indirect taxes and levies



## Shareholder

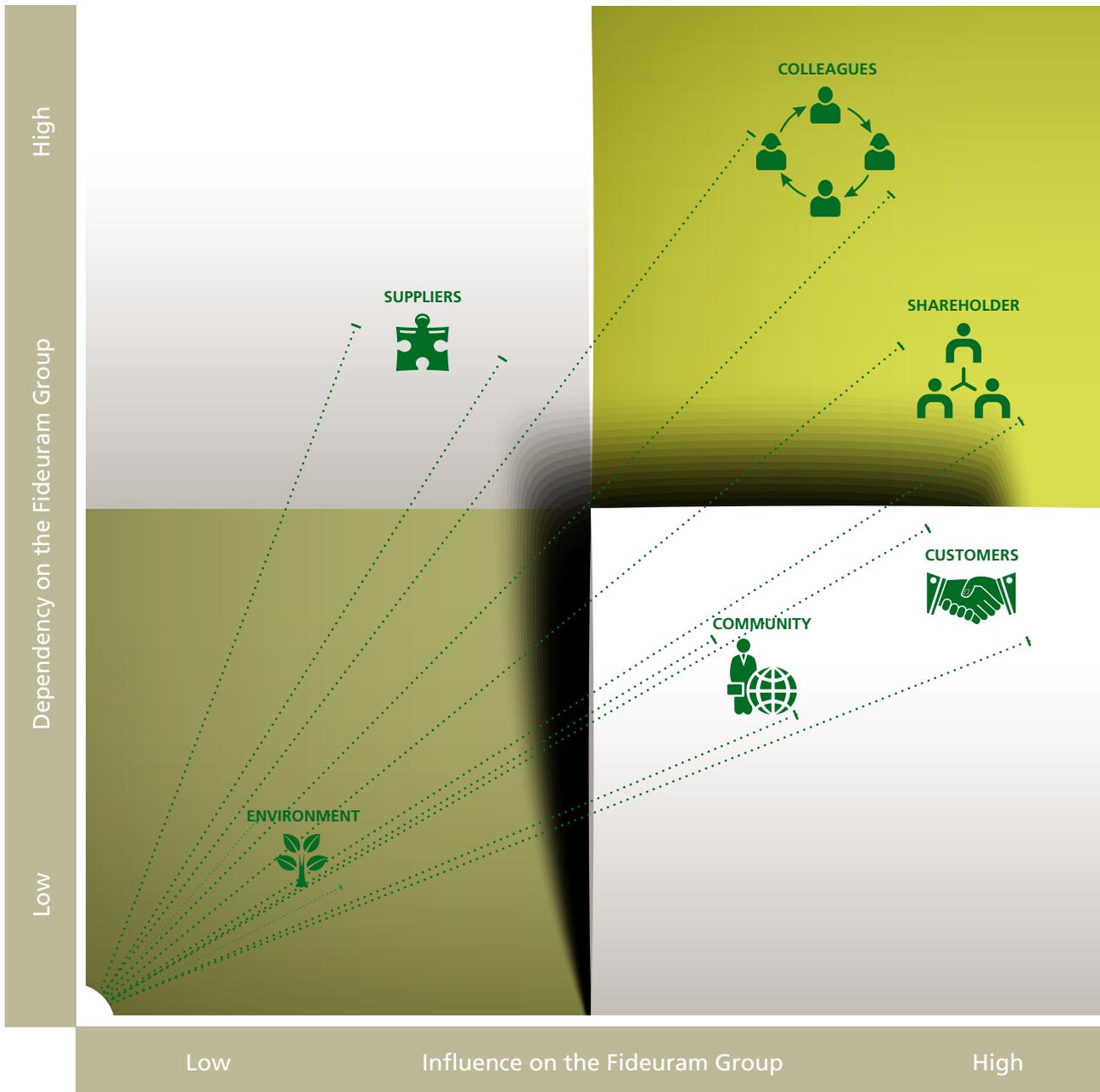
- Dividend income

The effective involvement of our stakeholders has the following benefits for the development of the Group's strategy:

- Promotes more effective risk management and enhances our reputation.
- Enables us to take all resources (knowledge, people and technologies) into account to achieve our strategic objectives.
- Allows us to achieve a more in-depth understanding of the social environment in which the Group operates, including market developments and new business opportunities.
- Builds a climate of trust between the Group and its many reference interlocutors.

- Leads to more equitable and sustainable social development by involving more parties in the decision-making process.
- Allows us to play a social role through the management of our customers' assets and the succession management of their financial assets, thus improving relations between our customers and the bank.

Our stakeholders continuously interact with the Group in the course of its business and collectively play a key role in influencing strategic management decisions. The graph below shows the importance of our main stakeholders in relation to our business model, measured in terms of their influence/dependency on the Fideuram Group.



## 1.7 Risk management

The table below sets out the principal activities on which the business model underlying the Fideuram Group's value-creation process is based,

showing the following for each activity: the risks to which the Group is exposed, the mitigation measures adopted and the stakeholders involved, together with the impact of each activity on the consolidated income statement



Further information on pages 146-149, 205-210, 278-307

	ACTIVITY	TYPE OF RISK	RISK MITIGATION MEASURES	ECONOMIC EFFECTS	STAKEHOLDERS INVOLVED
INCOME	The Group specialises in the provision of <b>financial advisory services</b> and the <b>development, management</b> and distribution of banking, insurance, pension and investment products through its Personal Financial Adviser Networks	Operational risk Reputational risk Performance risk	<ul style="list-style-type: none"> <li>Application of Intesa Sanpaolo operational risk measurement, management and control guidelines</li> <li>Establishment of a litigation fund for any legal proceedings</li> <li>Insurance policy taken out to cover any offences by Personal Financial Advisers</li> <li>Dynamic customised management of customers' financial assets</li> <li>Commercial due diligence for Private Banking customers</li> </ul>	<ul style="list-style-type: none"> <li>Fee and commission income</li> <li>Other income</li> </ul>	CUSTOMERS PERSONAL FINANCIAL ADVISERS SHAREHOLDER COMMUNITY
	The Group <b>operates on the financial markets</b> 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	<ul style="list-style-type: none"> <li>Application of the Group Investment Policy which subjects the securities holdings to limits regarding asset allocation, rating, currency area, geographical area, sector concentration and counterparty</li> <li>Monitoring of current exposures and auditing of hedge effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>Net interest income</li> <li>Net profit (loss) on trading activities</li> <li>Net profit (loss) on hedging derivatives</li> <li>Income from sales or repurchases</li> <li>Net profit (loss) on financial assets and liabilities designated at fair value</li> </ul>	SHAREHOLDER
	The Group provides <b>loans</b> to its customers and operates on the interbank market	Credit risk Liquidity risk Market risk Operational risk	<ul style="list-style-type: none"> <li>Acquisition of collateral and personal security or irrevocable mandates to sell financial instruments</li> <li>Analysis of counterparty creditworthiness, monitoring of any deterioration in collateral and regular reviews of every position</li> </ul>	<ul style="list-style-type: none"> <li>Interest income</li> </ul>	SHAREHOLDER CUSTOMERS
COSTS	The Group's main sources of <b>inflows</b> are deposits and current accounts (banks and customers)	Liquidity risk Market risk Operational risk	<ul style="list-style-type: none"> <li>Liquidity control, maintaining a balanced relationship between inflows and outflows in both the short and medium/long term</li> </ul>	<ul style="list-style-type: none"> <li>Interest expense</li> </ul>	SHAREHOLDER CUSTOMERS
	The Group <b>invests in its people:</b> Employees Personal Financial Advisers	Operational risk Reputational risk Social risk	<ul style="list-style-type: none"> <li>Training activities</li> <li>Development of written procedures, circulars and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Personnel expenses</li> <li>Fee and commission expense</li> <li>Net provisions for risks and charges</li> <li>Other expense</li> </ul>	EMPLOYEES PERSONAL FINANCIAL ADVISERS SHAREHOLDER
	The Group <b>invests in its operating departments</b>	Operational risk Reputational risk Environmental risk	<ul style="list-style-type: none"> <li>Application of internal regulations regarding expenditure which aim to ensure continual improvement in quality standards and an attentive supplier selection process</li> </ul>	<ul style="list-style-type: none"> <li>Other administrative expenses</li> <li>Depreciation and amortisation</li> </ul>	CUSTOMERS EMPLOYEES PERSONAL FINANCIAL ADVISERS SUPPLIERS SHAREHOLDER

- 2.1 Chairman's Statement
- 2.2 Managing Director's Statement
- 2.3 Group strategy

**Client Assets**  
totalled **€188.9bn**,  
up **€10.1bn** on 2014

Client Assets  
managed through  
our advanced advisory  
services totalled  
**€32.6bn**,  
up 7% on 2014

**Wealth created**  
(€m)





## 2. Strategies

## 2.1 Chairman's Statement



**Matteo Colafrancesco**  
Chairman

2015 was a very special year for our Group and our profession. The first Italian private bank, Fideuram - Intesa Sanpaolo Private Banking, was founded on the 1<sup>st</sup> of July, and on the 23<sup>rd</sup> of December the new Unified Register of Financial Advisers was established. These were two very important events for our sector, which as someone directly involved, fill me with pride.

### **THE BIRTH OF FIDEURAM - INTESA SANPAOLO PRIVATE BANKING**

Fideuram - Intesa Sanpaolo Private Banking was founded to bring together the leading private banking expertise of the Intesa Sanpaolo Group, creating what is now the number one private bank in Italy and a major force in the sector in Europe, ranking fourth in the Eurozone. Our objective is further growth, which Fideuram - Intesa Sanpaolo Private Banking has the full potential to achieve.

Fideuram - Intesa Sanpaolo Private Banking's mission is inherited directly from the companies of which it is composed. With the support of expert professionals, Fideuram-Intesa Sanpaolo Private Banking assists Private Banking customers and High Net Worth Individual customers to manage their assets wisely, offering financial and insurance advisory services. Our professionals provide complete advisory support to our customers as the first port of call for every aspect of their strategic and multi-generational wealth management.

The Division has been configured with the objective of ensuring the independence of its component brands, while simultaneously facilitating the pooling of their respective competencies and obtaining greater critical mass and synergies in terms of increased skills, economies of scale and customer benefits.

The Division has a central office where the staff responsible for Corporate Affairs, Risk Management, Compliance, Audits, and Communications & Relations with Third-Party Companies report to the Managing Director, while Financial Affairs, Operations, Finance and Treasury, Human Resources and General Affairs are coordinated by the Operational and Financial Governance department headed by Andrea Chioatto, who is also the Joint General Manager.

// Greater critical mass and synergies in terms of increased skills, economies of scale and customer benefits. //

## // An outstanding institution in the Italian banking sector. //

In addition to this central office, the Division has its own extensive Sales Networks, with the Fideuram and Sanpaolo Invest networks being headed by Antonello Piancastelli, Fideuram's Business Coordination Manager and Joint General Manager of Fideuram - Intesa Sanpaolo Private Banking, while the Intesa Sanpaolo Private Banking network is headed by Saverio Perissinotto, Business Coordination Manager and General Manager of Intesa Sanpaolo Private Banking.

The result is an outstanding institution centred on excellence, able to offer our customers expertise, services, geographical coverage and financial solidity that are unrivalled in the Italian banking sector.

In a scenario where many of our competitors are experiencing difficulties and where the needs of Private Banking customers are becoming increasingly sophisticated, we are:

- Bigger, equipped with a company structure that integrates our Networks' activities perfectly in terms of customer targets, and brings the entire Division's sales activities the support of a single Investment Centre to create a strong, unified market vision, while delivering the expertise of specialist Group companies - in asset management through Fideuram Investimenti and Fideuram Asset Management Ireland, in fiduciary services through SIREFID and Fideuram Fiduciaria, and in international private banking through Fideuram Luxembourg, Intesa Sanpaolo Private Bank (Suisse) and our London branch.
- Stronger, with greater contractual leverage with suppliers, market-leading financial solidity and greater resources to invest in technology, services and training.
- Better equipped, with an enhanced product range and broader service model as a result of the integration of our respective competencies.

This situation is an endpoint that has been achieved thanks to the success of every company in Fideuram - Intesa Sanpaolo Private Banking, but it is also and above all a starting point for the challenges and opportunities that await us, including in the light of the new Unified Register of Financial Advisers.

### THE BIRTH OF THE REGISTER

As stated, a Unified Register of Financial Advisers was established on 23 December for financial advisers who are qualified to offer financial advisory services away from their offices, which includes our Personal Financial Advisers together with independent financial advisers and financial advisory companies.

This is a very significant step forward for our sector and profession, which is why I became personally committed to the achievement of this goal, including in my role as Chairman of the Italian Association of Investment Advisory Companies (Assoreti).

It represents a very important milestone in customer and market recognition of our professionalism and of the quality of our work. In addition, it brings in a change that is much more than just a matter of words, returning to the term "consulente finanziario" for "financial adviser", which was already in use as early as 1985, and thus closes the gap in perception between the term "promotore finanziario" which had replaced it and the support which has always been provided by our professionals. I am certain that this will contribute to financial advisory services being appropriately valued and, above all, to the professional figure of the Financial Adviser gaining the recognition it deserves.

### CONCLUSIONS

These two events bring joy and satisfaction, but also a sense of responsibility. The joy keeps the edge on the enthusiasm needed to achieve our future goals, combining with a sense of responsibility to the market, our customers and our shareholder that is rooted in an awareness of our role in this sector. Because we are more than ever conscious of the fact that it is also our role to continue setting standards, continually raising the bar for financial advisory services. We shall thus continue to be a benchmark for our customers in a very delicate period for the market, thanks to our professional and financial solidity.



## 2.2 Managing Director's Statement



**Paolo Molesini**  
Managing Director

Our 2015 results testify to the combined strength of the excellent work of our Personal Financial Advisers and the support provided by our central departments and product companies, both in Italy and abroad. Net inflows totalling almost €8bn and net inflows into managed assets over €10bn are outstanding achievements which have, together with attentive cost management, enabled us to generate a sharp increase in net profit compared with the results achieved by Fideuram and Intesa Sanpaolo Private Banking in 2014.

This confirms the validity of our strategic project and allows us to move confidently into 2016 with market-leading financial solidity and greater motivation than ever to rise to the new challenges that await us. The intense spirit of innovation that drives us has led to the launch of dedicated centres for High Net Worth Individuals, the relaunch of our business in Switzerland and the opening of a London branch, soon to be followed by the launch of our new "Alfabeto" digital advisory platform.

Customer take-up of our Advanced Advisory Services continues to grow and has driven client assets to more than €32bn. Our discretionary account and life insurance business continued to account for the lion's share of inflows into managed assets in 2015, totalling €13.2bn.

We are extremely proud of these results, which show the ability of all of us to create value for continuous growth that is sustainable over time.

Our **2015** results are outstanding:

**€7.8bn**

Total net inflows

**€10bn**

Net inflows into managed assets

## NEW STRATEGIES FOR 2016 AND SUBSEQUENT YEARS

We have worked hard over the past six months since the foundation of Fideuram - Intesa Sanpaolo Private Banking and the excellent results achieved testify to the validity of this project.

This is of course only the beginning, and our goal of becoming Europe's first Private Advisory Bank is a challenge we can and fully intend to achieve.

Laying the ground for this are the planning and investments for strategic initiatives to be rolled out in 2016 and subsequent years to generate further growth in Italy and abroad, increasingly focused on the provision of global advisory support and specialist services for High Net Worth Individual customers.

We will strengthen our Private Banking provision, developing our dedicated organisational management, area coverage and services in Italy, while relaunching existing units and opening further branches abroad, in addition to our London branch opened in late 2015, with the aim of constantly increasing our presence on markets of strategic importance by virtue of their size and growth.

High Net Worth Individual customers will increasingly be the focus of our business. We intend to increase our market share in this segment and will do so by bringing our products and services into line with European best practices, consolidating our central department responsible for specialist services and creating a specialist network of "HNWI Branches" in Italy and abroad.

We shall fully exploit the synergies and economies of scale of our size to further develop our offering of products and services, with central coordination of the development of our Strategic Asset Allocation and of the activities connected with investments, products and services, partnerships and the Group's product development centres. We will in particular strengthen our range of products and services, paying special attention to wrapper solutions and focusing on wealth protection.

We intend to further increase our customer take-up of advanced advisory services, maintaining the growth achieved in recent years, including through developing these services by increasing the range of needs covered and the tools provided to support them.

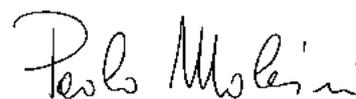
We shall launch a digital presence management platform for our Personal Financial Advisers which will make it possible to exploit new channels for interacting with our customers. This will enable us to offer constant advisory support to our customers, who will be able to opt for whichever channel of communication suits them best at any given moment, while also providing our Personal Financial Advisers with new opportunities to promote their professional expertise.

Our actions to promote professional expertise will see us continuing to invest in maintaining the standards of excellence achieved by our training courses in recent years, and recruiting highly-experienced and professional Personal Financial Advisers in Italy and abroad.

All this will be engaged in devoting increasing attention to social and environmental matters, reaffirming our commitment to local concerns and communities through scientific, cultural, humanitarian and welfare initiatives as well as promoting financial culture, while simultaneously increasing our focus on reducing the environmental impact of our activities.

There is much for us to do, which will require substantial economic and professional resources, the same resources that have taken us to become the number one Private Bank in Italy and which will take us much further still in the future.

I should like to express my personal thanks for the solid commitment shown by all our people. These results would not have been possible without a team of outstanding professionals, capable of working with enthusiasm and determination to the highest standards in the pursuit of common goals.



**€188.9bn**  
Client Assets

**17.9%**  
Financial solidity

**5,846**  
Personal Financial Advisers

**€747m**  
Net profit, including newly-consolidated companies

## 2.3 Group strategy

The formation of the Intesa Sanpaolo Group's new Private Banking Division presents Fideuram - Intesa Sanpaolo Private Banking with a new challenge that could lead to the creation of Europe's first Private Advisory Bank.

The continuous pressures on the banking system and increasing sophistication of the financial markets in an increasingly complex regulatory framework have led to growing competition not only in Italy but worldwide, requiring Private Banking professionals to offer increasingly high levels of expertise and professionalism. Traditional financial planning should be accompanied by a high level of advisory support in this scenario, particularly where upper affluent customers are concerned, based on a specialist Personal Financial Adviser - customer relationship model that is designed to satisfy a continually growing number of needs with personalised products and services.

The digital revolution is transforming the way advisers and customers interact, increasing business opportunities and the productivity of Personal Financial Advisers. There has been a decline in growth in the off-shore market for upper affluent customers due to stricter transparency requirements and a reduction in tax benefits. We are therefore heading towards the creation of a transparent international Private Banking market.

The difficulties of the real economy and continued market volatility have further highlighted the potential of financial advisory services and the importance of a business model centred on skilled Personal Financial Advisers.

Bringing Intesa Sanpaolo Private Banking and Banca Fideuram together has created the first Italian Group dedicated to Private Banking and High Net Worth Individual customers. The Group's leadership is based on the central role of our distribution channel, comprised of three Personal Financial Adviser Networks.

Our strategies are founded on our business model and focused on the following guiding principles:

- A central organisational office with a high level of operational autonomy.
- An integrated group with a market view and strategic asset allocation that are both unique.
- Constantly advancing a service model centred on the professional relationship with our customers, supported by the strength of three separate networks with different core features and specialist customer segments.

The new model has proved superior to those of traditional banks and financial adviser networks in its sharing of best practices learned from previous experience.

The Group continues to invest in line with the underlying principles of its core business and has developed the following strategic initiatives for 2016:

### 1. Strengthen our Private Banking provision in Italy by:

- Upgrading our dedicated organisational management (Private Banking Service Line).
- Improving our geographical coverage with Private Banking Centres in key areas.
- Extending the services we offer, including to cater for non-financial needs (family, tax and business etc.).

### 2. International Development of the Business by:

- Relaunching our Private Banking provision already established outside Italy: Intesa Sanpaolo Private Bank (Switzerland) (the second largest private banking market in Europe by size).
- Entering the United Kingdom, the premier Private Banking financial market in Europe, with the recent opening of the new Intesa Sanpaolo Private Banking London Branch dedicated both to Group private banking customers and to international customers.

Our repackaged presence in Switzerland and entry into the United Kingdom are part of a project that will bring Fideuram - Intesa Sanpaolo Private Banking an increased presence and greater effectiveness in the largest private banking markets, together with higher growth through the prospective opening of branches in other countries.

### 3. Focus on the HNWI customer segment on the basis of two key rationales:

- Ensure excellence of service and support for the sophisticated needs of the Group's most important customers, including through recourse to external expertise.
- Consolidate the Group's competitive position in the Italian market by significantly increasing its market share in this customer segment.

Our HNWI Centre of Excellence will occupy a strategic position in line with European best practices, offering an extended range of dedicated products and services. Our "HNWI Service Hub" will be strengthened with the addition of a central department responsible for the offer of specialist services, including Investment Solutions, Wealth Advisory, Corporate Advisory, Real Estate and other services. A specialist network of "HNWI Branches" will also be established in and outside Italy with the aim of converging the most important relationships and top Personal Financial Advisers in a small number of operating centres.

### 4. Expand our range of products and services using our Investment Center and Central Intelligence to formulate Strategic Asset Allocation that provides unified coordination of all the following:

- **Investments:** market, asset class and strategic asset allocation analyses and views.
- **Product and Services:** market analyses, benchmarking, strategic and tactical portfolio management, and the coordination of discretionary accounts. Continually develop our range of managed financial asset products and services, focusing in particular on wrapper solutions. Enhance our range of insurance and pension products, focusing on wealth protection.
- **Partnerships:** develop strategies regarding and improve selection of third-party products.
- **Group product development centres:** coordinate the Group's product companies to maximise the results for customers.

#### 5. Further development of our Advanced Advisory Services:

- Expand the services by extending the range of financial and non-financial needs covered, together with the related supporting tools.
- Enhance our advanced financial advisory services and further increase their take-up by network customers.

#### 6. Technological innovation:

- Share Group best practices to ensure customers can depend on excellent service across the board, from advisory support and asset management to desktop management.
- Develop our Personal Financial Advisers' digital presence management platform, deploying innovative customer communications tools and a virtual office to ensure the provision of constant advisory support.
- Develop smartphone and tablet applications.

#### 7. Develop the professional expertise of our Personal Financial Advisers and colleagues:

- Recruit highly-experienced and professional Personal Financial Advisers, particularly from the world of banking, both in and outside Italy.
- Improve productivity through professional development programmes focused in particular on enhancing the distinctive strengths resulting from our network service model.
- Recruit young talent to improve sustainability in the medium-to-long term.

#### 8. Social and environmental focus:

- Play an active role in supporting and working with area bodies and local communities, taking part in scientific, cultural, humanitarian and welfare initiatives.
- Develop our ethical fund (Fonditalia Ethical Investment).
- Promote financial culture.
- Interventions to reduce our environmental footprint.

The eight lines of action described above are focussed on achieving eight strategic objectives that will combine to enable the Group to achieve its prime goal of **creating value sustainably over time**.

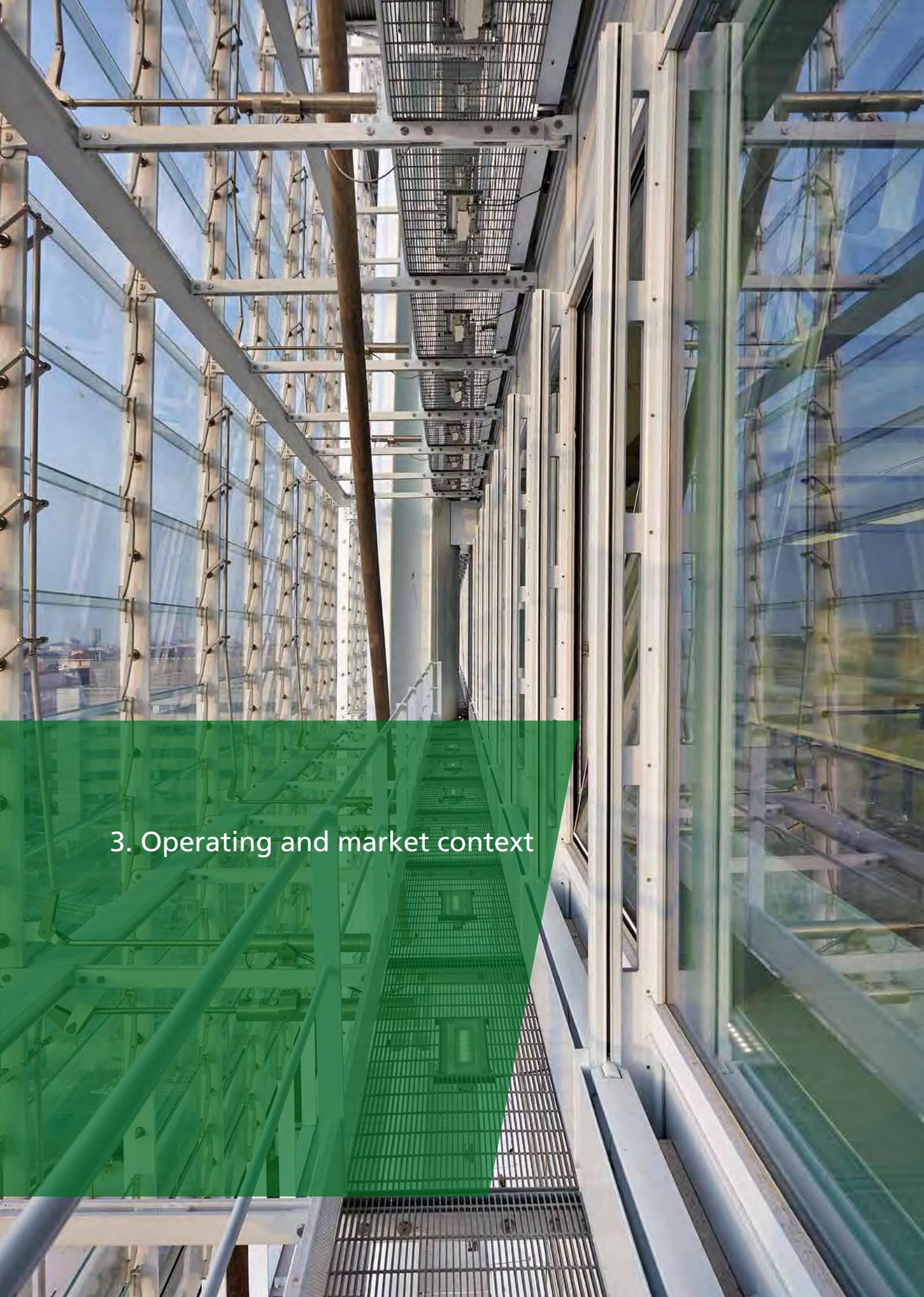


Further information on pages 54-55

- 3.1 Economic scenario
- 3.2 Group competitive position
- 3.3 Financial risk

The **MSCI ACWI index**  
(in dollars) stood at  
**399.36**  
at 31 December 2015  
(417.12 at 31 December 2014)  
(Source: Bloomberg)

The performance  
of the **financial  
markets** had a  
**€2.3bn**  
positive impact  
on the Group's  
**client assets**



### 3. Operating and market context

## 3.1 Economic scenario

World economic growth slowed slightly in 2015 compared with the previous year due to deceleration in the emerging economies, which was contributed to by the limited downturn in China.

Looking at the major advanced economies, growth accelerated in the Euro Area and Japan, while remaining stable at the modest levels of 2014 in the U.S.A.. Against a backdrop of modest growth and further downward pressures on commodity prices, global inflationary pressures remained largely absent. The more advanced cyclical position of the American economy, evinced in particular by a marked improvement in labour market conditions, prompted the Federal Reserve to prepare - with great caution - the country's first interest rate rise since 2006, decided at the mid-December meeting of the Federal Open Market Committee (FOMC). The deferral of this decision was contributed to by the tensions in the financial markets caused by the Chinese authorities' mid-August decision to change its currency fixing mechanism, which resulted in a modest but unexpected devaluation of the yuan. There was also a marked divergence in the monetary policies pursued on either side of the Atlantic in 2015. While the Federal Reserve gradually prepared its first inter-

est rate increase, the European Central Bank (ECB) announced an asset purchase programme in January (mainly of government bonds, totalling €60bn per month) and then decided to extend it in December due to difficulties hitting its inflation target. This divergence in monetary policy caused the dollar to rise against the euro in the first quarter of the year. The dollar also rose especially sharply against the emerging economy currencies. The Federal Reserve's gradualist approach resulted in largely steady long-term yields in the U.S.A., above all in the second half of the year, while the ECB's Quantitative Easing programme led to significant falls in European yields early in the year, with the 10-year Bund yield approaching zero in April. Yields suddenly started rising again from mid-April and, following a downward correction, ended the year at essentially the same levels as at the end of 2014. The ECB's asset purchase programme also prompted a further narrowing of the 10-year BTP/Bund spread, with a correction of almost 40 basis points.

In 2015, the **U.S.A.** economy did not show the acceleration anticipated from the favourable impact of sharply falling oil prices in the second half of 2014. There was only a modest acceleration in consumer spending notwithstanding sharp growth in employment and the impact of increased real disposable income was dampened by an unexpected increase in the savings ratio. The fall in crude oil prices did, however, have a strong negative impact on oil industry investment, and the performance of other non-residential investments was also sluggish. Growth was damped further by a substantial rise in the value of the dollar from mid-2014, which significantly reduced the contribution of foreign trade to GDP growth. Labour market conditions continued to show a marked improvement, resulting in a significant fall in unemployment, which touched 5% in the final quarter of the year. As a result, wage rises continued to be modest and core inflation (which excludes food and energy) remained stable and still a long way off the Federal Reserve's target.

### 10-year Bund and BTP yields



Source: Bloomberg

— Bund yields — BTP yields

2015 was the first year to have seen any tangible recovery in growth in the **Euro Area** since the sovereign debt crisis. The first half of the year turned out to be stronger than the second, moreover, with the ECB's substantial monetary stimuli gradually losing their edge against a backdrop of continuing international and internal geopolitical difficulties, making it necessary for the central bank to take additional expansionary action at the end of the year. The Quantitative Easing programme announced by the ECB, which was bolder than market expectations, prompted a marked depreciation of the euro and generated extremely favourable conditions on the financial markets. This buoyed business and con-

sumer confidence, such that the recovery was driven by domestic demand, mainly thanks to consumer spending, as a result of the increase in disposable income caused by improved employment levels and low inflation. As early as the second quarter, however, political risk returned to the fore as a result of the extremely tense relations between the new Greek government and its European partners. The Greek government went so far as to call a referendum in early July, asking its citizens to reject the austerity measures that its creditors were demanding to continue supporting the country. The closure of the banks and imposition of the Greek government to seek a compromise and the crisis was settled in the third quarter. During the summer, the Euro Area economy also started feeling the effects of deteriorating conditions in the emerging markets, especially China, and at the same time, the massive influx of refugees fleeing Syria put the unity of the EU institutions under new pressure. The situation was compounded by the difficulty of gauging the repercussions of the Volkswagen scandal and the Paris terrorist attacks. Faced with an uncertain international scenario and extremely low inflation, the ECB decided to step up its expansionary measures at the beginning of December with a further cut to the deposit rate, the reinvestment of the proceeds of the bonds bought under the Quantitative Easing programme as they mature, and an extension of the programme itself until March 2017.

In **Asia**, growth suffered as a result of the marked slowdown in foreign demand caused principally by the deceleration of the Chinese economy. China continued its transition towards an economy driven more by consumer spending and less by investment, resulting in a gradual slowdown in economic growth. In a bid to restore impetus to growth and limit the risk of inflation, the central bank continued to pursue an expansionary monetary policy, cutting interest rates five times and reducing the reserve-requirement ratio by 250 basis points. In addition, the authorities decided to change the exchange rate fixing mechanism in August, simultaneously causing a modest devaluation of the yuan, with a view to facilitating the Chinese currency's inclusion in the IMF's Special Drawing Rights basket. The

weakening of the yuan and uncertainty over the prospects for the Chinese economy led to substantial capital outflows and massive falls in foreign currency reserves, especially in the closing months of the year. The Japanese economy started the year strongly but stalled in the summer due to weak domestic demand and a slowdown in exports due to the deceleration in China. The sharp increase in business profits didn't translate into any rise in wages or acceleration in investment. Falling oil prices put a brake on inflation, taking it further from its target 2%, but the Bank of Japan opted against extending its quantitative easing programme any further.

The first quarter of 2015 was also marked by strong stock market performan-

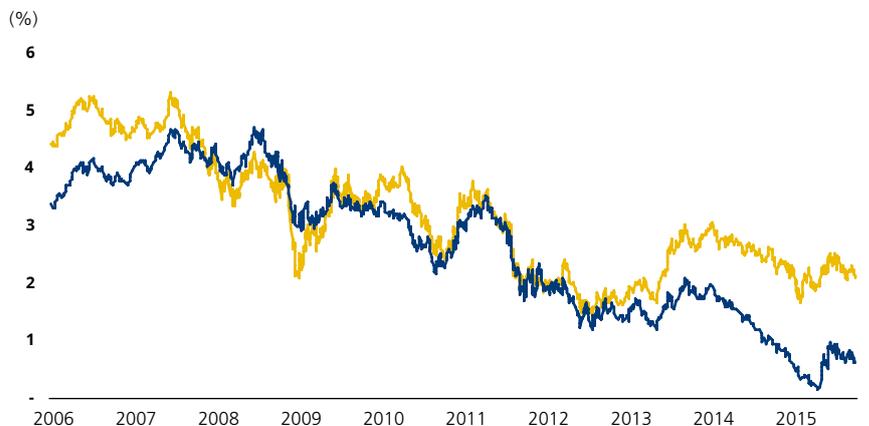
ce which faded in subsequent months, first as a result of the uncertainty generated by the Greek crisis, and later due to fears over the Chinese authorities' exchange rate management in August. The European and Japanese stock markets ended the year with respectable results in local currency (+6.8% for the STOXX-600 index and +9.9% for the Topix index), and the Italian market overperformed (+12.6% for the FTSE-MIB index). The S&P 500 index, on the other hand, ended the year broadly unchanged, while the emerging economies showed a heavy loss (-16.9% for the MSCI EM index in dollars). Lastly, fresh uncertainty over China's exchange rate management led to a violent correction in global stock market indices in early 2016.

### Share markets performance



Source: Bloomberg — S&P 500 — DJ STOXX 600

### Bond markets performance (10-year government bond yields)



Source: Bloomberg — USA — Eurozone

## 3.2 Group competitive position

The Fideuram - Intesa Sanpaolo Private Banking Group is a leader in the provision of advisory support and financial products and services for upper affluent customers.

The Group's distribution model is built on three well-known brands, Fideuram, Intesa Sanpaolo Private Banking and Sanpaolo Invest. All three have consolidated reputations of longstanding on the Italian market among customers and Personal Financial Advisers alike, strengthened by their networks' constant ability to act as a melting pot, synergistically bringing together not just individual professionals in the sector but entire companies as well.

Completing the picture is our strong profitability (the highest Return on Equity in our market), which leverages the economies of scale of having average client assets per Personal Financial Adviser of approximately €32m.

The Group has a leading position in its reference market (Asset Gathering), being ranked ninth in Europe and fourth in the Euro Area for client assets.

The Group is, moreover, the undisputed leader of the Italian managed assets market and in the distribution of financial products through networks of financial advisers registered in the Unified Register of Financial Advisers, taking a very solid first place in the Assoreti ranking with a 42% market share at 31 December 2015, amounting to approximately €184bn. In 2015, the Group was also ranked first in Italy for total net inflows (€7.8bn) and net inflows into managed assets (€10bn).

The Group's market shares for client assets and for net inflows in relation to Italy's other major banking groups are shown in the following tables.

### Top 10 Private Banking operators in Europe

(€bn at 31.12.2014)

	CLIENT ASSETS
UBS	820.9
Credit Suisse	727.4
HSBC	375.2
Pictet	361.8
Deutsche Bank	347.0
BNP Paribas	305.0
Julius Bar	241.7
ABN-AMRO	190.6
Fideuram - Intesa Sanpaolo Private Banking	178.8
Santander	161.8

Source: Financial Statements.

### Market share by Client Assets

(€bn)

	2015		2014	
	CLIENT ASSETS	% OF TOTAL CLIENT ASSETS	CLIENT ASSETS	% OF TOTAL CLIENT ASSETS
Fideuram Group (*)	184.0	42.4	90.2	28.6
Banca Mediolanum	58.1	13.4	52.8	16.7
Fincobank	47.0	10.8	41.5	13.1
Banca Generali Group	41.6	9.6	36.6	11.6
Allianz Bank	36.8	8.5	33.8	10.7
Azimut Group	32.6	7.5	27.3	8.6
Finanza e Futuro	13.7	3.2	12.5	4.0
Unione di Banche Italiane Group	8.0	1.8	6.5	2.1
Banca Monte dei Paschi di Siena	5.9	1.4	5.9	1.9
Credito Emiliano Group	4.7	1.1	4.2	1.3

Source: Assoreti

(\*) The figure for 2015 includes the client assets of the Fideuram, Intesa Sanpaolo Private Banking and Sanpaolo Invest Networks. The figure for 2014 does not include the contribution of the Intesa Sanpaolo Private Banking Network.

### Net inflows into managed assets and total Net Inflows

(€bn)

	2015		2014	
	NET INFLOWS INTO MANAGED ASSETS	TOTAL NET INFLOWS	NET INFLOWS INTO MANAGED ASSETS	TOTAL NET INFLOWS
Fideuram Group (*)	10.0	7.8	3.8	2.5
Banca Mediolanum	4.2	4.7	4.2	4.1
Banca Generali Group	4.1	4.6	4.2	4.0
Azimut Group	3.2	4.3	3.5	3.6
Allianz Bank	3.1	3.8	2.8	3.0
Fincobank	2.6	4.9	3.0	3.6
Finanza e Futuro	0.9	1.6	1.4	1.9
Unione di Banche Italiane Group	0.6	0.8	0.5	0.7
Credito Emiliano Group	0.4	0.6	0.6	0.5

Source: Assoreti

(\*) The figure for 2015 includes the client assets of the Fideuram, Intesa Sanpaolo Private Banking and Sanpaolo Invest Networks. The figure for 2014 does not include the contribution of the Intesa Sanpaolo Private Banking Network.

## 3.3 Financial risk

A summarising report on the main risks and uncertainties that the Group faces in doing business in the current macroeconomic and market scenario is presented below.

594 €m

Consolidated net profit

561 €m

Dividends paid

### CORPORATE CONTINUITY

The Group ended the year with net profit totalling €594m and a Return on Equity of 38%, which are highly impressive results in themselves but even more so when considered in the light of the macroeconomic environment that characterised last year. Financial resources acquired as customer deposits through current accounts, deposits and repurchase agreements totalled €21.4bn, up 19% on the end of 2014. Group shareholders' equity totalled €1.9bn, still impacted by valuation losses on the available-for-sale portfolio totalling €67m. Fideuram's own funds totalled €1bn and its Total Capital Ratio was 16.7%. The Consolidated Total Capital Ratio was 17.9%.

Fideuram is able to pay its shareholder a significantly higher dividend this year than last year, partly thanks to the company transactions which brought Intesa Sanpaolo Private Banking, Sirefid and Intesa Sanpaolo Private Bank (Suisse) into the Group's scope of consolidation, with a total payout that has risen to €561m, including €501m interim dividends paid in December 2015, compared with €292m in 2014 (+€269m), and a payout ratio that is 75.1% of the consolidated net profit of the companies in the new scope of consolidation and 99.7% of the net profit of Fideuram – Intesa Sanpaolo Private Banking S.p.A. The Group's stability has a fourfold foundation:

- A business model which integrates production and distribution.
- Appropriate staff distribution across our branches and networks, with a good balance between fixed and variable costs.
- Effective management of legal and tax disputes with sufficient provisions set aside (the reserve for litigation, securities in default and complaints totalled 6% of Group shareholders' equity).
- A liquidity risk monitoring system.

### MANAGED ASSETS

Total net inflows came to €7.8bn, a particularly strong result in the current economic situation that contributed to 6% growth in client assets, which was also helped by the market performance of the assets themselves (+€2.3bn). Analysis of the item shows a sharp rise in managed assets, which increased from €121.6bn to €132bn (+9%).

Non-managed assets were, on the other hand, down slightly from the previous financial year at €56.9bn compared with €57.2bn (-1%).

The rise in average managed assets to above last year's levels (€130.3bn at the end of 2015, a 16% increase on 2014) drove up total net recurring fees, which increased to €1.4m at year-end, up 19% on the previous financial year. Performance fees were down €11m compared with 2014 (-27%). Net front-end fees rose €39m compared with 2014 (+24%) and commission expense for incentives, totalling €121m, was down €6m from the figure for the previous year (-5%).

### SECURITIES HOLDINGS AND RELATED FINANCIAL RISKS

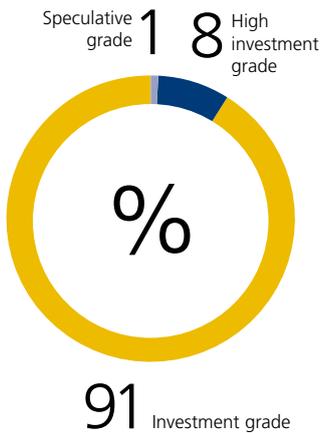
The Group continued to calculate the fair value of its bond holdings directly from their market value, and only made marginal use of financial models to price unlisted or illiquid assets.

The bank portfolio, which totalled €10.4bn at the end of 2015 (€7.4bn at 31 December 2014), consisted almost entirely of bonds, of which 27% were Italian government bonds and 55% bonds issued by Intesa Sanpaolo Group companies. As in prior years, a negative reserve for available-for-sale securities was recorded under shareholders' equity at year-end, totalling €67m (€144m at 31 December 2014). The decrease in this reserve was largely due to improvements in the fair value of the government issues and financial securities in the portfolio. Analysis of the securities holdings reveals high loan quality, with 8% of the investments being rated high investment grade, 91% investment grade and only the remaining 1% speculative grade.

There were no toxic securities or Irish, Spanish, Portuguese or Greek government bonds in the portfolio at 31 December 2015. It should be noted that the Group portfolio has no exposure to the American subprime mortgage market and likewise has no exposure to any vehicle companies not included in the consolidation.

The Group's total exposure to interest rate risk was mitigated following a strategy of buying swaps linked to the individual fixed-coupon bonds in the portfolio. Hedging derivatives totalling €977m were stated under liabilities in the balance sheet at year-end 2015, a decrease of 11% from the figure at 31 December 2014. The hedges regarded the Group's available-for-sale securities (37%) and the securities in the loan portfolio (33%).

### Composition of portfolio



### LIQUIDITY RISK

Analysis of consolidated liabilities shows the prime role of customer deposits, which totalled approximately €21.4bn at year-end and principally comprised 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-to-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 current market difficulties without any impact on our business continuity.





Fideuram Milan Office.

- 4.1 Highlights
- 4.2 Overview of 2015
- 4.3 Client financial assets
- 4.4 Inflows into managed and non-managed assets
- 4.5 Customer segmentation
- 4.6 Advanced advisory service
- 4.7 Reclassified financial statements
- 4.8 Economic, financial and sustainability results
- 4.9 Events after the reporting period and outlook

Total net inflows came to € **7.8bn** (including €10bn inflows into managed assets)

The **Return on Equity** of the Group, including the newly-consolidated companies, was **42%** and the **Cost/Income Ratio** was **32%**



## 4. Performance

## 4.1 Highlights (\*)

	2015	2014	2013	2012	2011
<b>CUSTOMER FINANCIAL ASSETS</b>					
Net inflows into managed assets (€m)	10,026	9,853	5,521	2,749	(31)
Total net inflows (€m)	7,846	3,628	2,465	2,316	1,717
Client Assets (€m)	188,898	178,771	83,672	79,296	70,949
<b>OPERATING STRUCTURE</b>					
Personal Financial Advisers (No.)	5,846	5,851	5,104	5,082	4,850
Staff (No.)	2,928	2,865	1,458	1,463	1,497
- women (No.)	1,295	1,255	628	630	640
- outside Italy (No.)	144	145	128	126	133
Personal Financial Advisers' Offices (No.)	325	328	331	339	354
Bank Branches (No.)	227	232	97	97	97
<b>CONSOLIDATED FINANCIAL RESULTS</b>					
Consolidated net profit (€m)	747	582	313	205	175
Group shareholders' equity (€m)	1,877	1,692	1,212	925	549
Basic consolidated net earnings per share (€)	0.498	0.388	0.319	0.209	0.179
Dividends (€) (**)	0.374	0.298	0.201	0.163	0.041
Total assets (€m)	28,839	25,961	11,993	11,807	9,722
Wealth created (€m)	2,530	2,251	1,430	1,214	1,042
Economic value distributed (€m)	2,293	2,095	1,275	1,089	891
<b>PROFITABILITY AND SOLVENCY INDICATORS</b>					
Return on Equity (%)	42	34	29	28	27
Return on Assets (%)	3	2	3	2	2
Cost/Income ratio (%)	32	37	36	45	45
Payroll costs/Operating income before net impairment (%)	17	20	14	19	18
Net profit/Average client assets (%)	0.4	0.3	0.4	0.3	0.2
Economic Value Added (€m)	681	510	265	162	140
<b>SUSTAINABILITY INDICATORS</b>					
Complaints (No.)	1,131	1,488	2,120	2,043	2,505
Personal Financial Adviser training (hrs.)	375,307	317,067	348,327	288,473	251,892
Women in management positions (%)	11	10	8	8	7
Staff turnover (%)	10	10	8	5	14
Employee training (hrs.)	118,713	110,386	32,136	35,281	52,273
Donations (€m)	0.4	0.5	0.3	0.3	0.3
Operating income before net impairment / Number of employees (€m)	0.6	0.5	0.6	0.5	0.5
Client assets / Number of Personal Financial Advisers (€m)	32.3	30.6	16.4	15.6	14.6
Paper consumption per employee (kg)	73	79	58	56	51

Counterparty rating (Standard & Poor's)

Long term: BBB-

Short term: A-3

Outlook: Stable

(\*) The figures for 2014 and 2015 have been restated where necessary to take the changes in the scope of consolidation into account so that straight comparisons can be made. In particular, the figures take into account the contributions of Intesa Sanpaolo Private Banking, Sirefid and Intesa Sanpaolo Private Bank (Suisse) as if the company transactions had become effective from 1 January 2014. The figures for 2011, 2012 and 2013 have not been restated.

(\*\*) The figure for 2015 includes interim dividends totalling €501m paid in December.

## 4.2 Overview of 2015

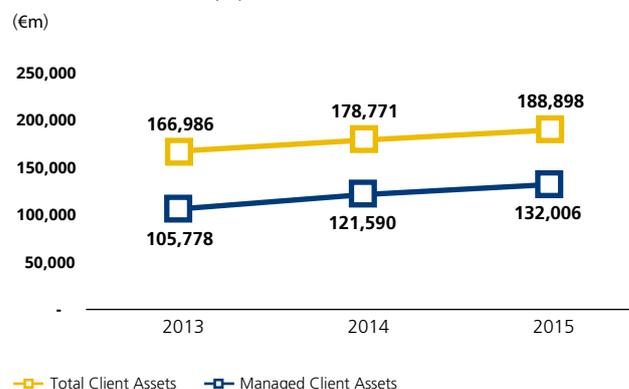
The Fideuram - Intesa Sanpaolo Private Banking Group ended 2015 with **consolidated net profit** of **€594m**, up €192m (+48%) on the €402m achieved in 2014. The wealth created by the Group's business totalled €2.5bn at 31 December 2015, up €279m from last year. Return on equity (R.O.E.) was 38%.

Analysis of the main income-statement items shows that this increase in profit before tax was mainly due to a €233m increase in operating income and a €48m reduction in net provisions for risks and charges, which were partially offset by increased operating expenses (+€7m). The Group's Cost/Income Ratio improved significantly to 32% from 37% in 2014.

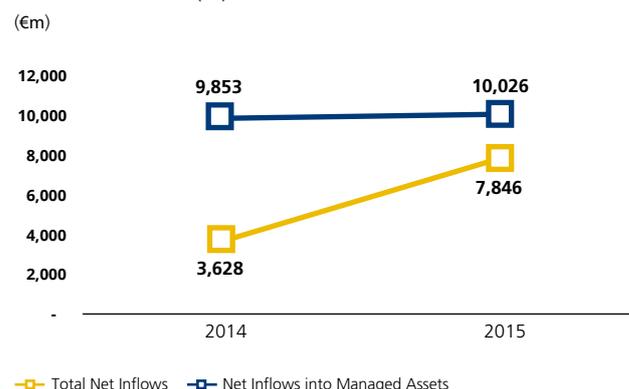
**Consolidated net profit for the new scope of consolidation**, including the line-by-line contributions to the Group's results of the three new subsidiaries acquired with effect from 30 June 2015, totalled **€747m**, an increase of €165m (+28%) on last year. The return on equity (R.O.E.) of the Group, including the newly-consolidated companies, was 42%.

At 31 December 2015, there were 5,846 Personal Financial Advisers in the Group, including those in the Intesa Sanpaolo Private Banking distribution network, down slightly from 5,851 at 31 December 2014. Client assets per Personal Financial Adviser were approximately €32m at 31 December 2015, up €2m on the previous year. Group staff totalled 2,928, including the staff of the new companies included in the scope of consolidation from 30 June 2015. Bank branches totalled 227. Personal Financial Advisers' offices totalled 325.

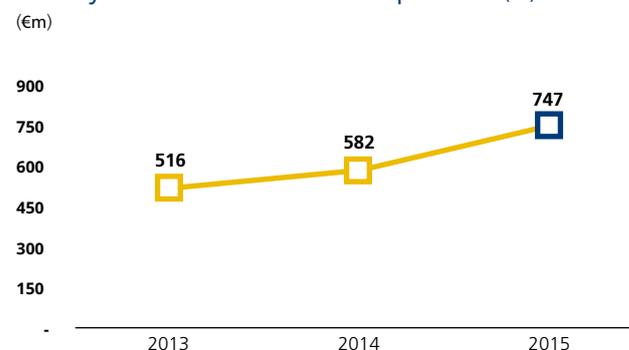
### Client Assets (\*)



### Net Inflows (\*)



### Consolidated net profit, including newly - consolidated companies (\*)



(\*) Restated where necessary to take the changes in the scope of consolidation into account so that straight comparisons can be made.

## 4.3 Client financial assets

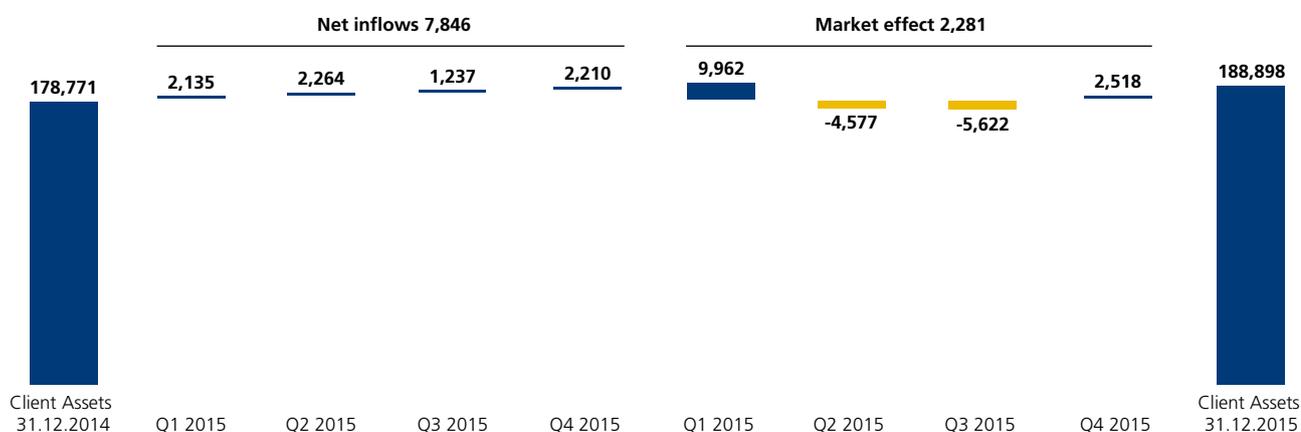
# 188.9 €bn

Client Assets  
(+6% on 2014)

**Client assets** totalled €188.9bn at 31 December 2015, up €10.1bn (+6%) on 31 December 2014 as a result of strong net inflows (€7.8bn) and the positive market performance of the assets themselves (+€2.3bn).

### Client Assets 2015 (\*)

(€m)



(\*) Restated where necessary to take the changes in the scope of consolidation into account so that straight comparisons can be made. In particular, the figures take into account the contributions of Intesa Sanpaolo Private Banking, Sirefid and Intesa Sanpaolo Private Bank (Suisse).

Analysis of the item shows the excellent performance of managed assets, which rose to €132bn (70% of total client assets), an increase of €10.4bn (+9%) on 31 December 2014, above all as a result of the strong performance of discretionary accounts (+€7.3bn) and life insurance (+€5.6bn). Non-managed assets totalled €56.9bn, down €0.3bn from the figure at 31 December 2014.

### Client Assets

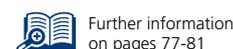
(€m)

	31.12.2015	31.12.2014 (*)	CHANGE	
			AMOUNT	%
Mutual funds	48,759	51,472	(2,713)	-5
Discretionary accounts	40,448	33,106	7,342	22
Life insurance	41,424	35,809	5,615	16
<i>including: Fideuram Vita /Intesa Sanpaolo Vita unit linked</i>	26,503	22,317	4,186	19
Pension funds	1,375	1,203	172	14
<b>Total managed assets</b>	<b>132,006</b>	<b>121,590</b>	<b>10,416</b>	<b>9</b>
<b>Total non-managed assets</b>	<b>56,892</b>	<b>57,181</b>	<b>(289)</b>	<b>-1</b>
<i>including: Securities</i>	40,557	42,646	(2,089)	-5
<b>Total Client Assets</b>	<b>188,898</b>	<b>178,771</b>	<b>10,127</b>	<b>6</b>

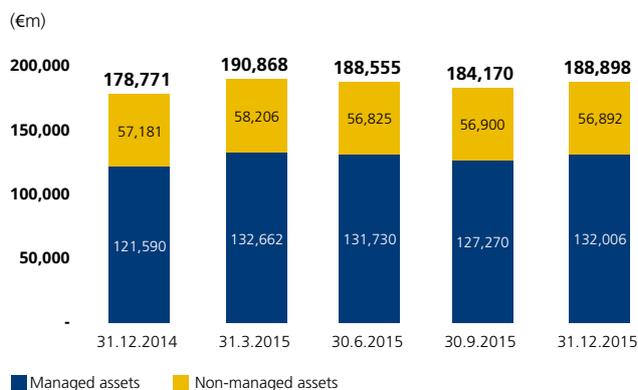
(\*) Restated where necessary to take the changes in the scope of consolidation into account so that straight comparisons can be made.

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

The following tables show the annual trend of client assets by sales area and network.

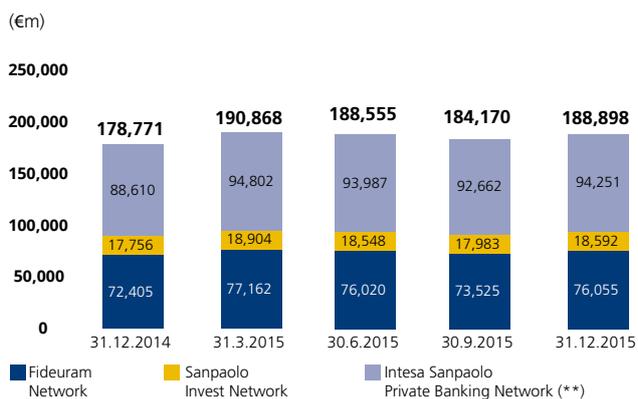


## Client Assets - by type of inflows (\*)



(\*) Restated where necessary to take the changes in the scope of consolidation into account so that straight comparisons can be made.

## Client Assets - by sales network (\*)



(\*) Restated where necessary to take the changes in the scope of consolidation into account so that straight comparisons can be made.

(\*\*) The figures for the Intesa Sanpaolo Private Banking sales network include the client assets of Sirefid and Intesa Sanpaolo Private Bank (Suisse).

## Fideuram Network - Client Assets by area

(€m)

	31.12.2015	31.12.2014	CHANGE	
			AMOUNT	%
Area 1	13,796	13,033	763	6
Area 2	15,422	14,608	814	6
Area 3	15,230	13,880	1,350	10
Area 4	14,337	14,132	205	1
Area 5	15,753	15,198	555	4
Other (*)	1,517	1,554	(37)	-2
<b>Total</b>	<b>76,055</b>	<b>72,405</b>	<b>3,650</b>	<b>5</b>

(\*) Client Assets that cannot be directly attributed to any area.

## Sanpaolo Invest Network - Client Assets by area

(€m)

	31.12.2015	31.12.2014	CHANGE	
			AMOUNT	%
Area 1	9,891	9,381	510	5
Area 2	8,543	8,217	326	4
Other (*)	158	158	-	-
<b>Total</b>	<b>18,592</b>	<b>17,756</b>	<b>836</b>	<b>5</b>

(\*) Client Assets that cannot be directly attributed to any area.

## Intesa Sanpaolo Private Banking Network - Client Assets by area

(€m)

	31.12.2015	31.12.2014	CHANGE	
			AMOUNT	%
Area 1	3,374	3,310	64	2
Area 2	9,205	8,828	377	4
Area 3	4,614	4,549	65	1
Area 4	18,697	17,507	1,190	7
Area 5	4,774	4,414	360	8
Area 6	6,325	5,899	426	7
Area 7	4,739	4,378	361	8
Area 8	1,511	1,613	(102)	-6
Area 9	1,752	1,717	35	2
Area 10	3,710	3,231	479	15
Area 11	5,744	5,204	540	10
Area 12	2,536	2,290	246	11
Area 13	5,434	4,689	745	16
Area 14	4,815	4,092	723	18
Area 15	1,083	1,000	83	8
Area 16	5,687	5,583	104	2
Area 17	3,204	3,086	118	4
Area 18	2,157	2,085	72	3
<b>Total</b>	<b>89,361</b>	<b>83,475</b>	<b>5,886</b>	<b>7</b>

## 4.4 Inflows into managed and non-managed assets

Net inflows

**7.8** €bn

(+€4.2bn on 2014)

The Group's sales networks (Fideuram, Intesa Sanpaolo Private Banking and Sanpaolo Invest) brought in €7.8bn net inflows in 2015, up sharply (+€4.2bn) on the total for the previous financial year.

Analysis of the item shows that inflows into managed assets totalled €10bn, up €0.2bn on 2014, with increased net inflows into discretionary accounts (+€3bn) and life insurance (+€0.5bn) that were only partially offset by a contraction of inflows into mutual funds (-€3.3bn).

Non-managed assets showed a net outflow of €2.2bn, a €4bn improvement on the net outflow of €6.2bn in 2014.

### Net inflows (\*)

(€m)

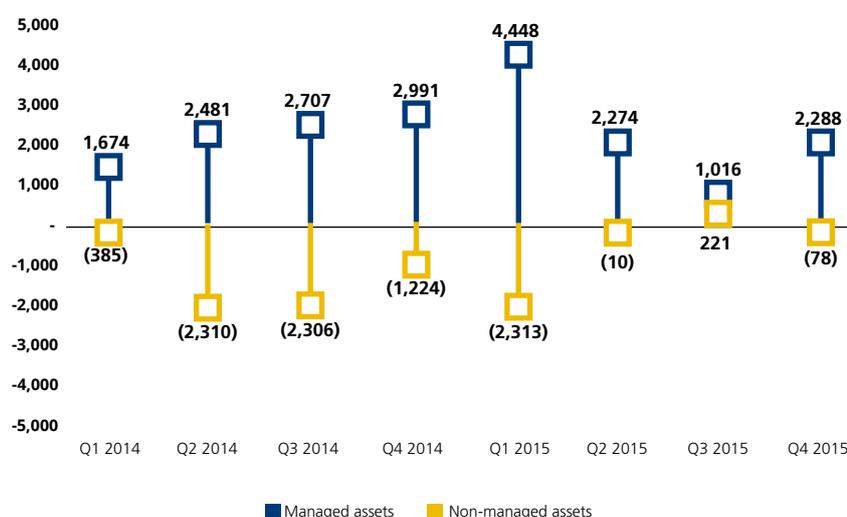
	2015	2014	CHANGE AMOUNT	%
Mutual funds	(3,273)	32	(3,305)	n.s.
Discretionary accounts	7,225	4,193	3,032	72
Life insurance	5,932	5,460	472	9
<i>including: Fideuram Vita /Intesa SanpaoloVita unit linked</i>	4,525	2,578	1,947	76
Pension funds	142	168	(26)	-15
<b>Total managed assets</b>	<b>10,026</b>	<b>9,853</b>	<b>173</b>	<b>2</b>
<b>Total non-managed assets</b>	<b>(2,180)</b>	<b>(6,225)</b>	<b>4,045</b>	<b>-65</b>
<i>including: Securities</i>	<i>(4,135)</i>	<i>(7,329)</i>	<i>3,194</i>	<i>-44</i>
<b>Total Net inflows</b>	<b>7,846</b>	<b>3,628</b>	<b>4,218</b>	<b>116</b>

n.s.: not significant

(\*) Restated where necessary to take the changes in the scope of consolidation into account so that straight comparisons can be made.

### Net inflows (\*)

(€m)



(\*) Restated taking the changes in the scope of consolidation into account so that straight comparisons can be made.

## 4.5 Customer segmentation

### Client Assets at 31 December 2015

- Fideuram: €76,055m
- Sanpaolo Invest: €18,592m
- Intesa Sanpaolo Private Banking: €89,361m
- Sirefid: €4,044m
- Intesa Sanpaolo Private Bank (Suisse): €846m

### Number of Customers at 31 December 2015

- Fideuram: 515,188
- Sanpaolo Invest: 136,914
- Intesa Sanpaolo Private Banking: 35,168
- Sirefid: (fiduciary mandates) 2,590
- Intesa Sanpaolo Private Bank (Suisse): 307

Analysis of the Group's customer distribution shows strong concentration in the Private Banking and High Net Worth Individual (HNWI) segment. This focus on high-end customers (approximately 73% of client assets come from Private Banking and HNWI customers) enables our Personal Financial Advisers to target a segment with high growth prospects in the Italian Market. The Group supports its customers with a dedicated service model using ad hoc organisational management (Private Banking and HNWI branches) and customised products and services.

The following tables and graphs show the breakdown of customers by segment, and client assets analysed by type of customer.

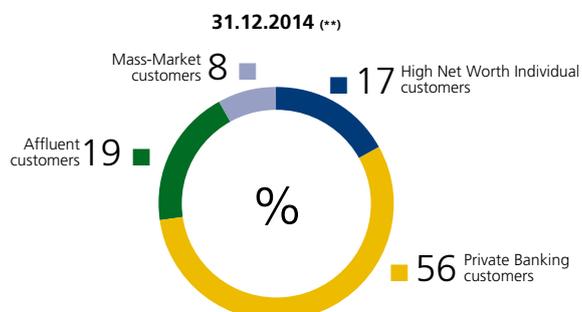
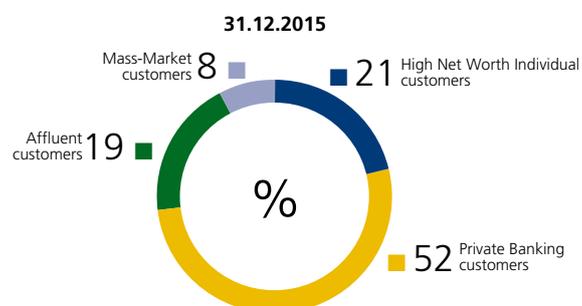
### Client assets by type of customer

(€m)

	31.12.2015	31.12.2014 (*)	CHANGE AMOUNT	%
High Net Worth Individual customers	40,013	31,027	8,986	29
Private Banking customers	98,664	99,443	(779)	-1
Affluent customers	35,730	34,198	1,532	4
Mass-Market customers	14,491	14,103	388	3
<b>Total</b>	<b>188,898</b>	<b>178,771</b>	<b>10,127</b>	<b>6</b>

(\*) Restated taking the changes in the scope of consolidation into account so that straight comparisons can be made.

### Analysis of client assets by type of customer (\*)



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

**Private Banking customers:** customers with financial assets totalling between €500,000 and €10,000,000.

**Affluent customers:** customers with financial assets totalling between €100,000 and €500,000.

**Mass-Market customers:** customers with financial assets of less than €100,000.

(\*\*) Restated taking the changes in the scope of consolidation into account so that straight comparisons can be made.

## 4.6 Advanced advisory service

Over **67,000**  
Customers

**32.6** €bn  
Client Assets

The Fideuram Group is a leading Italian banking group in the provision of financial advisory services and in the distribution, development and management of financial services and products for private individuals.

The Group's principal distinctive strengths, emblematic of its market leadership, are founded on a **business model** that anchors the distribution of products and services in the professional relationships between our Personal Financial Advisers and customers, supported by the strength of a banking group with three renowned brands - Fideuram, Intesa Sanpaolo Private Banking and Sanpaolo Invest - and a network of 227 bank branches and 325 Personal Financial Advisers' offices located throughout Italy, which make a decisive contribution to customer loyalty. Our **guided open-architecture model** offers third-party products to complement our Group products.

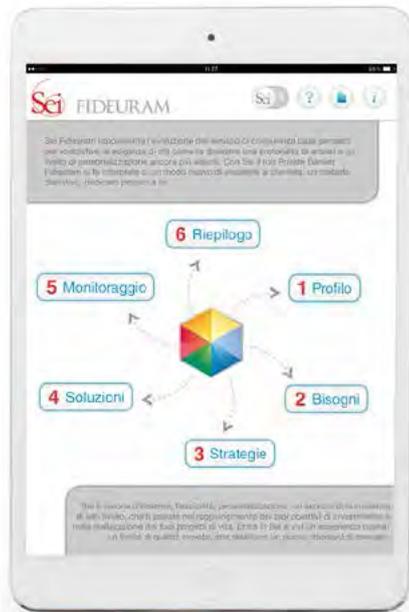
The professional relationship between each Personal Financial Adviser and customer is based on a **financial advisory service model** governed by a specific contract.

The services under this model are delivered in two ways:

- **Basic Advisory Services:** offered free of charge to all customers and consisting in the provision of personalised advisory services 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:** this service consists in identifying the customer's individual requirements classified by area of need, analysing their overall position and risk/return profile, identifying appropriate investment strategies and solutions for each individual area of need, and monitoring them over time.
- **Active Advanced Advisory Service:** a personalised advisory service with high added value for customers who do not intend to delegate their investment choices fully, but prefer to play an active role in their portfolio management in dialogue with our professionals.



Intesa Sanpaolo Private Banking is set to launch a new advisory service called View (Value Investment Evolution Wealth) in the first quarter of 2016. This advisory service works to a model that takes the customer's total wealth into account and supports the Personal Financial Advisers in their work of identifying each customer's specific requirements, categorised by area of need, including with the assistance of customer "archetype" guideline profiles. View provides a complete advisory service, which in addition benefits from incorporating the Active Advisory Service already provided by Intesa Sanpaolo Private Banking. View also allows the customer and their Personal Financial Adviser to identify investment strategies and solutions for each individual area of need in accordance with their risk/return profile and to monitor their wealth over time from a global standpoint.



Over 67,000 customers were subscribed to our Advanced Advisory Services at the end of December 2015, accounting for approximately €32.6bn client assets.

The growth of our Advanced Advisory Services is shown below.

## Customers subscribed to Advanced Advisory Services

(No.)

	31.12.2015	31.12.2014 (*)	CHANGE	
			AMOUNT	%
High Net Worth Individual customers	522	464	58	13
Private Banking customers	14,923	14,074	849	6
Affluent customers	34,970	32,262	2,708	8
Mass-Market customers	17,262	15,201	2,061	14
<b>Total</b>	<b>67,677</b>	<b>62,001</b>	<b>5,676</b>	<b>9</b>

(\*) Restated where necessary to take the changes in the scope of consolidation into account so that straight comparisons can be made.

## Advanced Advisory Service commission income (\*)

(€m)

	31.12.2015	31.12.2014	CHANGE	
			AMOUNT	%
Fee and commission income	115	102	13	13
Fee and commission expense	(50)	(43)	(7)	16
<b>Net fee and commission income</b>	<b>65</b>	<b>59</b>	<b>6</b>	<b>10</b>

(\*) Restated where necessary to take the changes in the scope of consolidation into account so that straight comparisons can be made.

## Advanced Advisory Service Client Assets

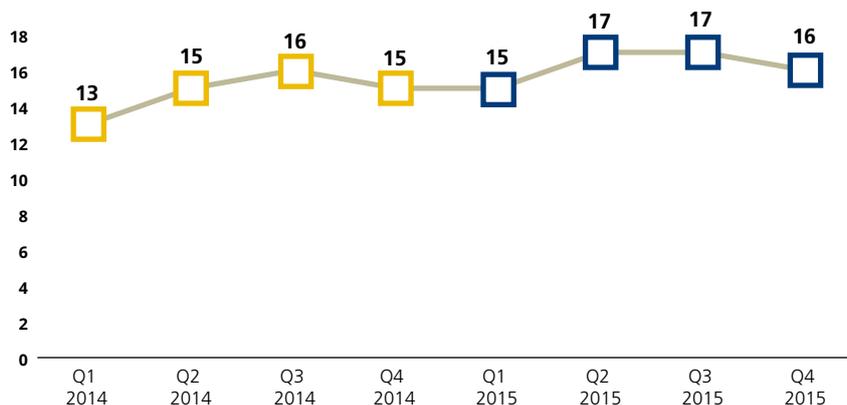
(€m)

	31.12.2015	31.12.2014 (*)	CHANGE	
			AMOUNT	%
High Net Worth Individual customers	3,579	3,139	440	14
Private Banking customers	19,250	18,274	976	5
Affluent customers	8,707	7,997	710	9
Mass-Market customers	1,036	901	135	15
<b>Total</b>	<b>32,572</b>	<b>30,311</b>	<b>2,261</b>	<b>7</b>

(\*) Restated where necessary to take the changes in the scope of consolidation into account so that straight comparisons can be made.

## Quarterly net commission income from Advanced Advisory Service (\*)

(€m)



(\*) Restated where necessary to take the changes in the scope of consolidation into account so that straight comparisons can be made.

## 4.7 Reclassified financial statements

### Consolidated Balance Sheet

(Reclassified - €m)

	31.12.2015	31.12.2014 (*)	CHANGE AMOUNT	%
<b>ASSETS</b>				
Cash and cash equivalents	60	63	(3)	-5
Financial assets (other than loans and held-to-maturity investments)	4,672	3,818	854	22
Held-to-maturity investments	297	333	(36)	-11
Loans and advances to banks	13,223	12,531	692	6
Loans and advances to customers	8,973	7,615	1,358	18
Hedging derivatives	2	-	2	n.s.
Equity investments	129	119	10	8
Property and equipment	39	38	1	3
Intangible assets and goodwill	175	167	8	5
Tax assets	217	232	(15)	-6
Other assets	1,052	1,045	7	1
<b>TOTAL ASSETS</b>	<b>28,839</b>	<b>25,961</b>	<b>2,878</b>	<b>11</b>
<b>LIABILITIES</b>				
Due to banks	3,110	3,710	(600)	-16
Due to customers	21,419	17,959	3,460	19
Financial liabilities held for trading	28	48	(20)	-42
Hedging derivatives	977	1,095	(118)	-11
Tax liabilities	80	78	2	3
Other liabilities	917	965	(48)	-5
Provisions for risks and charges	431	414	17	4
Equity attributable to non-controlling interests	-	482	(482)	-100
Equity attributable to owners of the parent company	1,877	1,210	667	55
<b>TOTAL LIABILITIES</b>	<b>28,839</b>	<b>25,961</b>	<b>2,878</b>	<b>11</b>

n.s.: not significant

(\*) Restated to take the changes in the scope of consolidation into account so that straight comparisons can be made.

## Consolidated Income Statement (\*)

(Reclassified - €m)

	2015	2014	CHANGE AMOUNT	%
Net interest income	187	204	(17)	-8
Net profit (loss) on financial assets and liabilities	20	20	-	-
Net fee and commission income	1,467	1,218	249	20
<b>OPERATING INCOME BEFORE NET IMPAIRMENT</b>	<b>1,674</b>	<b>1,442</b>	<b>232</b>	<b>16</b>
Net impairment	-	(1)	1	-100
<b>OPERATING INCOME</b>	<b>1,674</b>	<b>1,441</b>	<b>233</b>	<b>16</b>
Personnel expenses	(289)	(285)	(4)	1
Other administrative expenses	(231)	(225)	(6)	3
Depreciation and amortisation	(16)	(19)	3	-16
<b>OPERATING EXPENSES</b>	<b>(536)</b>	<b>(529)</b>	<b>(7)</b>	<b>1</b>
Net provisions for risks and charges	(36)	(84)	48	-57
Profit (loss) on equity investments	9	10	(1)	-10
Other income (expense)	(6)	(3)	(3)	100
<b>PROFIT BEFORE TAX</b>	<b>1,105</b>	<b>835</b>	<b>270</b>	<b>32</b>
Income taxes	(330)	(246)	(84)	34
Net profit (loss) attributable to non-controlling interests	(153)	(180)	27	-15
<b>NET PROFIT BEFORE NON-RECURRING ITEMS</b>	<b>622</b>	<b>409</b>	<b>213</b>	<b>52</b>
Non-recurring income (expenses) net of tax	(28)	(7)	(21)	n.s.
<b>NET PROFIT</b>	<b>594</b>	<b>402</b>	<b>192</b>	<b>48</b>

n.s.: not significant

(\*) Restated to take the changes in the scope of consolidation into account so that straight comparisons can be made.

## 4.8 Economic, financial and sustainability results

The Fideuram Group uses the resources at its disposal in the value-creation process in accordance with its business model and modifies them in line with its strategies.

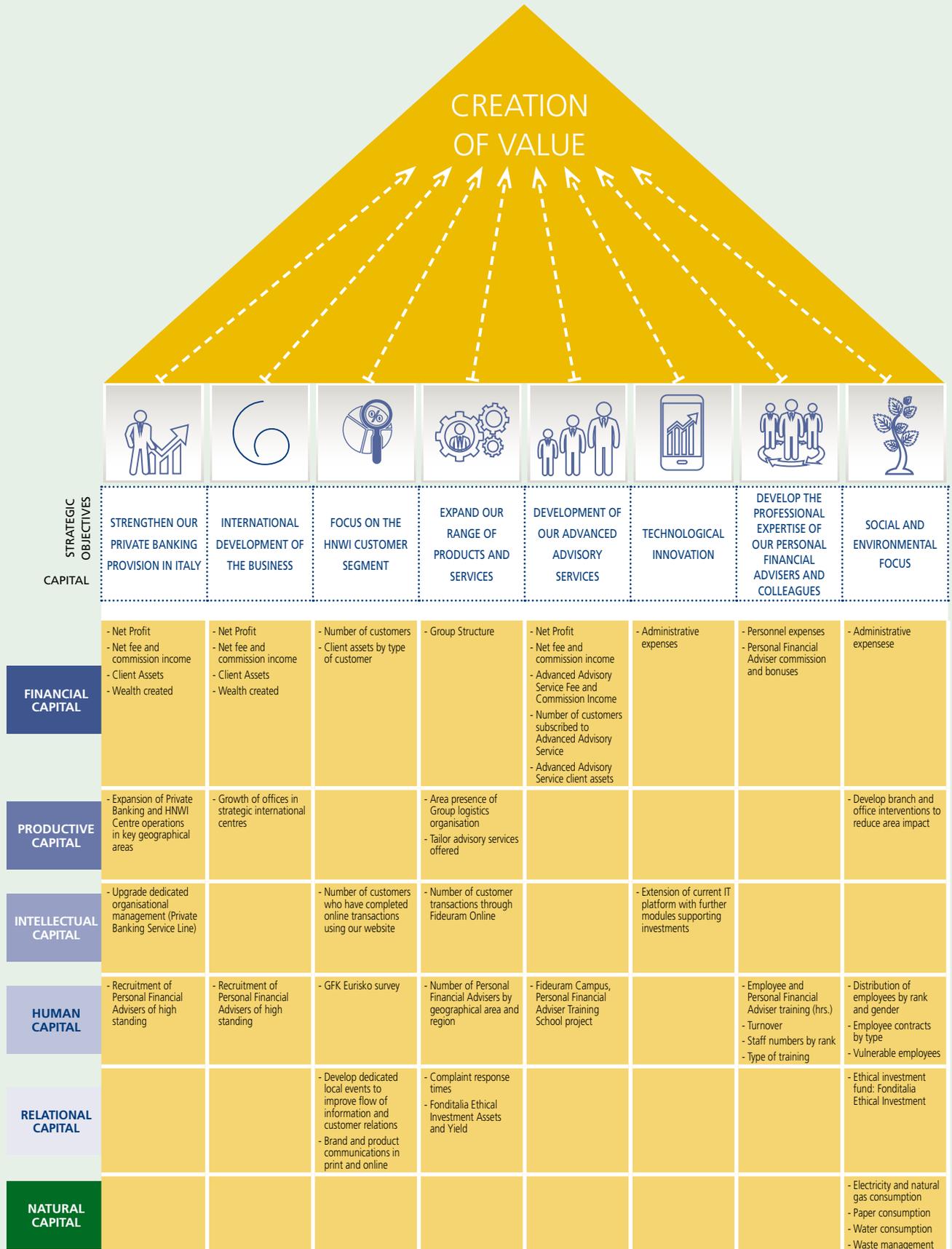
The Group has eight strategic objectives, which combine to enable it to achieve its prime objective of creating sustainable value over time.

The Group allocates, modifies and makes use of the following types of capital to this end:

<b>FINANCIAL CAPITAL</b>	Funds available to the Group, obtained from diverse internal and external sources of finance for use in the conduct of its business.
<b>PRODUCTIVE CAPITAL</b>	Property owned, bank branches, Personal Financial Advisers' offices and plant and equipment necessary to conduct our business.
<b>INTELLECTUAL CAPITAL</b>	Intangible assets and knowledge that bring the Group a competitive advantage, including the processes and procedures, intellectual property and other intangible assets associated with our brand and its reputation.
<b>HUMAN CAPITAL</b>	The capital formed by the skills, abilities and knowledge of the people who work in the Group, including our Personal Financial Advisers, employees and governance bodies.
<b>RELATIONAL CAPITAL</b>	Intangible resources attributable to the Group's relations with its key stakeholders, necessary to enhance its image, reputation and customer satisfaction.
<b>NATURAL CAPITAL</b>	Set of processes and environmental resources, both renewable and otherwise, which contribute to generating goods or services for the Group's business.

The contributions of these types of capital to the value creation process are summarized below. The table shows how the Group achieves its strategic objectives by combining the different types of capital available following its business model.

To illustrate this concept clearly, the table uses a connections grid showing the relations between the different types of capital, the Group's strategic objectives and its Key Performance Indicators.



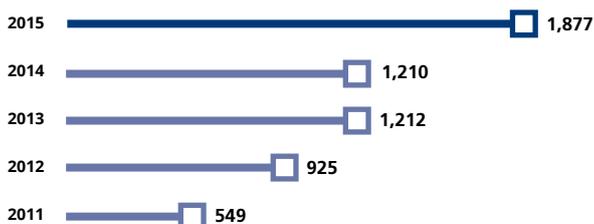
## 4.8.1 Financial capital

The Group's Financial Capital is the set of funds available to it and the economic performance resulting from the use of these funds.

### KEY INDICATORS (\*)

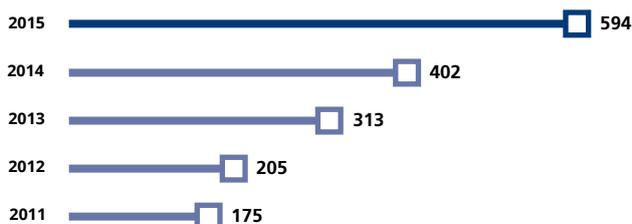
#### Group shareholders' equity

(€m)



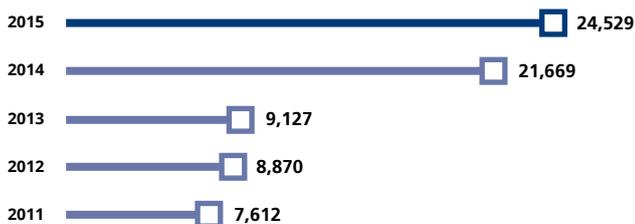
#### Consolidated net profit

(€m)



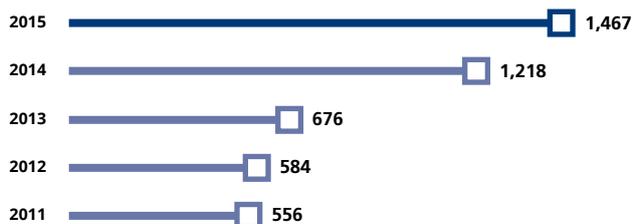
#### Banks and customers deposits

(€m)



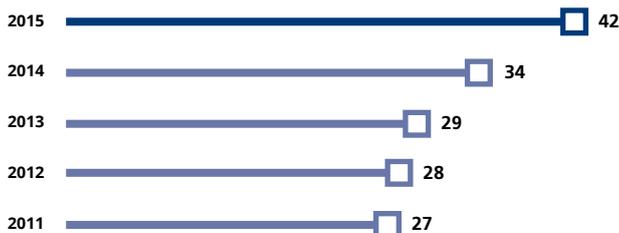
#### Net fee and commission income

(€m)



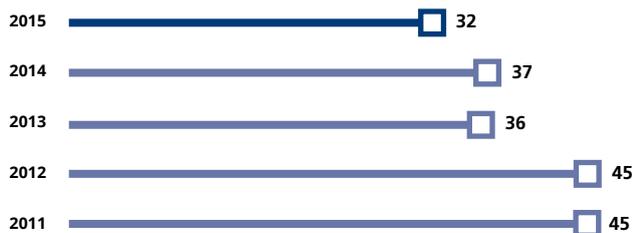
#### Return on equity

(%)



#### Cost / Income ratio

(%)



(\*) The figures for 2014 and 2015 have been restated where necessary to take the changes in the scope of consolidation into account so that straight comparisons can be made. Shareholders' equity and net profit have not been restated.

The figures for 2011, 2012 and 2013 have not been restated.

## ANALYSIS OF THE INCOME STATEMENT

In a persistently uncertain global economic scenario, the Fideuram Group ended 2015 with consolidated net profit of €594m, up €192m (+48%) on the figure for 2014.

### Consolidated income statement (\*)

(Reclassified - €m)

	2015	2014	CHANGE	
			AMOUNT	%
Net interest income	187	204	(17)	-8
Net profit (loss) on financial assets and liabilities	20	20	-	-
Net fee and commission income	1,467	1,218	249	20
<b>OPERATING INCOME BEFORE NET IMPAIRMENT</b>	<b>1,674</b>	<b>1,442</b>	<b>232</b>	<b>16</b>
Net impairment	-	(1)	1	-100
<b>OPERATING INCOME</b>	<b>1,674</b>	<b>1,441</b>	<b>233</b>	<b>16</b>
Personnel expenses	(289)	(285)	(4)	1
Other administrative expenses	(231)	(225)	(6)	3
Depreciation and amortisation	(16)	(19)	3	-16
<b>OPERATING EXPENSES</b>	<b>(536)</b>	<b>(529)</b>	<b>(7)</b>	<b>1</b>
Net provisions for risks and charges	(36)	(84)	48	-57
Profit (loss) on equity investments	9	10	(1)	-10
Other income (expense)	(6)	(3)	(3)	100
<b>PROFIT BEFORE TAX</b>	<b>1,105</b>	<b>835</b>	<b>270</b>	<b>32</b>
Income taxes	(330)	(246)	(84)	34
Net profit (loss) attributable to non-controlling interests	(153)	(180)	27	-15
<b>NET PROFIT BEFORE NON-RECURRING ITEMS</b>	<b>622</b>	<b>409</b>	<b>213</b>	<b>52</b>
Non-recurring income (expenses) net of tax	(28)	(7)	(21)	n.s.
<b>NET PROFIT</b>	<b>594</b>	<b>402</b>	<b>192</b>	<b>48</b>

n.s.: not significant

(\*) Restated taking the changes in the scope of consolidation into account so that straight comparisons can be made.

### Quarterly consolidated income statements

(Reclassified - €m)

	2015				2014			
	Q4	Q3	Q2 (*)	Q1 (*)	Q4 (*)	Q3 (*)	Q2 (*)	Q1 (*)
Net interest income	48	49	46	44	45	52	54	53
Net profit (loss) on financial assets and liabilities	3	1	6	10	10	3	4	3
Net fee and commission income	344	348	411	364	332	301	295	290
<b>OPERATING INCOME BEFORE NET IMPAIRMENT</b>	<b>395</b>	<b>398</b>	<b>463</b>	<b>418</b>	<b>387</b>	<b>356</b>	<b>353</b>	<b>346</b>
Net impairment	-	-	2	(2)	-	-	(1)	-
<b>OPERATING INCOME</b>	<b>395</b>	<b>398</b>	<b>465</b>	<b>416</b>	<b>387</b>	<b>356</b>	<b>352</b>	<b>346</b>
Personnel expenses	(79)	(69)	(72)	(69)	(80)	(80)	(64)	(61)
Other administrative expenses	(67)	(55)	(56)	(53)	(62)	(54)	(55)	(54)
Depreciation and amortisation	(4)	(4)	(4)	(4)	(5)	(5)	(4)	(5)
<b>OPERATING EXPENSES</b>	<b>(150)</b>	<b>(128)</b>	<b>(132)</b>	<b>(126)</b>	<b>(147)</b>	<b>(139)</b>	<b>(123)</b>	<b>(120)</b>
Net provisions for risks and charges	(14)	(10)	(4)	(8)	(33)	(12)	(21)	(18)
Profit (loss) on equity investments	-	3	2	4	1	3	3	3
Other income (expense)	(2)	1	(4)	(1)	-	-	(2)	(1)
<b>PROFIT BEFORE TAX</b>	<b>229</b>	<b>264</b>	<b>327</b>	<b>285</b>	<b>208</b>	<b>208</b>	<b>209</b>	<b>210</b>
Income taxes	(69)	(77)	(99)	(85)	(58)	(61)	(61)	(66)
Net profit (loss) attributable to non-controlling interests	-	-	(78)	(75)	(42)	(37)	(47)	(54)
<b>NET PROFIT BEFORE NON-RECURRING ITEMS</b>	<b>160</b>	<b>187</b>	<b>150</b>	<b>125</b>	<b>108</b>	<b>110</b>	<b>101</b>	<b>90</b>
Non-recurring income (expenses) net of tax	(11)	(5)	(12)	-	(6)	(1)	-	-
<b>NET PROFIT</b>	<b>149</b>	<b>182</b>	<b>138</b>	<b>125</b>	<b>102</b>	<b>109</b>	<b>101</b>	<b>90</b>

(\*) Restated to take the changes in the scope of consolidation into account so that straight comparisons can be made.

1.7 €bn

Operating income before  
net impairment

**Operating income before net impairment** totalled €1.7bn, up €232m (+16%) on 2014 as a result of:

- Growth in net fee and commission income (+€249m).
- Decreased net interest income (-€17m).

## Net interest income

(€m)

	2015	2014	CHANGE	
			AMOUNT	%
Interest expense on due to customers	(71)	(130)	59	-45
Interest expense on due to banks	(30)	(36)	6	-17
Interest income on debt securities	209	223	(14)	-6
Interest income on loans	163	221	(58)	-26
Net interest on hedging derivatives	(83)	(75)	(8)	11
Other net interest income	(1)	1	(2)	n.s.
<b>Total</b>	<b>187</b>	<b>204</b>	<b>(17)</b>	<b>-8</b>

n.s.: not significant

## Euribor 3 months rate

(bp)



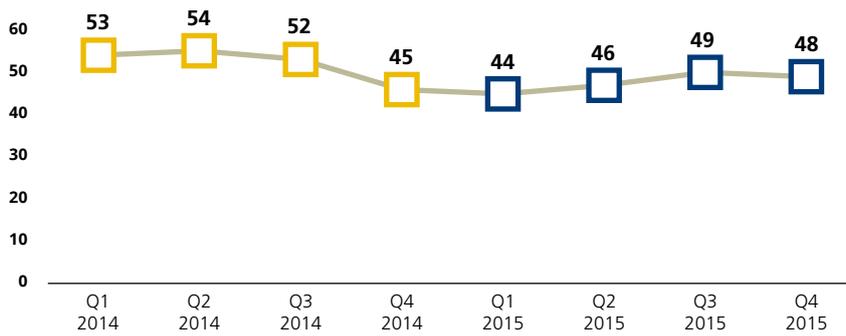
Source: Bloomberg

187 €m

Net interest income

**Net interest income** totalled €187m, down €17m (-8%) from last year, impacted by sharp falls in the reference interest rates, which took them into negative territory from the second quarter, without this being accompanied by any corresponding elasticity of the deposit-lending rate spread. Looking at the quarter-on-quarter performance of net interest income, one can see that it held up in the second part of the year despite a negative interest rate scenario. This was due to growth in average interest-bearing assets and the increased profitability of the investments.

## Quarterly net interest income



## Net profit (loss) on financial assets and liabilities

(€m)

	2015	2014	CHANGE AMOUNT	%
Net profit (loss) on sale of loans and financial assets	9	24	(15)	-63
Net profit (loss) on trading activities	8	6	2	33
Net profit (loss) on hedging derivatives	3	(10)	13	n.s.
<b>Total</b>	<b>20</b>	<b>20</b>	-	-

**Net profit on financial assets and liabilities** totalled €20m, in line with the figure for the previous financial year.

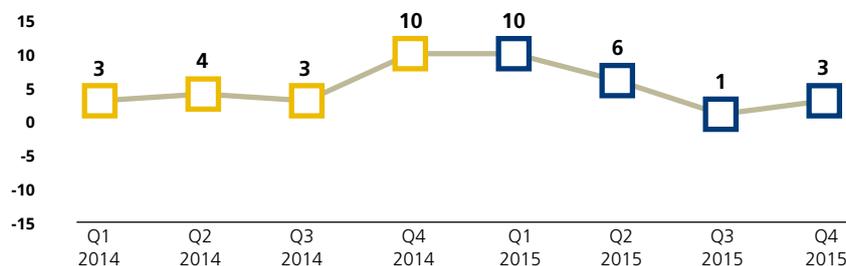
Analysis of the item shows that net profit on sale of loans and financial assets (€9m) was down €15m from last year due to decreased sales of investment securities. Net profit on trading activities came to €8m, up €2m on the figure for 2014, partly as a result of the contribution of foreign exchange transactions. Net profit on hedging derivatives, resulting from the ineffective hedging of interest-rate derivatives, totalled €3m, up €13m largely as a result of the method for valuing hedged securities having been changed in 2014.

20 €m

Net profit on financial assets and liabilities

## Quarterly net profit (loss) on financial assets and liabilities

(€m)



**1.5 €bn**  
Net fee and  
commission income

## Net fee and commission income

(€m)

	2015	2014	CHANGE	
			AMOUNT	%
Fee and commission income	2,210	1,884	326	17
Fee and commission expense	(743)	(666)	(77)	12
<b>Net fee and commission income</b>	<b>1,467</b>	<b>1,218</b>	<b>249</b>	<b>20</b>

**Net fee and commission income** totalled €1.5bn, an increase of €249m (+20%) on 2014.

## Net recurring fees

(€m)

	Q1	Q2	Q3	Q4	TOTAL
2015	323	350	351	330	1,354
2014	262	280	294	303	1,139
<b>Change</b>	<b>61</b>	<b>70</b>	<b>57</b>	<b>27</b>	<b>215</b>

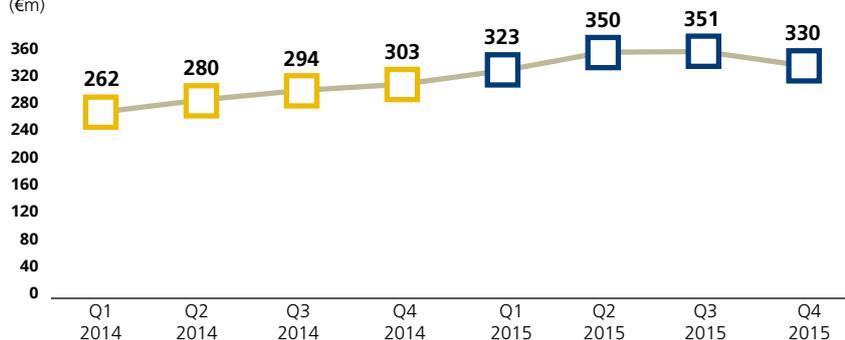
**1.4 €bn**  
Net recurring fees

Net recurring fees totalled €1.4bn, up €215m (+19%) on the previous financial year due both to strong growth in average managed assets, which increased €17.5bn (+16%) from €112.8bn at 31 December 2014 to approximately €130.3bn at the end of 2015, and to a shift in the asset product mix, principally towards discretionary accounts and unit-linked policies. In addition, profitability continued to benefit from the increasing contribution of client assets connected with our SEI and Active Advanced Advisory Services, which generated net fee and commission income of €65m, up 10% from €59m in 2014.

The quarter-on-quarter performance of net recurring fees followed an upward trend in the first nine months of the year, which then reversed in the fourth quarter as a result of an end of year correction in the financial markets.

## Quarterly net recurring fees

(€m)



## Net performance fees

(€m)

	Q1	Q2	Q3	Q4	TOTAL
2015	9	4	-	17	30
2014	-	3	3	35	41
<b>Change</b>	<b>9</b>	<b>1</b>	<b>(3)</b>	<b>(18)</b>	<b>(11)</b>

Net performance fees totalled €30m, down €11m from the figure for 2014. The Group calculates the performance fees on its internal insurance funds (€12m at 31 December 2015) on a daily accrual basis in relation to the performance of the fund, applying a High Water Mark clause that means performance fees are only charged when the value of the fund rises above the highest value reached on the previous dates when performance fees were charged. The net performance fees on the Group's mutual funds (€15m at 31 September 2015) are charged annually with the exception of three funds for which performance fees are charged half-yearly (applying a High Water Mark clause). The performance fees on individual discretionary accounts (€3m at 31 December 2015) are charged annually, except when the client decides to close the account early.

# 30 €m

## Net performance fees

## Net front-end fees

(€m)

	Q1	Q2	Q3	Q4	TOTAL
2015	67	88	20	29	204
2014	58	44	33	30	165
<b>Change</b>	<b>9</b>	<b>44</b>	<b>(13)</b>	<b>(1)</b>	<b>39</b>

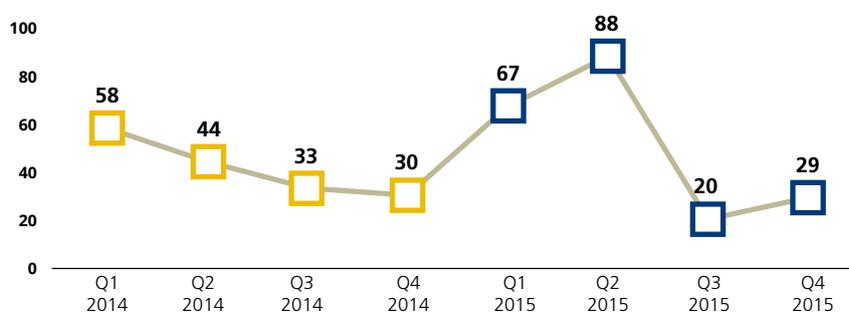
Net front-end fees came to €204m, up €39m (+24%) on 2014, principally as a result of increased securities placement volumes. During 2015, the Group's sales networks distributed a number of bond loans and certificates from Intesa Sanpaolo, Banca IMI and other companies outside the Group, and five public offers of ordinary shares. The quarter-on-quarter performance of net front-end fees showed that they benefited from strong securities placement business in the first and second quarters of 2015, which contracted in second half of the year.

# 204 €m

## Net front-end fees

## Quarterly net front-end fees

(€m)



## Other commission expense: incentives and other

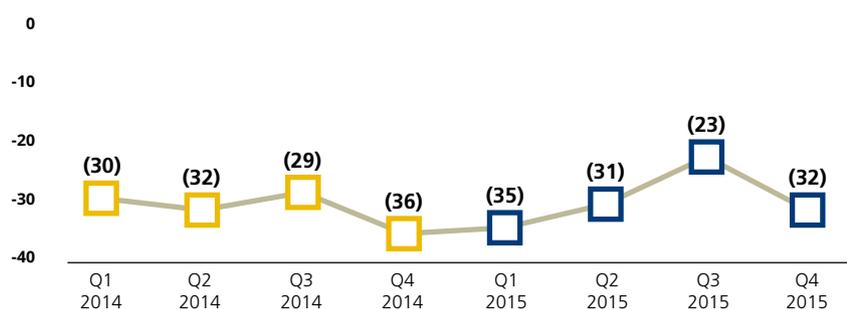
(€m)

	Q1	Q2	Q3	Q4	TOTAL
2015	(35)	(31)	(23)	(32)	(121)
2014	(30)	(32)	(29)	(36)	(127)
<b>Change</b>	<b>(5)</b>	<b>1</b>	<b>6</b>	<b>4</b>	<b>6</b>

Commission expense for incentives and others totalled €121m, down €6m compared with 2014 (-5%), mainly as a result of decreased incentive payments to and provisions set aside for the Personal Financial Adviser Networks.

## Quarterly other commission expense, net

(€m)



## Operating expenses

(€m)

	2015	2014	CHANGE AMOUNT	%
Personnel expenses	289	285	4	1
Other administrative expenses	231	225	6	3
Depreciation and amortisation	16	19	(3)	-16
<b>Total</b>	<b>536</b>	<b>529</b>	<b>7</b>	<b>1</b>

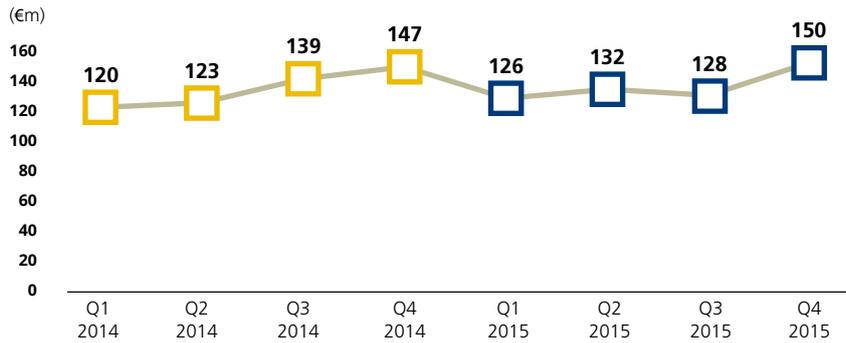
**536 €m**  
Operating expenses

**Operating expenses** totalled €536m, up €7m (+1%) on the figure for last year. Analysis of the item shows that personnel expenses came to €289m, up €4m (+1%) on 2014, largely due to an increase in the fixed components of remuneration due to increased staff quality and numbers (+63), together with the effect of normal wage increases.

Other administrative expenses totalled €231m, up €6m on 2014, principally as a result of expenses related to the Deposit Guarantee Scheme (DGS) and National Resolution Fund for Credit Institutions, and increased third-party service costs, which were partially offset by decreased building costs and professional costs.

Depreciation and amortisation totalled €16m, down €3m (-16%) principally due to the completion of a number of amortisation schedules for intangible assets in 2014.

## Quarterly operating expenses



## Net provisions for risks and charges

(€m)

	2015	2014	CHANGE AMOUNT	%
Personal Financial Advisers' termination indemnities and incentives	12	53	(41)	-77
Litigation, securities in default and complaints	22	19	3	16
Network Loyalty Schemes	2	12	(10)	-83
<b>Total</b>	<b>36</b>	<b>84</b>	<b>(48)</b>	<b>-57</b>

**Net provisions for risks and charges** came to €36m, down sharply (-€48m) from the figure for last year. Analysis of the item shows that the provision for the termination of Personal Financial Adviser agency agreements decreased €41m to total €12m, largely due to higher market rates having caused the discounting of the long-term liability in 2015 to have a reduced impact on the expense recorded in the income statement. The provision for litigation, securities in default and complaints totalled €22m, up €3m from the previous financial year, principally due to new cases arising in 2015. The provisions set aside for the Network Loyalty Schemes totalled €2m, down €10m from last year due to one scheme having come to an end in 2014 and to the aforementioned impact of market rates on the discounting of the liability, which led to a decrease in the expense recorded in the income statement.

**Profit on equity investments** came to €9m, corresponding to the profit from the Group's 19.99% interest in Fideuram Vita S.p.A., which was down €1m from 2014 as a result of the decreased profitability of the company's investment securities.

**Other income and expense**, which is a residual item for miscellaneous income and expense that cannot be recognised in other items of the income statement, was negative to the tune of €6m in 2015, a €3m decline compared with the figure for last year, mainly resulting from increased compensation paid to customers.

**Income taxes**, for which €330m was set aside in the period, were up €84m on the figure for 2014 (€246m) as a result of increased profit before tax in the year. The tax rate was 30% compared with 29% in the previous financial year.

36 €m

Net provisions for risks and charges

9 €m

Profit on equity investments

28 €m

Non-recurring income and expenses net of tax

**Non-recurring income and expenses net of tax**, which include income and expenses that are not ordinary operating expenses, were negative to the tune of €28m due to the €23m expense of integrating Intesa Sanpaolo Private Banking, Intesa Sanpaolo Private Bank (Suisse) and Sirefid in the Fideuram Group, and to the extraordinary component, totalling €5m, of the contribution to the National Resolution Fund for Credit Institutions introduced by Directive 2014/59/EU of the European Parliament and of the Council, which established a framework for the recovery and resolution of credit institutions and investment firms. The figure for 2014 was -€7m as a result of €6m early-retirement incentive expense and €1m professional costs connected with the Intesa Sanpaolo business plan.

## SEGMENT REPORTING

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

- **MANAGED FINANCIAL ASSETS SEGMENT**, which extends from mutual funds to SICAVs, speculative funds and individual discretionary accounts.
- **LIFE INSURANCE ASSETS SEGMENT**, which covers unit-linked and traditional managed insurance asset products as well as pension and protection products.
- **BANKING SERVICES SEGMENT**, which covers the Group's banking and financial services.

The following analyses outline the products and services offered, together with the initiatives and research and development carried out in the year, while also presenting the Group's financial results, transaction data and key profitability indicators by Business Segment. These Segments are analysed using data that show their contribution to Group income after consolidation adjustments.

### Business segmentation at 31 December 2015 (\*)

(€m)

	MANAGED FINANCIAL ASSETS	LIFE INSURANCE ASSETS	BANKING SERVICES	TOTAL FOR FIDEURAM GROUP
Net interest income	-	-	187	187
Net profit (loss) on financial assets and liabilities	-	-	20	20
Net fee and commission income	958	374	135	1,467
<b>Operating income before net impairment</b>	<b>958</b>	<b>374</b>	<b>342</b>	<b>1,674</b>
Operating expenses	(266)	(72)	(198)	(536)
Other	(27)	(11)	5	(33)
<b>Profit before tax</b>	<b>665</b>	<b>291</b>	<b>149</b>	<b>1,105</b>
<b>Average Client Assets</b>	<b>90,388</b>	<b>39,884</b>	<b>57,888</b>	<b>188,160</b>
<b>Client Assets</b>	<b>89,207</b>	<b>42,799</b>	<b>56,892</b>	<b>188,898</b>
<b>Key indicators</b>				
Cost / Income Ratio	28%	19%	57%	32%
Profit before tax / Average Client Assets	0.7%	0.7%	0.3%	0.6%
Net fee and commission income / Average Client Assets	1.1%	0.9%	0.2%	0.8%

(\*) Restated where necessary to take the changes in the scope of consolidation into account so that straight comparisons can be made.

## MANAGED FINANCIAL ASSETS SEGMENT

The Managed Financial Assets Segment covers the Group's discretionary account and mutual fund business, which totalled €89bn at 31 December 2015 (47% of total client assets), an increase of €4.6bn (+5.5%) on 31 December 2014 as a result of the strong performance of discretionary accounts (+€7.3bn), partially offset by a decrease in mutual funds (-€2.7bn). Total net inflows came to €4bn, down €0.3bn from 2014.

The segment's contribution to profit before tax totalled €665m, up €157m on the previous financial year, principally due to increased net fee and commission income (+€131m). The ratio of net fee and commission income to client assets was 1.1%, while the ratio of profit before tax to client assets was 0.7%.

Product development continued to be intense in 2015, with a large number of initiatives across the investment spectrum. Special focus was brought to developing solutions that combine the need for capital protection with investment growth in a market scenario that continues to challenge traditional instruments. As in 2014, we prioritised the development of flexible and efficient wrap managed asset products such as the Fideuram Vita Insieme family of unit-linked policies and the Omnia Discretionary Account, in line with the Group's business model, which has always been centred on the provision of advisory support following a Guided Open Architecture model.

# 89.2 €bn

## Managed Financial Assets

## Managed Financial Assets (\*)

(€m)

	31.12.2015	31.12.2014	CHANGE %
Net interest income	-	-	-
Net profit (loss) on financial assets and liabilities	-	-	-
Net fee and commission income	958	827	16
<b>Operating income before net impairment</b>	<b>958</b>	<b>827</b>	<b>16</b>
Operating expenses	(266)	(260)	2
Other	(27)	(59)	-54
<b>Profit before tax</b>	<b>665</b>	<b>508</b>	<b>31</b>
<b>Average Client Assets</b>	<b>90,388</b>	<b>80,428</b>	<b>12</b>
<b>Client Assets</b>	<b>89,207</b>	<b>84,578</b>	<b>5</b>
<b>Key indicators</b>			
Cost / Income Ratio	28%	32%	
Profit before tax / Average Client Assets	0.7%	0.6%	
Net fee and commission income / Average Client Assets	1.1%	1.0%	

(\*) Restated where necessary to take the changes in the scope of consolidation into account so that straight comparisons can be made.

The Group's **own funds** saw our Fonditalia (FOI) Luxembourg umbrella fund benefit from an important enhancement of its à la carte offering with the introduction of the FOI Crescita Protetta 80 fund, which joins the capital protection solutions previously launched with its Interfund Crescita Protetta 80. The new fund, developed in partnership with the Morgan Stanley Investment Fund, offers controlled exposure to global stock markets and capital protection that deploys cutting-edge protection strategies.

The Fonditalia range has also been extended with FOI Credit Absolute Return, which offers flexible investment in the credit market, combining a range of different strategies to generate stable performance over time through the economic and financial cycle.

The Fideuram Multibrand family of à la carte **third-party funds** has been extended through the addition of new partners with a number of solutions from M&G Investments, one of Europe's leading active fund managers, specialising in flexible and multi-asset bond solutions that take the dynamics of behavioural finance into account, and from Epsilon, an Intesa Sanpaolo Group com-

pany that specialises in quantitative portfolio management. For this company we are now offering the Global Income Multirender Luxembourg fund, which features a five-year investment period and two value generators linked to Epsilon's quantitative models. The evolutionary maintenance of our existing range continued, mainly through the addition of new funds to mutual fund products already being distributed and the introduction of new income distribution and/or currency hedging classes.

The interventions to our **discretionary accounts** saw us expanding the range of investment solutions offered under the Omnia mandate during the year, launching new lines to provide an increasingly complete and customisable management service.

The enhancements to our core investment solutions saw us launching three new investment lines with different risk profiles in the Consilia family, while our satellite investment solutions benefited from the launch of the Idea Strategie Liquid Alternative line and additions to the range of funds and to the baskets offered by the Eligo Fondi and Eligo Titoli lines respectively, to exploit new market opportunities.

## LIFE INSURANCE ASSETS SEGMENT

This segment covers the Group's life insurance and pension funds business, which totalled €42.8bn at 31 December 2015 (23% of total client assets), up €5.8bn principally due to strong life insurance performance (+€5.6bn). Total net inflows came to €6.1bn, up €0.4bn on 2014.

The segment's contribution to profit before tax totalled €291m, up €91m on the previous financial year due to increased net fee and commission income (+€89m). The ratio of net fee and commission income to client assets was 0.9%, while the ratio of profit before tax to client assets was 0.7%.

The development of our **insurance products** extended across the range. The unit linked policy Fideuram Vita Insieme (FVI) was completely revised to provide a more comprehensive, integrated solution to customer needs.

The most significant interventions included the following:

- The enhancement of the FVI My Blue Protection 80 and FVI My White Protection 80 investment lines with an innovative protection strategy that is applied continuously to the specific portfolio chosen by the customer, offering the customer the option of protecting part of the capital invested while simultaneously benefiting from the freedom to build and change their investment over time.
- Offering multi-line management, which brings the option of allocating the principal invested to more than one investment line under the same contractual vehicle.

The investment opportunities offered by all the Fideuram Vita Insieme family multimanager policies, including those dedicated to Private Banking customers, were extended still further with the addition of new funds and new asset management companies.

# 42.8 €bn

## Life Insurance Assets

## Life Insurance Assets (\*)

(€m)

	31.12.2015	31.12.2014	% CHANGE
Net interest income	-	-	-
Net profit (loss) on financial assets and liabilities	-	-	-
Net fee and commission income	374	285	31
<b>Operating income before net impairment</b>	<b>374</b>	<b>285</b>	<b>31</b>
Operating expenses	(72)	(65)	11
Other	(11)	(20)	-45
<b>Profit before tax</b>	<b>291</b>	<b>200</b>	<b>46</b>
<b>Average Client Assets</b>	<b>39,884</b>	<b>32,323</b>	<b>23</b>
<b>Client Assets</b>	<b>42,799</b>	<b>37,012</b>	<b>16</b>
<b>Key indicators</b>			
Cost / Income Ratio	19%	23%	
Profit before tax / Average Client Assets	0.7%	0.6%	
Net fee and commission income / Average Client Assets	0.9%	0.9%	

(\*) Restated where necessary to take the changes in the scope of consolidation into account so that straight comparisons can be made.

A new development in our Class I offering was the return to sale of Fideuram Vita Garanzia e Valore Flex 2, a with-profits policy with guaranteed capital and the option of receiving the annual bonus in the form of a coupon.

Lastly, our range of non-life policies was completely revised with the launch of a new health insurance policy, "Salute Fideuram", offered in conjunction with Intesa Sanpaolo Assicura.



Fideuram Milan office.

## BANKING SERVICES SEGMENT

The Banking Services Segment covers the Group's banking and financial services, together with its central departments, holding activities and finance activities, as well as - generally speaking - the coordination and control activities for its other operating segments.

This segment includes non-managed assets, mainly comprised of securities and current accounts, which totalled €56.9bn at 31 December 2015 (30% of total client assets), down €0.3bn from the figure at the end of 2014.

Net inflows were negative, with a net outflow of €2.2bn, an improvement of €4bn on 2014.

The contribution of this segment to profit before tax was €149m. The increase in profit before tax compared with 2014 (+€22m) was principally a result of increased operating income before net impairment (+€12m).

The ratio of net fee and commission income to client assets was 0.2%, while the ratio of profit before tax to client assets was 0.3%.

Initiatives regarding **non-managed asset products** focused both on our range of investments in securities and on our range of banking products.

## Banking Services (\*)

(€m)

	31.12.2015	31.12.2014	% CHANGE
Net interest income	187	204	-8
Net profit (loss) on financial assets and liabilities	20	20	-
Net fee and commission income	135	106	27
<b>Operating income before net impairment</b>	<b>342</b>	<b>330</b>	<b>4</b>
Operating expenses	(198)	(204)	-3
Other	5	1	n.s.
<b>Profit before tax</b>	<b>149</b>	<b>127</b>	<b>17</b>
<b>Average Client Assets</b>	<b>57,888</b>	<b>60,325</b>	<b>-4</b>
<b>Client Assets</b>	<b>56,892</b>	<b>57,181</b>	<b>-1</b>
<b>Key indicators</b>			
Cost / Income Ratio	57%	60%	
Profit before tax / Average Client Assets	0.3%	0.2%	
Net fee and commission income / Average Client Assets	0.2%	0.2%	

(\*) Restated where necessary to take the changes in the scope of consolidation into account so that straight comparisons can be made.

n.s.: not significant

Where investments in securities were concerned, Fideuram, Sanpaolo Invest and Intesa Sanpaolo Private Banking participated in bond and certificate issues managed by the Intesa Sanpaolo Group and other companies outside the Group. Fideuram also participated in the placement of BTP Italia government bonds issued by the Italian Ministry of the Economy and Finance, including on behalf of Sanpaolo Invest, both through our traditional channel and directly through Fideuram Online, and also joined the underwriting syndicates for the public offerings of ordinary shares in a variety of companies.

Where our **banking products** were concerned, we advanced the initiatives supporting the extension of our

banking facilities and the acquisition of new customers through the following:

- Offer campaigns for our Fideuram Plus current accounts, which attract with a promotional gross annual rate up to a given deposit level, within a specific time window and under special conditions. The Fideuram Plus accounts combine competitive interest rates with low fees and charges.
- Repurchase agreements with particularly favourable conditions.
- Lending through lines of credit that offer customers cash flow flexibility and attractive conditions, secured by investment products held with the Group or substantial client assets.



56.9 €bn  
Non-managed  
Assets

## DISTRIBUTION OF VALUE

The Group's Value Added Statement below has been prepared using the income statement figures from the 2015 Consolidated Financial Statements. These figures have been reclassified following the guidelines of the Italian Banking Association (Associazione Bancaria Italiana - ABI), 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)

	2015	2014	2013
<b>Financial Statement Items</b>			
10. Interest income and similar income	373	444	464
20. Interest expense and similar expense	(171)	(225)	(241)
40. Fee and commission income	2,210	1,884	1,780
50. Fee and commission expense (not including expense for Personal Financial Advisers Network)	(122)	(105)	(120)
70. Dividends and similar income	-	-	-
80. Net profit (loss) on trading activities	8	6	9
90. Net profit (loss) on hedging derivatives	3	(10)	1
100. Net profit (loss) on sale/repurchase of:	9	24	(11)
a) loans	(1)	(1)	(6)
b) financial assets available for sale	10	25	(2)
c) Held-to-maturity investments	-	-	(3)
d) financial liabilities	-	-	-
110. Net profit (loss) on financial assets and liabilities designated at fair value	7	12	12
130. Net impairment of:	-	(1)	1
a) loans	-	(1)	(1)
b) financial assets available for sale	-	-	-
c) Held-to-maturity investments	-	1	1
d) other financial transactions	-	-	1
220. Other income/expense	213	222	150
240. Profit (loss) on equity investments (Profit / losses from sales)	-	-	-
270. Gain (loss) on disposal of investments	-	-	-
<b>A Total wealth created</b>	<b>2,530</b>	<b>2,251</b>	<b>2,045</b>
180.b Other administrative expenses (not including indirect taxes and donations/gifts)	(252)	(224)	(220)
<b>Value distributed to suppliers</b>	<b>(252)</b>	<b>(224)</b>	<b>(220)</b>
180.a Personnel expenses (including Personal Financial Advisers Network)	(966)	(944)	(815)
<b>Value distributed to employees and agents/freelances</b>	<b>(966)</b>	<b>(944)</b>	<b>(815)</b>
330. Net profit (loss) for the year attributable to non-controlling interests	-	(180)	(203)
<b>Value distributed to third parties</b>	<b>-</b>	<b>(180)</b>	<b>(203)</b>
Profit distributed to shareholders	(561)	(293)	(197)
<b>Value distributed to shareholders</b>	<b>(561)</b>	<b>(293)</b>	<b>(197)</b>
180.b Other administrative expenses: indirect taxes	(222)	(228)	(170)
290. Income taxes for the year (current taxes) (*)	(292)	(225)	(264)
<b>Value distributed to Central and Branch Administration</b>	<b>(514)</b>	<b>(453)</b>	<b>(434)</b>
180.b Other administrative expenses: donations and gifts	-	(1)	-
<b>Value distributed to community and environment</b>	<b>-</b>	<b>(1)</b>	<b>-</b>
<b>B Total value distributed</b>	<b>(2,293)</b>	<b>(2,095)</b>	<b>(1,869)</b>
<b>C Value retained</b>	<b>237</b>	<b>156</b>	<b>176</b>

(\*) Restated where necessary to take the changes in the scope of consolidation into account so that straight comparisons can be made.

Creating value for our stakeholders is one of the Fideuram Group'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 Value Retained is the difference between the Wealth Created and the Value Distributed, and it is used for productive investments to enable 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 €2.5bn in 2015 (+€279m on 2014). This wealth was distributed to stakeholders as follows:

- Colleagues (employees and Personal Financial Advisers) received 38.2% of the Wealth created, amounting to a total of €966m. This included the remuneration paid to employees and the amounts set aside for and paid to the Personal Financial Adviser Networks.
- Our shareholder received 22.2% of the Wealth created, largely in the form of the dividend, amounting to €561m.
- The government, public authorities, institutions and the community received €514m, principally in the form of direct and indirect taxes, equating to approximately 20.3% of the Wealth created.
- Suppliers received 9.9% of the Wealth created, totalling €252m paid for goods and services.
- The remaining €237m was retained by the Group to maintain the efficiency of the business complex, and regarded the following items in particular: deferred tax assets and liabilities, amortisation and depreciation, provisions for risks and charges and retained profit.

### Value added (\*)

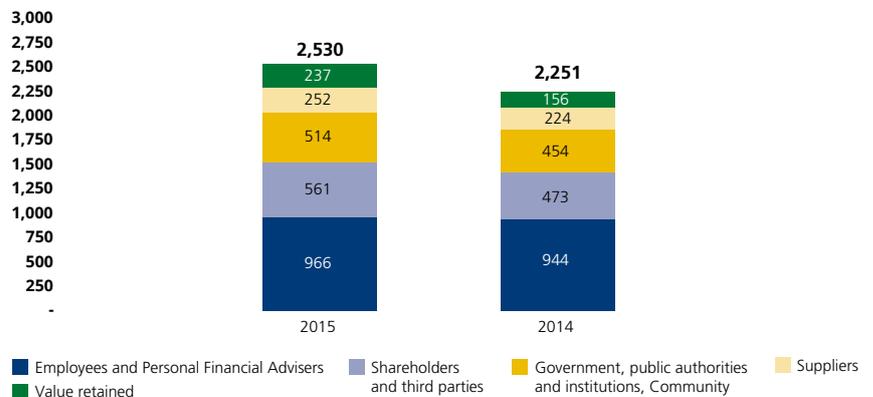
(€m)

	2015	2014	2013
<b>Wealth created</b>	<b>2,530</b>	<b>2,251</b>	<b>2,045</b>
<b>Value distributed</b>	<b>(2,293)</b>	<b>(2,095)</b>	<b>(1,869)</b>
Employees and Personal Financial Advisers	(966)	(944)	(815)
Shareholders and third parties	(561)	(473)	(400)
Government, public authorities and institutions, Community	(514)	(454)	(434)
Suppliers	(252)	(224)	(220)
<b>Value retained</b>	<b>237</b>	<b>156</b>	<b>176</b>

(\*) Restated where necessary to take the changes in the scope of consolidation into account so that straight comparisons can be made.

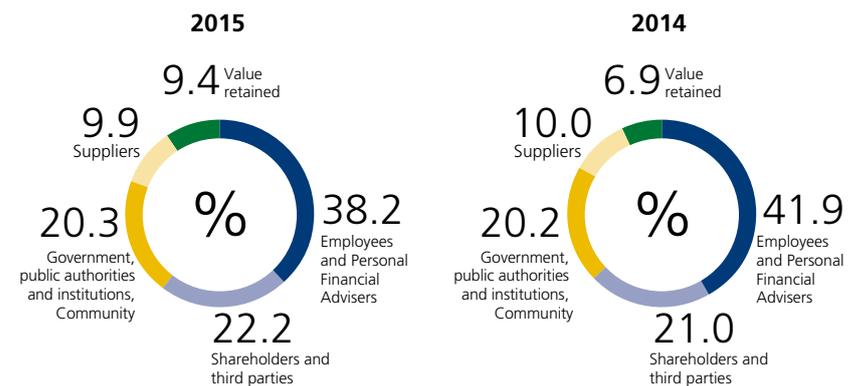
### Wealth created (\*)

(€m)



(\*) Restated where necessary to take the changes in the scope of consolidation into account so that straight comparisons can be made.

### Analysis of wealth created (\*)



(\*) Restated where necessary to take the changes in the scope of consolidation into account so that straight comparisons can be made.

## ASSET AND LIABILITY MANAGEMENT

The tables below show the main balance sheet items compared with the corresponding figures at 31 December 2014.

### Consolidated balance sheet

(Reclassified - €m)

	31.12.2015	31.12.2014 (*)	CHANGE AMOUNT	%
<b>ASSETS</b>				
Cash and cash equivalents	60	63	(3)	-5
Financial assets (other than loans and held-to-maturity investments)	4,672	3,818	854	22
Held-to-maturity investments	297	333	(36)	-11
Loans and advances to banks	13,223	12,531	692	6
Loans and advances to customers	8,973	7,615	1,358	18
Hedging derivatives	2	-	2	n.s.
Equity investments	129	119	10	8
Property and equipment	39	38	1	3
Intangible assets and goodwill	175	167	8	5
Tax assets	217	232	(15)	-6
Other assets	1,052	1,045	7	1
<b>TOTAL ASSETS</b>	<b>28,839</b>	<b>25,961</b>	<b>2,878</b>	<b>11</b>
<b>LIABILITIES</b>				
Due to banks	3,110	3,710	(600)	-16
Due to customers	21,419	17,959	3,460	19
Financial liabilities held for trading	28	48	(20)	-42
Hedging derivatives	977	1,095	(118)	-11
Tax liabilities	80	78	2	3
Other liabilities	917	965	(48)	-5
Provisions for risks and charges	431	414	17	4
Equity attributable to non-controlling interests	-	482	(482)	-100
Equity attributable to owners of the parent company	1,877	1,210	667	55
<b>TOTAL LIABILITIES</b>	<b>28,839</b>	<b>25,961</b>	<b>2,878</b>	<b>11</b>

n.s.: not significant

(\*) Restated where necessary to take the changes in the scope of consolidation into account so that straight comparisons can be made.

### Quarterly Consolidated Balance Sheet

(Reclassified - €m)

	31.12.2015	30.9.2015	30.6.2015	31.3.2015 (*)	31.12.2014 (*)	30.9.2014 (*)	30.6.2014 (*)	31.3.2014 (*)
<b>ASSETS</b>								
Cash and cash equivalents	60	242	45	43	63	48	40	46
Financial assets (other than loans and held-to-maturity investments)	4,672	4,407	4,419	4,348	3,818	4,511	4,229	4,297
Held-to-maturity investments	297	316	328	331	333	332	332	332
Loans and advances to banks	13,223	13,663	13,085	13,437	12,531	12,935	13,864	13,655
Loans and advances to customers	8,973	8,439	8,136	7,877	7,615	6,955	6,412	6,284
Hedging derivatives	2	2	6	-	-	-	-	1
Equity investments	129	127	122	128	119	118	114	108
Property and equipment	39	38	37	37	38	37	38	38
Intangible assets and goodwill	175	168	164	164	167	163	164	166
Tax assets	217	186	194	205	232	208	214	222
Other assets	1,052	944	926	1,008	1,044	904	1,048	812
<b>TOTAL ASSETS</b>	<b>28,839</b>	<b>28,532</b>	<b>27,462</b>	<b>27,578</b>	<b>25,960</b>	<b>26,211</b>	<b>26,455</b>	<b>25,961</b>
<b>LIABILITIES</b>								
Due to banks	3,110	3,221	3,451	3,794	3,710	4,231	4,334	4,522
Due to customers	21,419	20,591	19,562	18,813	17,959	17,554	17,748	17,299
Financial liabilities held for trading	28	16	30	49	48	36	13	8
Hedging derivatives	977	1,015	955	1,274	1,095	959	834	719
Tax liabilities	80	118	95	91	78	113	166	180
Other liabilities	917	963	981	1,236	964	1,012	1,234	984
Provisions for risks and charges	431	418	408	424	414	387	366	353
Equity attributable to non-controlling interests	-	-	-	551	482	545	506	554
Equity attributable to owners of the parent company	1,877	2,190	1,980	1,346	1,210	1,374	1,254	1,342
<b>TOTAL LIABILITIES</b>	<b>28,839</b>	<b>28,532</b>	<b>27,462</b>	<b>27,578</b>	<b>25,960</b>	<b>26,211</b>	<b>26,455</b>	<b>25,961</b>

(\*) Restated to take the changes in the scope of consolidation into account so that straight comparisons can be made.

## Financial assets

(€m)

	31.12.2015	31.12.2014	CHANGE	
			AMOUNT	%
Financial assets held for trading	45	70	(25)	-36
Financial assets designated at fair value	168	157	11	7
Financial assets available for sale	4,459	3,591	868	24
Held-to-maturity investments	297	333	(36)	-11
Hedging derivatives	2	-	2	n.s.
<b>Total</b>	<b>4,971</b>	<b>4,151</b>	<b>820</b>	<b>20</b>

n.s.: not significant

Group **financial assets** held for treasury and investment purposes totalled €5bn, up €820m on the figure at year-end 2014 (+20%), principally due to growth in financial assets available for sale (+€868m) resulting from new securities purchases in the period and, to a lesser extent, to fair value gains on the back of the improved credit spreads of the issuers of the bonds in the portfolio.

5 €bn

Financial assets

## Financial liabilities

(€m)

	31.12.2015	31.12.2014	CHANGE	
			AMOUNT	%
Financial liabilities held for trading	28	48	(20)	-42
Hedging derivatives	977	1,095	(118)	-11
<b>Total</b>	<b>1,005</b>	<b>1,143</b>	<b>(138)</b>	<b>-12</b>

**Financial liabilities**, consisting of derivatives, totalled €1bn, down €138m (-12%) from the figure at 31 December 2014, principally as a result of fair value gains on the derivatives used to hedge the interest-rate risk of fixed-rate bonds in the portfolio.

These gains were accompanied by a corresponding decrease in the value of the hedged bonds.

1 €bn

Financial liabilities

## Loans and advances to banks

(€m)

	31.12.2015	31.12.2014	CHANGE	
			AMOUNT	%
Due from Central Banks	107	113	(6)	-5
Current account and demand deposits	4,446	5,259	(813)	-15
Term deposits	4,585	4,800	(215)	-4
Repurchase agreements	-	401	(401)	-100
Other	14	26	(12)	-46
Debt securities	4,071	1,932	2,139	111
<b>Total</b>	<b>13,223</b>	<b>12,531</b>	<b>692</b>	<b>6</b>

**13.2** €bn  
Loans and advances  
to banks

**Loans and advances to banks** came to €13.2bn, up €692m on the figure at the end of 2014 (+6%), entirely due to growth in investments in debt securities issued by Intesa Sanpaolo Group banks (+€2.1bn), which was partially offset by a decline in other technical forms of interest-bearing assets (-€1.4bn). Current accounts included €2.5bn cash linked to securities lending, secured entirely by cash collateral recognised in the financial statements under Loans and advances to banks and Due to banks (Loans and advances to Intesa Sanpaolo and Due to Banca IMI).

## Due to banks

(€m)

	31.12.2015	31.12.2014	CHANGE	
			AMOUNT	%
Current accounts and demand deposits	121	122	(1)	-1
Term deposits	25	2	23	n.s.
Repurchase agreements	2,957	3,571	(614)	-17
Other debts	7	15	(8)	-53
<b>Total</b>	<b>3,110</b>	<b>3,710</b>	<b>(600)</b>	<b>-16</b>

**3.1** €bn  
Due to banks

**Due to banks** totalled €3.1bn, down €600m (-16%) compared with the end of 2014 due to decreased inflows from repurchase agreements with banks in the Intesa Sanpaolo Group (-€614m). The Group continued to be a net lender on the interbank market, with net interbank deposits of €10.1bn (€13.2bn deposits and €3.1bn loans), €9.6bn of which (approximately 95% of the total) was held by companies in the Intesa Sanpaolo Group. At 31 December 2014, net interbank deposits totalled €8.8bn.

## Loans and advances to customers

(€m)

	31.12.2015	31.12.2014	CHANGE	
			AMOUNT	%
Current accounts	5,078	4,466	612	14
Repurchase agreements	966	652	314	48
Loans	380	331	49	15
Other	1,013	600	413	69
Debt securities	1,525	1,556	(31)	-2
Impaired assets	11	10	1	10
<b>Total</b>	<b>8,973</b>	<b>7,615</b>	<b>1,358</b>	<b>18</b>

**Loans and advances to customers** totalled €9bn and mainly comprised short-term loans (repayable within 12 months or revocable loans without a predetermined term) and unlisted debt securities. Lines of credit were managed very cautiously, with over 75% of the lines secured with almost total coverage (value of collateral higher than the value of the line of credit granted). The types of collateral obtained are principally products distributed by the Fideuram Group (mutual funds and discretionary accounts) or financial instruments listed on major regulated markets. The increase of €1.4bn compared with the figure at 31 December 2014 was largely due to increased current account overdrafts and repurchase agreements with institutional customers (+€926m).

Net problem loans totalled €11m in 2015, up €1m on 31 December 2014 (+10%). Item by item, the situation was as follows:

- Doubtful loans came to €1m, which was in line with the figure at the end of 2014.
- Debtor unlikely to pay loans totalled €7m, unchanged from 31 December 2014.
- Past due or overdue loans came to €3m, up €1m on 31 December 2014.

# 9 €bn

Loans and advances  
to customers

## Due to customers

(€m)

	31.12.2015	31.12.2014	CHANGE	
			AMOUNT	%
Current accounts and demand deposits	17,097	14,221	2,876	20
Term deposits	3,634	3,614	20	1
Repurchase agreements	566	29	537	n.s.
Other debts	122	95	27	28
<b>Total</b>	<b>21,419</b>	<b>17,959</b>	<b>3,460</b>	<b>19</b>

**Due to customers** totalled €21.4bn, up €3.5bn (+19%) on the figure at the end of December 2014, principally as a result of growth in customer current account deposits (+€2.9bn) and repurchase agreements (+€537m).

# 21.4 €bn

Due to customers

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

(€m)	LOANS	FINANCIAL ASSETS HELD FOR TRADING	FINANCIAL ASSETS AVAILABLE FOR SALE (*)	TOTAL
Belgium	-	-	21	21
Denmark	-	-	14	14
Finland	-	-	30	30
France	-	-	42	42
Italy	1,488	14	1,336	2,838
Netherlands	-	-	41	41
<b>Total</b>	<b>1,488</b>	<b>14</b>	<b>1,484</b>	<b>2,986</b>

(\*) The Italian government bonds in the available-for-sale portfolio, which had a total face value of €467.8m, were covered by financial-guarantee contracts.

# 431 €m

Provisions for risks and charges

**Intangible assets** totalled €175m, including €140m goodwill and intangibles regarding Private Banking divisions acquired by subsidiary Intesa Sanpaolo Private Banking between 2009 and 2013.

The **provisions for risks and charges** at 31 December 2015 were up €17m (+4%) on the figure at 31 December 2014.

## Provisions for risks and charges

(€m)	31.12.2015	31.12.2014	CHANGE AMOUNT	%
Litigation, securities in default and complaints	113	109	4	4
Personnel expenses	54	47	7	15
Personal Financial Advisers' termination indemnities	184	177	7	4
Network Loyalty Schemes	73	69	4	6
Other	7	12	(5)	-42
<b>Total</b>	<b>431</b>	<b>414</b>	<b>17</b>	<b>4</b>

The reserve for litigation, securities in default and complaints was up €4m on the figure at the end of 2014 as a result of new litigation cases in the year. The reserve for the termination of Personal Financial Adviser agency agreements and the Network Loyalty Schemes was up €11m, largely as a result of new provisions set aside in the financial year. The item Other funds includes €6m for the staff pension and severance fund, which was down €4.7m from the figure at 31 December 2014.

## SHAREHOLDERS' EQUITY

Group shareholders' equity including net profit for the year totalled €1.9bn at 31 December 2015, having changed as follows:

# 1.9 €bn

Shareholders' equity

### Changes in Group Shareholders' Equity

(€m)

<b>Shareholders' equity at 31 December 2014</b>	<b>1,210</b>
Change in financial assets available for sale	57
Dividend distribution	(42)
Dividends account	(501)
Changes in equity interests	550
Exchange rate differences and Other changes	9
Net profit	594
<b>Shareholders' equity at 31 December 2015</b>	<b>1,877</b>

The €57m increase in financial assets available for sale was principally due to a decrease in the negative reserve generated by fair value gains on securities holdings during the financial year.

The reserve for available-for-sale financial assets was negative to the tune of €67m at the end of December 2015 and amongst other items included:

- €0.6m losses on securities that had been reclassified as held-to-maturity investments in the first quarter of 2008.
- €26m losses on securities that had been reclassified as Loans & Receivables in the third quarter of 2008 following the Group's decision to avail itself of the option provided for by the amendment to IAS 39 in the Annex to Regulation 1004/2008 issued by the European Commission on 15 October 2008.

These reserves are being amortised to profit or loss over the residual life of the respective securities in accordance with IAS 39 paragraph 54.

The €550m increase was a result of the company transactions that led to Intesa Sanpaolo Private Banking, Sirefid and Intesa Sanpaolo Private Bank (Suisse) being included in the scope of consolidation from 30 June 2015 with the following effects on Group shareholders' equity:

- €521m from the integration of Intesa Sanpaolo Private Banking (including €150m from net profit for the first half of 2015).
- €23m from the integration of Sirefid.
- €6m from the integration of Intesa Sanpaolo Private Bank (Suisse).

The Group did not hold any treasury shares at 31 December 2015.

## Reconciliation of parent company and Group shareholders' equity and net profit

(€m)

	31.12.2015	
	SHAREHOLDERS' EQUITY	INCLUDING: NET PROFIT
<b>Parent company shareholders' equity</b>	<b>1,074</b>	<b>563</b>
Net profit of subsidiaries consolidated line-by-line	484	484
Effect of consolidation of subsidiaries and associated companies	320	9
Dividend income from Group companies	-	(455)
Write-back of intragroup goodwill	(9)	-
Write-back of intragroup securities sales	43	-
Valuation of subsidiaries' available-for-sale financial assets	(27)	-
Other differences	(8)	(7)
<b>Group shareholders' equity</b>	<b>1,877</b>	<b>594</b>

Fideuram's own funds calculated on the basis of its separate accounts totalled €1bn at 31 December 2015. 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.

Fideuram's own funds and main capital ratios at 31 December 2015 are shown below.

### Fideuram S.p.A. Capital Ratios

(€m)

	31.12.2015
CET1	1,003
Tier 1	1,003
Own funds	1,003
Total risk-weighted assets	6,009
<b>CET1 Ratio</b>	<b>16.7%</b>
<b>Tier 1 Ratio</b>	<b>16.7%</b>
<b>Total Capital Ratio</b>	<b>16.7%</b>

# 17.9%

Consolidated Common  
Equity Tier 1 Ratio

Committed to providing comprehensive information, the Group voluntarily estimates its consolidated capital requirements, taking its membership of the Intesa Sanpaolo Banking Group into account. At 31 December 2015, our Common Equity Tier 1 Ratio was estimated to be 17.9%.

## 4.8.2 Productive capital

Productive capital consists of property owned, bank branches, Personal Financial Advisers' offices and the plant and equipment necessary to conduct the Group's business.

	2015	2014	2013
Bank branches - Fideuram Network (No.)	96	96	97
Bank branches - Intesa Sanpaolo Private Banking Network (No.) (*)	131	136	140
Personal Financial Advisers' offices - Fideuram Network (No.)	198	197	197
Personal Financial Advisers' offices - Sanpaolo Invest Network (No.)	123	127	134
Personal Financial Advisers' offices - Intesa Sanpaolo Private Banking Network (No.)	4	4	4

(\*) Including London branch.

### LOGISTICS STRUCTURE SUPPORTING THE NETWORKS

Our Personal Financial Advisers are supported in their work by the Group's logistics structure, which consists of 227 bank branches (96 for the Fideuram Network and 131 for the Intesa Sanpaolo Private Banking Network) and 325 Personal Financial Advisers' Offices (198 for the Fideuram Network, 123 for the Sanpaolo Invest Network and 4 for the Intesa Sanpaolo Private Banking Network).

Private Banking Centres and HNWI Branches are provided for our top-segment customers to support the sales activities of the Fideuram Network and Intesa Sanpaolo Private Banking Network respectively.

The Networks are organised in areas (five for the Fideuram Network, two for the Sanpaolo Invest Network and 18 for the Intesa Sanpaolo Private Banking Network), each of which is sized to suit the business potential of the territory concerned and may cover several regions or just a few provinces.

We continued the work of optimising the operating synergies between the Group Networks in 2015, aiming to improve our image with customers, rationalise costs, and make more efficient use of the areas supporting Network recruitment activities.

We shall take this forward in 2016, proceeding along the same lines as in 2014 and 2015, and consolidating what has been achieved to date, particularly where our image with customers and cost rationalisation are concerned.

# 325

Personal Financial  
Advisers' Offices

# 227 (\*)

Bank Branches

(\*) Including London branch

### ACCESSIBILITY OF SERVICES

Committed to ensuring the accessibility of our banking services, our new branches offer ease of access for people with disabilities and our existing branches have been adapted to this end wherever possible. In addition, all Fideuram Network ATMs feature a dedicated interface for the visually impaired and, where structurally possible, low-level ATMs have been installed for wheelchair users.

Fideuram Network  
logistics structure

# 198

Personal Financial  
Advisers' offices

Fideuram Network - Area Coverage -  
Logistics structure by region

REGION	BANK BRANCHES			PERSONAL FINANCIAL ADVISERS' OFFICES		
	2015	2014	2013	2015	2014	2013
Piedmont	12	12	12	30	30	31
Valle d'Aosta (*)	-	-	-	1	1	1
Liguria	5	5	5	9	9	9
Lombardy	20	20	20	27	27	25
Venetia	7	7	7	20	20	20
Friuli-Venezia Giulia	3	3	3	7	6	6
Trentino Alto Adige (*)	2	2	2	5	6	6
Emilia Romagna	10	10	10	21	20	20
Tuscany	11	11	11	26	26	26
Umbria	1	1	1	4	4	4
The Marches	2	2	2	6	6	6
Latium	7	7	8	12	12	13
Abruzzo	1	1	1	4	4	4
Molise (*)	-	-	-	2	2	2
Campania	6	6	6	8	8	8
Basilicata (*)	-	-	-	1	1	1
Puglia	3	3	3	4	4	4
Calabria	1	1	1	2	2	2
Sicily	4	4	4	6	6	6
Sardinia (*)	1	1	1	3	3	3
<b>Total</b>	<b>96</b>	<b>96</b>	<b>97</b>	<b>198</b>	<b>197</b>	<b>197</b>

(\*) Italian regions with the lowest population density (less than 100 inhabitants per sq. km).

Source: ISTAT (Italian Central Statistics Institute) 2012, Movimento e calcolo della popolazione residente annuale; Variazioni territoriali, denominazione dei comuni, calcolo delle superfici comunali.

Sanpaolo Invest Network  
logistics structure

# 123

Personal Financial  
Advisers' offices

Sanpaolo Invest Network - Area Coverage -  
Logistics structure by region

REGION	PERSONAL FINANCIAL ADVISERS' OFFICES		
	2015	2014	2013
Piedmont	12	12	12
Valle d'Aosta (*)	1	1	1
Liguria	11	11	12
Lombardy	12	13	16
Venetia	8	9	10
Friuli-Venezia Giulia	4	3	3
Trentino Alto Adige (*)	2	2	2
Emilia Romagna	10	11	11
Tuscany	8	8	8
Umbria	5	5	5
The Marches	4	4	4
Latium	17	18	19
Abruzzo	6	6	6
Molise (*)	-	-	-
Campania	7	7	7
Basilicata (*)	1	1	1
Puglia	5	5	5
Calabria	2	2	2
Sicily	5	5	6
Sardinia (*)	3	4	4
<b>Total</b>	<b>123</b>	<b>127</b>	<b>134</b>

(\*) Italian regions with the lowest population density (less than 100 inhabitants per sq. km).

Source: ISTAT (Italian Central Statistics Institute) 2012, Movimento e calcolo della popolazione residente annuale; Variazioni territoriali, denominazione dei comuni, calcolo delle superfici comunali.

## Intesa Sanpaolo Private Banking Network - Area Coverage - Logistics structure by region

REGION	BANK BRANCHES			PERSONAL FINANCIAL ADVISERS' OFFICE		
	2015	2014	2013	2015	2014	2013
Piedmont	22	22	23	-	-	-
Valle d'Aosta (*)	1	1	1	-	-	-
Liguria	4	4	4	1	1	1
Lombardy	25	28	28	1	1	1
Venetia	18	20	21	-	-	-
Friuli-Venezia Giulia	4	4	4	-	-	-
Trentino Alto Adige (*)	2	2	2	-	-	-
Emilia Romagna	11	11	11	1	1	1
Tuscany	10	11	11	-	-	-
Umbria	3	3	3	-	-	-
The Marches	3	3	4	-	-	-
Latium	5	5	5	-	-	-
Abruzzo	2	2	2	-	-	-
Molise (*)	-	-	-	-	-	-
Campania	8	8	8	-	-	-
Basilicata (*)	-	-	1	-	-	-
Puglia	4	4	4	1	1	1
Calabria	3	3	3	-	-	-
Sicily	3	3	3	-	-	-
Sardinia (*)	2	2	2	-	-	-
<b>Total</b>	<b>130</b>	<b>136</b>	<b>140</b>	<b>4</b>	<b>4</b>	<b>4</b>

(\*) Italian regions with the lowest population density (less than 100 inhabitants per sq. km).

Source: ISTAT (Italian Central Statistics Institute) 2012, Movimento e calcolo della popolazione residente annuale; Variazioni territoriali, denominazione dei comuni, calcolo delle superfici comunali.

Intesa Sanpaolo  
Private Banking Network  
logistics structure

# 130

Bank branches



Intesa Sanpaolo Private Banking - Turin, HNWI Branch.

### Fideuram Network - Area Coverage - Logistics structure by area

AREA	BANK BRANCHES			PERSONAL FINANCIAL ADVISERS' OFFICES		
	2015	2014	2013	2015	2014	2013
1	17	17	17	40	40	41
2	16	16	16	21	21	20
3	21	20	20	48	45	44
4	19	20	20	47	49	49
5	23	23	24	42	42	43
<b>Total</b>	<b>96</b>	<b>96</b>	<b>97</b>	<b>198</b>	<b>197</b>	<b>197</b>

### Sanpaolo Invest Network - Area Coverage - Logistics structure by area

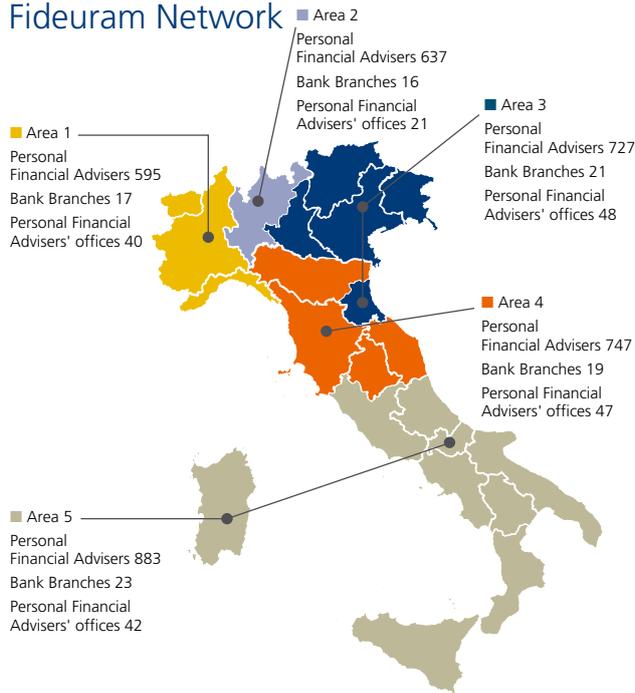
AREA	PERSONAL FINANCIAL ADVISERS' OFFICES		
	2015	2014	2013
1	60	62	68
2	63	65	66
<b>Total</b>	<b>123</b>	<b>127</b>	<b>134</b>

### Fideuram Network - Area Coverage - Logistics structure by area

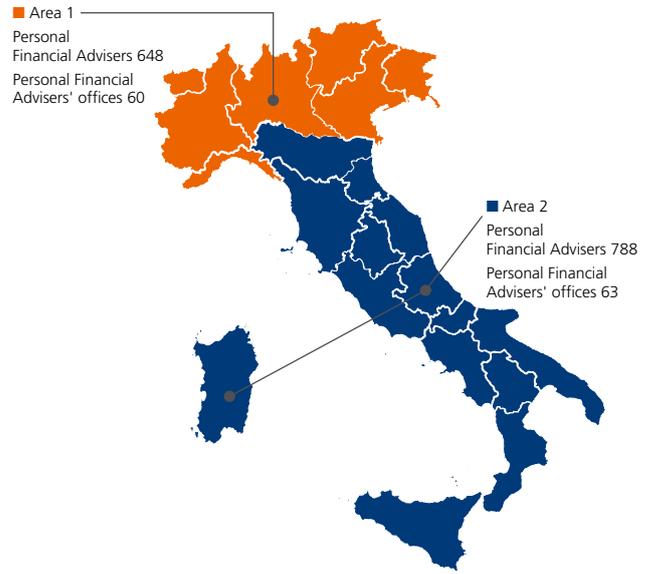
AREA	BANK BRANCHES			PERSONAL FINANCIAL ADVISERS' OFFICES		
	2015	2014	2013	2015	2014	2013
1	7	7	7	1	1	1
2	11	11	11	-	-	-
3	9	9	10	-	-	-
4	8	10	10	-	-	-
5	4	4	4	-	-	-
6	6	7	7	-	-	-
7	7	7	7	1	1	1
8	4	4	4	-	-	-
9	5	5	5	-	-	-
10	7	7	7	-	-	-
11	8	10	11	-	-	-
12	8	8	9	-	-	-
13	8	8	8	1	1	1
14	7	7	7	-	-	-
15	3	3	3	-	-	-
16	13	14	14	-	-	-
17	8	8	8	-	-	-
18	7	7	8	1	1	1
<b>Total</b>	<b>130</b>	<b>136</b>	<b>140</b>	<b>4</b>	<b>4</b>	<b>4</b>

Fideuram Milan Office.

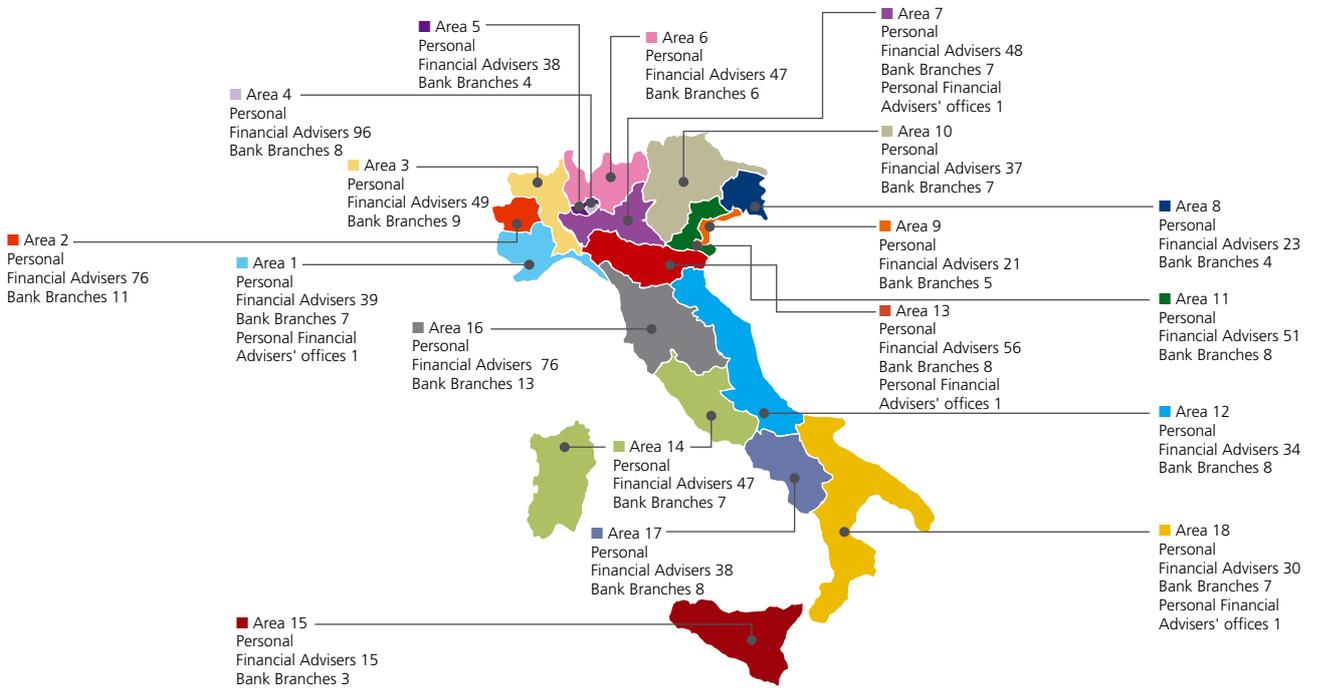
### Fideuram Network



### Sanpaolo Invest Network



### Intesa Sanpaolo Private Banking Network



## PRIVATE WEALTH MANAGEMENT PROJECT

During 2015, Fideuram continued to upgrade its Private Banking centres and particularly our Rome head office by extending and improving the facilities for meeting our Private Banking customers. The bank currently has area offices in Milan, Turin, Padua, Brescia, Bologna, Florence, Rome, Naples, Bari and Catania.

Our project focused on high net worth customers continued with the creation of a dedicated unit which we have called our Private Wealth Management Hub. The principal objective of this unit is to grow and provide dedicated support for the Top Private Banking customer segment through the creation of a dedicated approach and business model. The business model has been conceived to provide integrated support benefiting from cross-sectoral expertise through teamwork, the sharing of best practices and an integrated offering of asset management and corporate & investment banking solutions. The advisory support is provided following a synergistic global approach that considers every aspect of a customer and their household unit's Wealth Management

needs. The aim is to provide an advisory service unit that operates alongside our Personal Financial Advisers, offering integrated support regarding financial assets, real estate assets, company shareholdings and family businesses with a view to increasing management and allocation efficiencies in asset management, succession management and wealth protection.

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.

## HIGH NET WORTH INDIVIDUAL BRANCHES PROJECT

The Group launched a new Intesa Sanpaolo Private Banking business model in 2015 which provides a management department to support the Personal Financial Adviser Network with products, services and strategies targeting the High Net Worth Individual segment, while also supporting the specialisation of the network with dedicated resources and branches. This HNWI centre of excellence is able to draw on rich cross-sectoral expertise and offers a proactive service for clients of high standing that starts with an in-depth analysis of all their needs, both expressed and latent, carried out by their Relationship Manager in conjunction with the HNWI team.

The first Milan HNWI Branch was opened on 15 June 2015 in the Hoepli area of Milan, followed by the Turin HNWI Branch, opened on 9 November 2015.

Then, on 1 December 2015, Intesa Sanpaolo Private Banking opened a new branch of the Group's Private Banking Division in London. It is our first branch in the United Kingdom dedicated exclusively to private banking customers.

Following on from our relaunch in Switzerland, the opening of the new branch is a crucial step in the growth strategy of the Private Banking Division, which intends to strengthen its international leadership by now positioning itself in Europe's premier financial market.

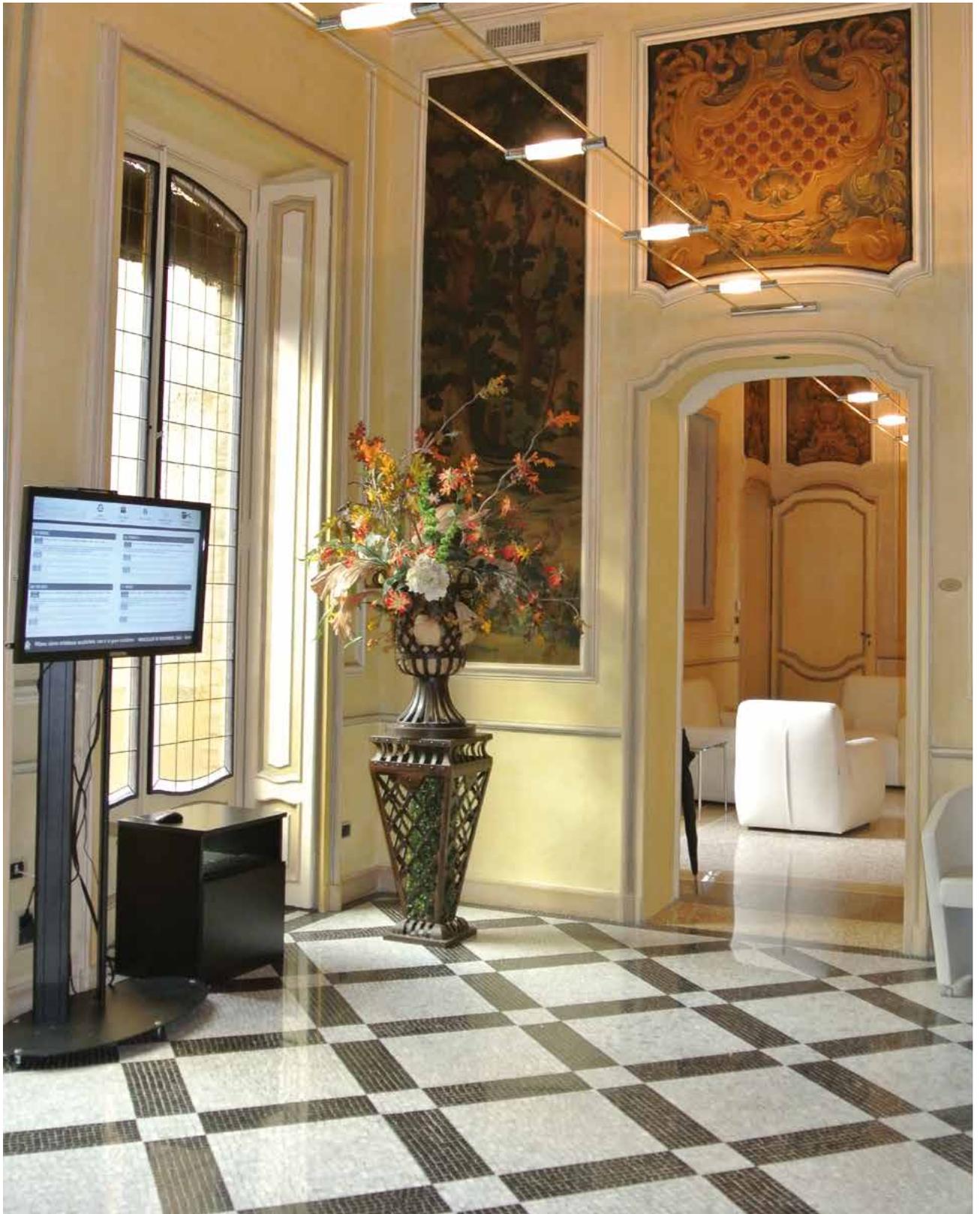
The opening of our London branch has the following strategic objectives:

- Enhance the range and international visibility of the Group's Private Banking provision, leveraging the experience we have acquired on the Italian market together with the Group's international presence and capabilities.
- develop ability and expertise in an advanced and highly-competitive international market within a complex, advanced regulatory scenario.

The London branch of Intesa Sanpaolo Private Banking distinguishes itself with a wide range of products that covers all the needs and requests of its target customers, including the following areas in particular:

- Advisory support and personalised portfolio management.
- Insurance products and wealth management.
- Financing solutions.
- Banking products.

The official opening of the London branch was attended by Carlo Messina, CEO of Intesa Sanpaolo, and Paolo Molesini, Managing Director and General Manager of Fideuram – Intesa Sanpaolo Private Banking.



Intesa Sanpaolo Private Banking - Turin, HNWI Branch.

### 4.8.3 Intellectual capital

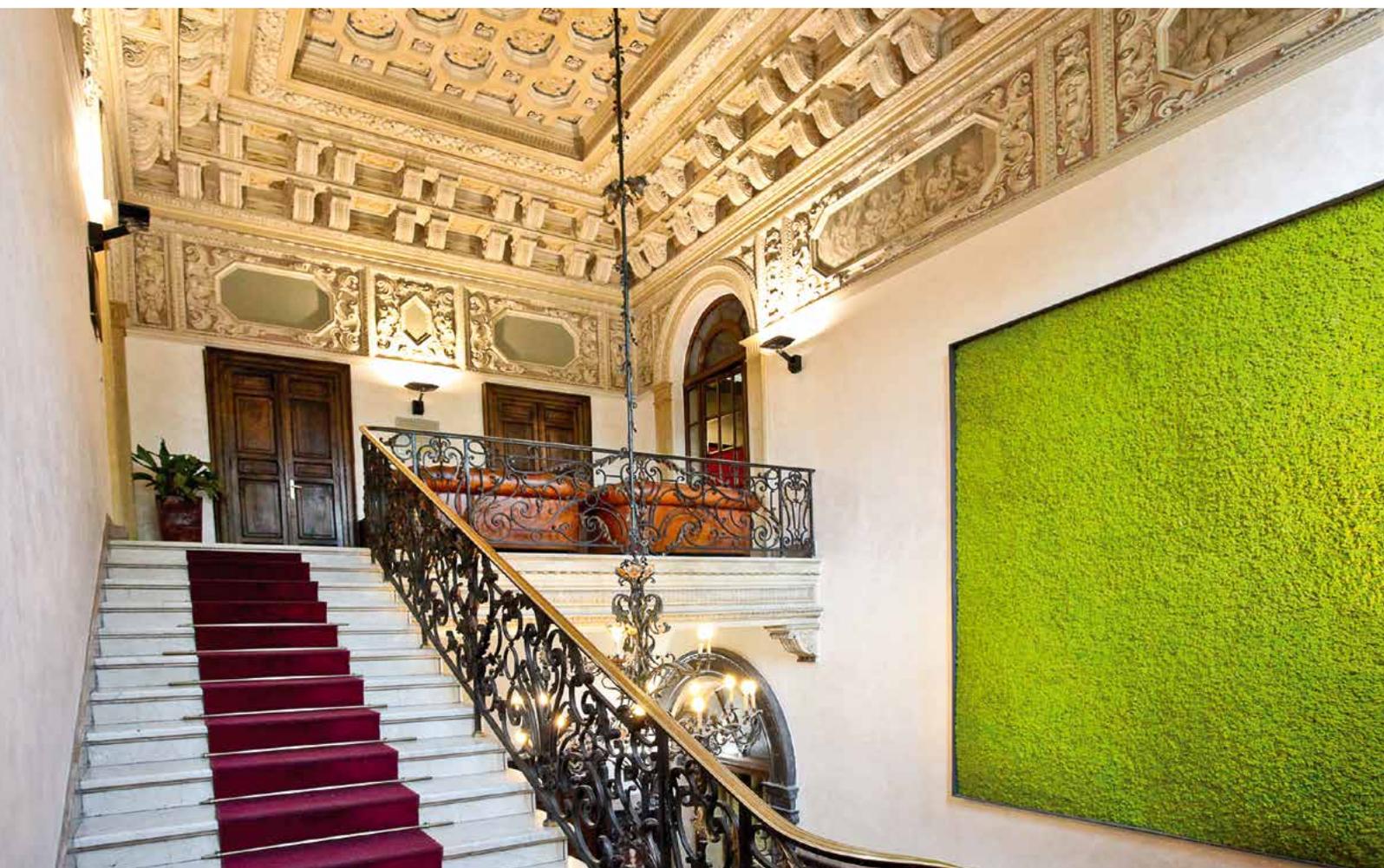
Intellectual capital is comprised of knowledge-based intangible and organisational assets such as intellectual property (copyrights, rights and licenses), organisational capital (systems, procedures, protocols, area organisation and operations outside Italy) and the intangible assets associated with the brand and with the Group's reputation.

	2015	2014	2013
Customers subscribed to Advanced Advisory Service (No.)	67,677	62,001	56,012
Customers online (No.)	475,925	417,993	366,868

### GEOGRAPHICAL DISTRIBUTION OF NETWORKS

The Fideuram Group provides its investment services through three Personal Financial Adviser Networks, the Fideuram, Sanpaolo Invest and Intesa Sanpaolo Private Banking Networks, which cover the whole of Italy.

The Fideuram Network is divided into 5 geographical areas, the Sanpaolo Invest Network into 2, and the Intesa Sanpaolo Private Banking Network into 18. The regions in each area remained unchanged from last year.



Sanpaolo Invest - Turin, Personal Financial Advisers' Offices

The regions in each area of the Group Networks are shown in the table below.

## Area Structure of the Fideuram Network

AREA	REGIONS
1	Piedmont, Valle d'Aosta and Liguria
2	Lombardy (excepting provinces of Brescia, Mantua and Cremona)
3	Lombardy (provinces of Brescia, Mantua and Cremona), Venetia, Trentino Alto Adige, Friuli-Venezia Giulia, Emilia Romagna (provinces of Ravenna, Forlì-Cesena, Rimini and Imola agency)
4	Emilia Romagna (excepting provinces of Ravenna, Forlì-Cesena, Rimini and Imola agency), Tuscany, Umbria, and the Marches
5	Latium, Sardinia, Campania, Abruzzo, Molise, Basilicata, Puglia, Calabria and Sicily

## Area Structure of the Sanpaolo Invest Network

AREA	REGIONS
1	Piedmont, Valle d'Aosta, Liguria, Lombardy, Venetia, Friuli-Venezia Giulia, Trentino Alto Adige and Emilia Romagna
2	The Marches, Latium, Sardinia, Abruzzo, Campania, Calabria, Puglia, Molise, Sicily, Basilicata, Tuscany and Umbria

## Area Structure of the Intesa Sanpaolo Private Banking Network

AREA	REGIONS
1	Liguria and Piedmont (provinces of Cuneo and Asti)
2	Piedmont (province of Turin)
3	Valle d'Aosta, Piedmont (provinces of Biella, Vercelli, Verbania, Novara and Alessandria)
4	Lombardy (Milan city council area only)
5	Lombardy (province of Milan excepting Milan city council area)
6	Lombardy (provinces of Varese, Lecco, Como, Sondrio and Bergamo)
7	Lombardy (provinces of Pavia, Lodi, Cremona, Brescia and Mantua)
8	Friuli-Venezia Giulia
9	Venetia (province of Venice)
10	Venetia (provinces of Verona, Vicenza and Belluno) and Trentino Alto Adige
11	Venetia (provinces of Treviso, Padua and Rovigo)
12	The Marches, Emilia Romagna (provinces of Ravenna, Forlì-Cesena and Rimini), Abruzzo and Molise
13	Emilia Romagna (provinces of Piacenza, Parma, Reggio Emilia, Modena, Bologna and Ferrara)
14	Latium and Sardinia
15	Sicily
16	Tuscany and Umbria
17	Campania
18	Puglia, Calabria and Basilicata

## ADVISORY SERVICES

### MAIN OBJECTIVES FOR 2015

### ACTIONS AND RESULTS ACHIEVED

#### BUSINESS GROWTH

Consolidate the SEI advanced advisory service model dedicated to the Private Banking customer segment, extending the advisory services to provide a diagnosis of the customer's real estate assets and household needs.

Where service provision itself is concerned, we extended our advisory support to include diagnosis of our customers' real estate assets, incorporating land registry data, dedicated reports and tax impact estimates. We also extended our periodic monitoring and launched specialist support services and also extended our customer household reporting.

Strengthen our customer profiling model.

A new, even more in-depth customer profiling questionnaire was provided to strengthen our appropriateness model, following the compliance guidelines of the European Securities and Market Authority (ESMA).

Strengthen Intesa Sanpaolo Private Banking's presence in the fee-paying personalised financial advisory services market and enhance the performance of customer investments, attenuating the volatility of their portfolios even in adverse market conditions.

Intesa Sanpaolo Private Banking's Advisory and Private Banking Advisory Services now provide a specialist financial markets team that works alongside the Personal Financial Adviser Network to support customers in all their investment choices, optimizing their portfolios in line with their investment objectives and propensity to risk. A rigorous risk management process has in addition been deployed, based on detailed investment analyses and frequent updates on arbitrage proposals in response to market trends.

With the coming into force of the Markets in Financial Instruments Directive (MiFID) in 2007, the Group centred its service model on advisory support, providing a service for all its customers and through all its service channels that is 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 two fee-paying personalised advanced advisory services alongside this basic advisory service, the SEI Advanced Advisory Service, provided through the Fideuram and Sanpaolo Invest networks, and the Active Advanced Advisory Service provided through the Intesa Sanpaolo Private Banking network.

#### SEI ADVANCED ADVISORY SERVICE AND SEI "VERSIONE PRIVATE" FOR PRIVATE BANKING CUSTOMERS

SEI charges commission for activating the service and regular annual commission, both calculated in relation to the customer's assets managed by the Group and 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 important support for analysing their customers' needs, for identifying optimum customised solutions that meet them and for monitoring their progress over time. Moreover, it does all this while at the same time constantly monitoring the risk of each customer's total assets in accordance with the MiFID Directive.

A further strength of the service is that SEI can be extended to provide a systematic analysis of all a customer's assets even if they are with other financial brokers, and include the customer's entire household in the diagnosis phase.

In 2013, we launched an innovative new advanced advisory model that allows us to meet the needs of different types of customers, offering greater service level flexibility by introducing two different versions of our advanced advisory service: "SEI" and "SEI Versione Private" for Private Banking customers, with the latter offering exclusive benefits, including specialist tax, legal, real estate and succession management advisory services, priority access to Fideuram Fiduciaria's services and a dedicated contact centre. In addition, the regular statements sent to customers were revised and special new content provided for the Private Banking version.

## ACTIVE ADVISORY AND PRIVATE BANKING ADVISORY SERVICES

Intesa Sanpaolo Private Banking offers two fee-paying advanced advisory services: the Private Banking Advisory Service and Active Advisory Service.

The Private Banking Advisory Service provides a personalised, paid-for advisory service with high added value, dedicated to customers who do not wish to delegate their investment choices fully but prefer to play an active role in their portfolio management in dialogue with top professionals. The fee-paying Active Advisory Service is aimed at customers with assets of lower value and less sophisticated financial needs. Specialist software makes it possible for us to disseminate the central team's expertise through the network, enabling the service to be provided by the Personal Financial Advisers.

### "VIEW" ADVANCED ADVISORY SERVICE

Intesa Sanpaolo Private Banking is set to launch the View Advanced Advisory Service in the first quarter of 2016 to support the Personal Financial Advisers in their work of identifying each customer's specific requirements, categorised by area of need, including the assistance of customer "archetype" guideline profiles.

View provides a complete advisory service, which in addition benefits from incorporating the Active Advanced Advisory Service already provided by Intesa Sanpaolo Private Banking. View also allows the customer and their Personal Financial Adviser to identify investment strategies and solutions for each individual area of need in accordance with their risk/return profile and to monitor their wealth over time from a global standpoint.

## SPECIALIST SERVICES

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

- Tax, legal and succession advisory services for asset planning.
- Trust services, supported by Sirefid and Fideuram 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, conducting the related needs analyses internally or with the support of external consultants for valuation and agency services, including for international purchases and sales.
- Specialist Lending and Granting of Lines of Credit to support and develop the lending business.

## ASSET MANAGEMENT

The Fideuram Group strengthened its analysis of private banking customers' needs in areas such as asset management and succession management, extending its customer financial assets risk analysis to incorporate the analysis of non-financial risks as well.

Following the development of a new succession management report, a related IT tool was provided in the SEI Advisory Service application and we released the iPad app "Fideuram Next", which helps customers gain a greater understanding of succession planning issues through simulations.

## MAIN IMPROVEMENT OBJECTIVES FOR 2016

### ADVISORY SERVICES

The main objectives for 2016 are as follows:

- Strengthen the SEI service model for Private Banking customers with further development of its business and real estate advisory services.
- Extend needs analysis to provide greater coverage of wealth and household protection, with capital protection and income support and protection.
- The launch of the View Advanced Advisory Service at Intesa Sanpaolo Private Banking.

## TOOLS SUPPORTING ADVISORY SERVICES

### MAIN OBJECTIVES FOR 2015

### ACTIONS AND RESULTS ACHIEVED

#### FIDEURAM ALFABETO

Create digital solutions that support the Fideuram Group's advisory method, including innovative tools for interacting with customers, such as instant messaging, video conferencing, co-browsing and document management. Develop the online presence of Personal Financial Advisers by creating personal web sites. Offer a product range dedicated to our digital channel.

Implement the Alfabeto platform, which is set to completely transform communications between our Personal Financial Advisers and their customers by making it possible for each Personal Financial Adviser to personalise their generic web page for the general public and create personalised web pages for each existing and potential customer.

The initial functions of the new platform were released to a select group of Personal Financial Advisers: personal site and selection of customer portfolio information. Completed analysis of digital interaction tools and continued initiative identifying requirements of new, dedicated product offering.

Coordination and supplementary content activities were launched for the Alfabeto portal.

#### PORTAL FOR PERSONAL FINANCIAL ADVISERS

Develop the portal for Personal Financial Advisers as a communication tool for our Personal Financial Advisers to receive and share information.

Launch initiatives for increasingly personalising the communications with and information for our Personal Financial Advisers.

Create a network clustering platform to interact with predetermined groups of Personal Financial Advisers using messages, content and campaigns tailored to specific sales criteria and requirements.

Maintain priority provision of subject-specific communications and briefings on topics of current interest, using dedicated areas and content.

The processes and activities for publishing on the portal were consolidated.

Company activities were monitored constantly to ensure prompt and complete communications with the Network.

New functions for personalising communications and new network clustering functions were developed and implemented. Information spotlights were provided on specific subjects of importance, such as voluntary disclosure, and complementary and in-depth information from external sources was provided on the basis of new agreements, such as with the Italian daily business newspaper *Il Sole 24 Ore*.

#### FIDEURAM HOME BANKING APP

Improve the usability of our Home Banking services for mobile devices.

The Fideuram app was also made available for Android smartphones, extending customer access to our main home banking services. The current iPad and iPhone apps were completed and their graphic design revised, with Touch ID access on compatible iPhones also being implemented.

#### UNIFIED CUSTOMER SERVICE FRONT END

Rationalise and centralise all the functions of the systems currently used by our Network in a single procedure for analysing customer positions, producing reports and preparing sales proposals.

The design process and cataloguing of business requirements were completed.

*Continued overleaf >>*

>>TOOLS SUPPORTING ADVISORY SERVICES *Continued from previous page*

## MAIN OBJECTIVES FOR 2015

## ACTIONS AND RESULTS ACHIEVED

### RISK ANALYSIS

Strengthen our risk analyses with asset class and product portfolio scenario simulations.

A new market scenario analysis tool developed with BlackRock was released for our Personal Financial Advisers. The tool uses the calculation engines of BlackRock's "Aladdin" platform, developed in the United States to combine leading risk analysis experience with cutting-edge innovative technology.

### SUCCESSION MANAGEMENT TOOL

Enhance our succession management tool.

The functions of our succession management tool and related App were extended to manage donations, mortgages and term life insurance policies to offer even more detailed succession management. Legal persons were also included in the analysis.

### KEY TV COMMUNICATIONS

Consolidate Key TV's role as a communications channel between the Networks and Head Office, providing comprehensive information on sales projects and strategic initiatives, while continuing to provide operational information in synergy with the portal.

Continue to provide constant, varied information on macro-economic scenarios and the markets, and serve as a primary source of information and training support, including where technical and regulatory matters are concerned (e.g. Voluntary Disclosure), through programme episodes featuring in-house and external experts.

Contribute to the dissemination of best practices and work methods, celebrating results and social events with the aim of increasingly making our corporate TV channel a tool for the Network, which our Personal Financial Advisers use to discuss their work and get to know one another.

Develop and improve the quality of live broadcasts, which have been warmly received by our Personal Financial Advisers because of the opportunity they provide to interact directly with expert speakers on topics of particular interest.

Key TV has become the Network's most important communication tool and a benchmark source of info-training support on macroeconomic scenarios, markets, legislative developments and strategic initiatives, including through the production of programme episodes featuring external sector specialists. We also increased our commitment to and production of videos commissioned by internal departments (e.g. Training and IT) and by the Network, as well as of programme episodes on internal events upon the occasion of the integration of Intesa Sanpaolo Private Banking.

Videos are now produced in High Definition 16:9 format, providing higher quality and more engaging output. This innovation enables us to optimise our use of the videos produced by Key TV, in particular with regard to sharing them with the Alfabeto Fideuram customer communications platform for our Personal Financial Advisers.

### INNOVATION AND TECHNOLOGY

Align the Intesa Sanpaolo Private Banking service model with an integrated, multi-channel approach.

We launched an advanced electronic signature and biometric signature service in 2015, consequently making it possible to harness the potential of remote and out-of-office sales by developing and implementing operational models specifically tailored to Intesa Sanpaolo Private Banking's operational and business practices.

## TOOLS SUPPORTING ADVISORY SERVICES

### PORTAL FOR PERSONAL FINANCIAL ADVISERS



In 2014 Fideuram launched a new portal for its Personal Financial Advisers, a single IT platform that handles all communication with the Networks effectively, rationalising the Fideuram Group's info-training tools and integrating with existing applications such as Key TV and the Group's product catalogue. The new portal is managed by an in-house editorial team that is responsible for the news schedule and all content relating to the markets, our Group, its products and the applications supporting our Personal Financial Advisers.

During 2015 the portal consolidated its role as a key communications and financial information tool for all the Group Networks. The continuous provision of financial information and prompt communication with the Networks are among the prime objectives of the Editorial Team.

Our deployment of multimedia tools in the year focused strongly on the activities, information and documentation relating to Voluntary Disclosure, equipping our Personal Financial Advisers to provide their customers with the best possible support in their areas of competence.

The clustering project which went live towards the end of 2014 was integrated in the portal and will deliver increasing personalisation of our communications with the Networks, providing timely information and targeted initiatives in line with the Group's business strategies.

### KEY TV COMMUNICATIONS



Fideuram Key TV benefited from further significant infrastructure and production developments in 2015.

Key TV provided market reports, producing programme episodes with in-house and external specialists. There was an increase in TV programming that included

the participation of fund managers from the Group's partner companies.

Key TV also extended its activities in 2015, becoming a key video production resource for the Group's other departments and areas, providing:

- Production services for local network events, such as the opening of offices and customer events, etc.
- Training videos for use in classed-based training.
- Video tutorials on the use of Group tools and services.

A total of over 250 programme episodes were produced in 2015, together with a further 30 productions commissioned by other departments. The percentage of unique users continued to grow, rising to around 75%.



## THE FIDEURAM MOBILE SOLUTION PROJECT



The Fideuram Mobile Solution project was launched in 2011 to streamline the work of our Personal Financial Advisers and enable them to dedicate more time to their customer relations. Thanks to the use of the very latest technologies, our Personal Financial Advisers can access constantly-updated documents ready for use with their customers at any time, including on the move, and can acquire customers' personal documents in digital format using the Easy Doc smartphone app and Customer Compliance Dashboard application. Our customers can likewise authorise transactions using electronic signatures, thereby eliminating the need for paper forms. Fideuram Mobile Solution sees the Group deploying a single operating platform that completes the integration of our advisory service sales tools (basic and advanced services) and our platform for the execution of instructions. It enables our Personal Financial Advisers to use their laptops or iPads to prepare sales proposals, verify their suitability, obtain their customers' approval and execute their instructions.

Our customers can accept these proposals by using electronic signatures without printing out any forms, or by signing pre-completed printed forms.

### ADVANCED ELECTRONIC SIGNATURE

This service provides a new paperless method for managing the contract documents generated by Intesa Sanpaolo Private Banking branch transactions with customers classed as natural persons.

There are many important benefits for our customers and Personal Financial Advisers alike.

- Our customers benefit from simpler filing of the documents they have signed, which they can conveniently store on their own computer or in their Internet banking service, making it easier to manage and find them over time.
- Our Personal Financial Advisers benefit from streamlined operations that cut administration times and make document filing, searches and control easier, together with fully-guided processes for the acquisition of signatures and automatic preparation of contract packages.

### REMOTE BIOMETRIC AND DIGITAL SIGNATURES

Intesa Sanpaolo Private Banking has been supported in the transition to paperless documents by two new ways of signing many banking contracts and documents, both in its branches and away from them:

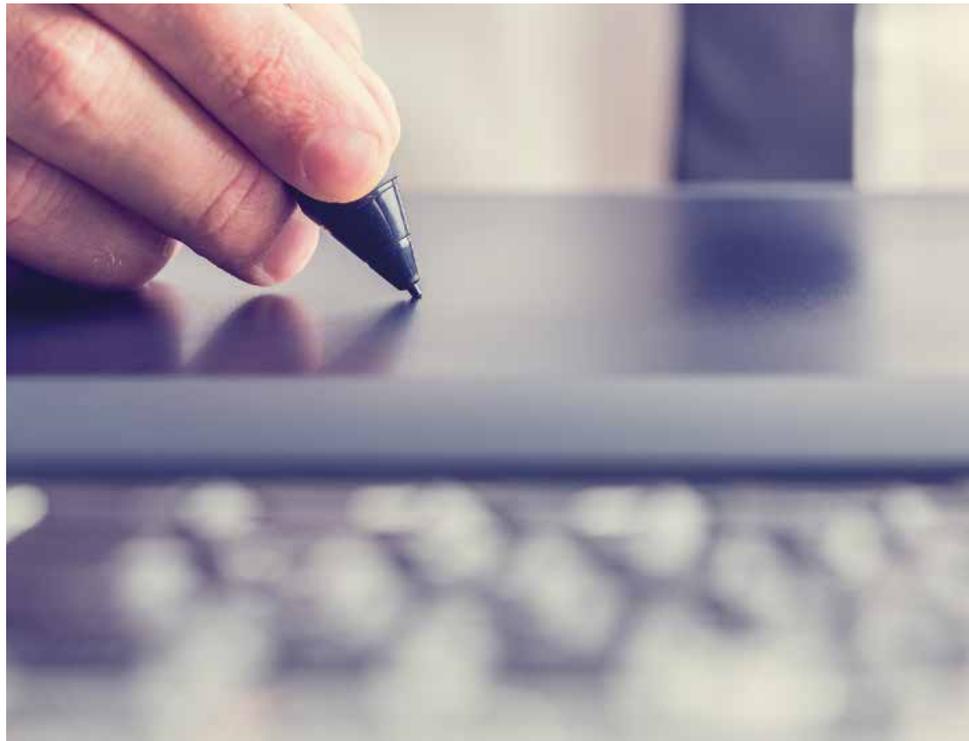
- Biometric signature.
- Digital Signature.

An iPad is used for both types of signature at the offer stage, allowing the customer to read the proposal and the documents that need to be signed. Using a virtual signature is simple and immediate, being comparable to the experience of signing a paper document and having the same legal status.

### REMOTE AND OUT-OF-OFFICE SALES

Intesa Sanpaolo Private Banking has authorised those Personal Financial Advisers in the Network who are registered in the Italian Unified Register of Financial Advisers to propose and sell mutual funds, discretionary accounts, Group bonds, certificates and securities traded on the secondary market outside the bank's premises.

In these cases, the Personal Financial Adviser discusses the investment solutions directly with the customer in a place of the latter's choosing, using the home banking channel for the customer to consult and sign the related documents.



## MAIN IMPROVEMENT OBJECTIVES FOR 2016

### TOOLS SUPPORTING ADVISORY SERVICES

The Group's main objectives for 2016 are as follows:

- Complete the Fideuram Alfabeto digital presence management project for our Personal Financial Advisers, disseminating it across the entire Network, opening it to customers and completing the set of functions provided, including dedicated apps.
- Streamline the operating platform to reduce the time required to complete proposals and manage orders, restyling the interface, improving usability and optimising the system for iPad use.
- Develop a unified customer service front end and gradually roll it out to the Network, bringing all the functions of the systems currently used by the Network together in a single procedure for analysing customer positions, generating reports and preparing sales proposals.

### PORTAL FOR PERSONAL FINANCIAL ADVISERS

We plan to maintain and further consolidate the work supporting our advanced advisory services in 2016. This will include maintaining a constant focus on the provision of subject-specific information through "specials" and dedicated areas, aided by constant coordination with Key TV to provide the best possible support for our Personal Financial Advisers.

This will also be achieved by making full use of the clustering functions rolled out at the end of 2015. Customising the information to support targeted sales initiatives will contribute to the achievement of business strategies.

A further strategic objective will be to achieve steadily increased integration with Alfabeto through the deployment of dedicated functions, information sharing and the creation of ad hoc content that is increasingly focused on the needs of the end user.

### KEY TV COMMUNICATIONS

Key TV has the following objectives for 2016:

- Consolidate Key TV's role, in synergy with the Portal, as a communications channel between the Network and Head Office, providing comprehensive information on sales projects and strategic initiatives.
- Contribute to enhancing the multimedia information offered, including through ad hoc productions for the Network to share through Alfabeto.

### VIEW ADVANCED ADVISORY SERVICE

Intesa Sanpaolo Private Banking's View Advanced Advisory Service is due to be launched in 2016. This service aims to provide customer investment analysis reports that cover investments made both through the Bank and through other intermediaries. The Private View analysis is based on the customers' asset allocation by asset class, reference currency and so on. A distinctive feature of the Private View service is that it will allow the customer to extend the asset analysis to include jointly-held assets. The Private View reporting will also include useful in-depth information, such as macroeconomic information.

## MARKET RESEARCH



As in previous years, Fideuram invested in market research in 2015 with the aim of gaining a fuller understanding of its economic and competitive situation.

During the year, the bank continued to participate in the principal sector surveys, namely GfK Eurisko's Multifinanziaria survey and the joint GfK Eurisko and Prometeia Household Savings Outlook survey on Italian household savings.

The research studies showed that the negativity which has characterised the approach of Italian households to investment in recent years is receding, while household economic satisfaction and confidence in Italy's economic situation is growing.

Household income is growing, which has taken consumer spending back into positive territory, albeit cautiously, and brought saving greater scope of action. Household and younger generation planning is focused on home purchase and renovation, including with a view to investment, and on saving to be able to cope with emergencies, at the expense of planning related to welfare and family support.

The number of investors was stable, while the principal investment choice drivers continued to be returns and tax optimisation (life insurance policies are winning increasing trust in the market), which rose to be ranked alongside investment safety.

Relations with financial brokers of all types were good, from traditional banks to network banks, insurance companies and asset management companies. Investor perceptions of the support they are able to receive from intermediaries improved compared with recent years, with investors and households in general both expressing a need for professional advisory services and to establish a relationship with a trusted intermediary with whom they can discuss their investment choices.

Both surveys strongly highlighted the growing importance of digital services, with households becoming increasingly smart and active in major digital and social media trends (particularly mobile). This makes it essential to be attuned to the new opportunities these social developments present, particularly where multi-channel engagement is concerned. The surveys in fact also showed how face-to-face channels remain central, for the time being, for customers of every generation.



Household income  
is growing

## ONLINE SERVICES

### MAIN OBJECTIVES FOR 2015

#### FIDEURAM ONLINE

We shall continue to develop Fideuram Online to offer our customers an efficient and comprehensive online banking channel that provides an additional tool for interacting with their Personal Financial Advisers.

Our main focus will be on fine-tuning the statements and reports generated for our Advisory Services and Products, Banking and Trading.

### ACTIONS AND RESULTS ACHIEVED

Our 2015 initiatives to develop the Fideuram Online channel's services were mainly dedicated to extending existing functions, through the following in particular:

- Launched foreign currency accounts.
- Increased payment services.
- Extended products available for consultation to insurance policies.
- Increased Trading platform markets.

#### INTEGRATED MULTICHANNEL SERVICES

Launch an integrated, multi-channel service model that enables our Personal Financial Advisers to provide value-added advisory services to their customers using remote communication techniques.

Strong commitment to driving customer take-up of the service.

We developed remote sales in 2015 as part of our Integrated Multi-Channel Project, enabling our Personal Financial Advisers to formulate sales proposals for customers and send them in digital format through the relevant Internet banking area.

The functions for customers were also extended.

Committed to constantly improving our customer service, we also proceeded with the plan to develop and upgrade the information and instruction functions of our internet and mobile banking systems in 2015, extending the range of services available and improving service quality.

# +13.9%

Customers were subscribed to Fideuram Online (on 2014)

Internet services continued to achieve solid growth in 2015, both in the total number of customers using the service and in the total number of transactions completed online.

At year-end over 475,000 customers were subscribed (70% Fideuram, 22% Sanpaolo Invest and 8% Intesa Sanpaolo Private Banking), an increase of 13.9% on the figure at 31 December 2014.

Over 4.6 million transactions were handled by the service - including stock market instructions, transfers, payments, card top-ups and instructions regarding mutual funds and discretionary accounts.

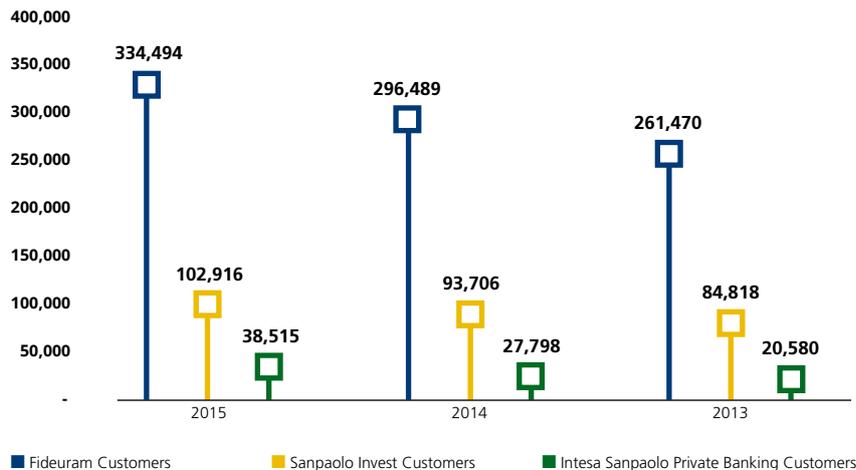
Approximately 2.5 million transfers were completed online in 2015, over 2.3 million through Fideuram and 0.2 million through Intesa Sanpaolo Private Banking.

Transactions concluded over the Internet accounted for over 86% of all customer transactions.

As the figures show, the Online Statements and Reports service continued to attract new users in significant numbers in 2015:

- The take-up of Online Bank Statements and Securities Reports increased by 30% on 31 December 2014, with over 205,000 current and deposit accounts having enabled the service.
- The take-up of Online Statements and Reports for Advisory Services and Products increased by 43.5% on 31 December 2014, with over 264,000 accounts having enabled the service.

## Customers online



## WEBSITE

As in prior years, the Fideuram website hosted and supported our corporate communications and information on the Network's initiatives.

This in particular included supporting the marketing of the new "Fideuram Vita Insieme" protected investment lines, to which a special section was dedicated, and the hosting of our Interactive Annual Report to provide simple and immediate consultation of our integrated financial statements.

Intesa Sanpaolo Private Banking also dedicated special attention to its online presence in 2015, marking the opening of its London branch with a version of its website dedicated to the new branch.



## MAIN IMPROVEMENT OBJECTIVES FOR 2016

### ONLINE SERVICES

The Group will continue to develop its online services in 2016 through the following in particular:

- Developing our digital platform and functions.
- Continuing to develop our Online Statements and Reports.
- Launching new payment services.
- Developing our online trading functions and coverage.

### WEBSITE

We will be developing the Group Networks' online presence in 2016, updating the public website and further increasing the many instruction, information and reporting functions provided.

## BELOW-THE-LINE COMMUNICATIONS

Our below-the-line communications supporting the development of the Group's product range in the year continued, as in prior years, to follow the "sguardi" ("looks") approach which has been consolidated over the years and is now recognised as a distinctive feature of our direct and transparent product communications, based on close personal relations between our Personal Financial Advisers and customers.

In 2015, we updated our below-the-line communications to support the development of our product range, revising the core product brochure for the Fideuram Vita Insieme family of wrapper insurance products upon the launch of its new capital protection lines, and producing a new "Parliamone Insieme" ("Let's Talk Together") communications kit for our Personal Financial Advisers to present all the platform's products and services.

The launch of our Class I policy Fideuram Vita Garanzia e Valore Flex2 was also supported with a new product brochure.

We also produced a brochure for the Synthesis multi-class policy, using evocative classic, iconic images that create a visual representation of concepts of excellence in line with our corporate image and communications.

Moving on to areas that are not covered by the "sguardi" approach, our work supporting and highlighting the importance of subjects connected with SEI advanced advisory services led us to embark on a restyling project and new graphic design

for the brochure and related leaflet presenting the service, aiming to align both more closely with the affluent/Private Banking target groups concerned.

The new graphic design concept took its cue from the SEI service logo, reinterpreting its main stylistic elements in a fluid and dynamic manner.

The design work supporting the launch of our new real estate advisory service finalised the graphic formats and layouts of the reporting for customers. The graphic design of the reports, based on the SEI Private Banking service visual, was created to evoke the values of exclusivity, simplicity and transparency.

The Voluntary Disclosure tour was supported with a visual created especially for the initiative and a complete set of coordinated communication aids, including printed invitations and 'save the date' e-messages, information kits for use on the tour, notepads, and newsletters to send the presentation materials and all subsequent updates to participants.

A new communication kit was also produced to provide our Personal Financial Advisers with presentation aids for our products and services dedicated to professionals, facilitating analysis of the professional's needs and the exploration of opportunities for them and the Personal Financial Adviser to work together. The kit has been produced in 'loose leaf' form organised by type of product and service in its presentation of high value-added services and innovative products to support the most complex requirements, to enable flexibility in use and fast updating.



Lastly, following the creation of the new Private Banking Division and consequent development of a new corporate identity, all corporate and product communications and all payment methods were aligned with the new logos and company names.

## OPERATIONS OUTSIDE ITALY

During the 2015 financial year, **Fideuram Asset Management (Ireland) Ltd.** continued to act as manager of the Fideuram Group's collective savings products (Luxembourg, Irish and Italian collective investment undertakings) and of the products developed by the Group's insurance companies (Italian pension fund and Irish unit-linked policies).

Client assets in the Luxembourg and Irish products offered by Fideuram Asset Management (Ireland) totalled €40.8bn at 31 December 2015 compared with €38.1bn at 31 December 2014.

40.8 €bn

Client assets managed  
by Fideuram Asset  
Management (Ireland)

**Fideuram Bank (Luxembourg) S.A.** plays a leading role in the Fideuram Group's operating structure as the Depository Bank and Administrative Agent (calculation of Net Asset Value and keeping of subscriber register) of our Luxembourg funds with €40.7bn client assets at 31 December 2015.

The bank operates through a select yet extensive network of worldwide correspondent banks, while also acting as Securities Lending Agent for the portfolio, playing a significant role in providing treasury and liquidity management services for the Group's Luxembourg funds.

The bank also acts as global sub-custodian for the Group's Irish fund and provides technological and organisational support in the form of IT and administrative services for a number of its affiliated companies in other countries.

40.7 €bn

Client assets managed  
by Fideuram Bank  
(Luxembourg) S.A.

**Intesa Sanpaolo Private Bank (Suisse) S.A.** is a Swiss bank headquartered in Lugano specialising in investment services for private individuals. In recent years it has focused on the growth of managed assets, which account for more than 50% of client assets.

The bank ended the 2015 financial year with net profit of CHF1.7m, up from CHF1.2m in 2014 despite the sharp appreciation of the Swiss franc against the euro, which had a significant impact on the bank's income.

Part of the Group's treasury and finance operations are conducted in France by subsidiary **Euro-Trésorerie**, which had securities holdings of approximately €1.7bn at 31 December 2015 (€1.3bn at 31 December 2014).

1.7 €bn

Securities holdings  
of Euro-Trésorerie

## SYSTEMS AND INFORMATION MANAGEMENT

### ORGANISATION AND SECURITY

The Organisation Department is responsible for directing the development of the Group's organisational model 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.

Where the later is concerned, Organisation focused its efforts in 2015 on the project for establishing the Private Banking Division which brought together Fideuram and its subsidiaries, Intesa Sanpaolo Private Banking, Intesa Sanpaolo Private (Suisse) and Sirefid, in line with the strategic objectives of the Intesa Sanpaolo Group's 2014-2017 Business Plan.

An organisational unit was set up to implement the integration plan, consisting of ten project working groups in which Organisation took the role of Project Management Office, responsible for monitoring both the overall progress of the Project and the work of each group. During the year, Organisation also oversaw the development and maintenance of the Group's internal regulations, consisting of "Governance Documents" (By-Laws, Code of Ethical Conduct, Group Regulations, Authority and Powers, Guidelines, Department Charts and Organisation Charts) and operational regulations which govern its corporate processes, single activities and related controls (Rules, Operating Guides and Communications to the Personal Financial Adviser Networks).

Specifically, in the area of risk management regulations and processes, acting pursuant to Italian Legislative Decree No. 231/2001 and Law No. 262/2005 regarding the Manager responsible for the preparation of the company accounts, the department consolidated the documentary presentation of these processes and their classification following the taxonomic criteria adopted by the Intesa Sanpaolo Group.

In accordance with the Privacy requirements of Italian Legislative Decree 196/2003 "Codice in materia di protezione dei dati personali" ("Code regarding the protection of personal data"), the Group updated its data protection audit - required on an annual basis - and carried out its Group Annual Privacy Assessment (Accertamento Privacy Annuale di Gruppo - A.P.A.G.). In conjunction with Intesa Sanpaolo, the Group aligned its internal regulations with the provisions of the Italian Data Protection Authority of 8 May 2014 - "Individuazione di modalità semplificate per l'informativa e l'acquisizione del consenso per l'uso di cookie" ("Simplified Arrangements to Provide Information and Obtain Consent Regarding Cookies").

During the year, the bank implemented the new Intesa Sanpaolo Group Operational Continuity Guidelines, Organisational Model for Crisis Management and Operational Continuity Plan Rules, thus bringing the bank into line with the principles established by the aforementioned new Supervisory Regulations issued by the Bank of Italy.

As part of this work, the Operational Continuity Plan was approved and the annual technology test sessions on our Operational Continuity and Disaster Recovery solution were performed in October, with the related certification being handled by the departments concerned. This certification was planned and performed in accordance with the Bank of Italy's operational continuity test requirements, with the aim of verifying the suitability over time of the measures in place to tackle "Information System unavailable" crisis scenarios regarding our administrative and sales systems and the Intesa Sanpaolo target system (banking clone and finance systems).

Two Operational Continuity Test sessions were carried out, in November and December 2015, for the simulated scenario "Buildings inaccessible". Designed to verify the effectiveness and suitability of the planned solutions, the test involved units from the following departments: Finance and Treasury, Operations, Network and Customer Assistance, Human Resources and General Affairs, Subsidiaries Coordination and IT Governance.

Lastly, the department's work of monitoring the service contracts governing the activities outsourced to Intesa Sanpaolo and Intesa Sanpaolo Group Services saw it coordinate the service level monitoring carried out by the units concerned in the form of regular audits of the Key Performance Indicators (KPIs) for the services provided. A number of improvements were identified to align the KPIs with the latest operational developments.

## INFORMATION AND OPERATING SYSTEMS

It is essential for the Fideuram Group to constantly develop its business model - centred on the role of its Personal Financial Advisers, on its Advisory Services and on its provision of tailored services for Private Banking customers - for it to maintain its leading position and role as innovator. Acting to support business growth and to identify and leverage the opportunities presented by technological innovation, the development and rationalisation of Group systems were largely concentrated in two main areas in 2015:

1. Integration related to the creation of the Private Banking Division.
2. Growth and development of the business.

The most significant projects in the former area were as follows:

- **Fideuram Alfabeto:** The first phase in the project was completed and the new digital channel was launched for a pilot group of Personal Financial Advisers, enabling them to develop their own "self-branding" within the Network using a personalised web page, and to provide advisory services for their customers using innovative methods such as a Digital Office, along with the option of managing the entire sales relationship cycle in digital form.
- **SEI streamlining:** Facilitating use of the Advanced Advisory Platform, the user experience was revised to offer increasingly fast, more immediate use of the service, including from mobile devices.
- **Treasury Centralisation:** Supporting Treasury operations, the Fideuram and Intesa Sanpaolo Private Banking information flows were integrated so that the entire division's liquidity could be managed using a single system, with clear benefits in terms of economic margins and overall simplification.

- **Development of VIEW:** Our Advanced Advisory Services were extended to, customised for and aligned with the needs of the Intesa Sanpaolo Private Banking network.

- **Extension of the "Private Mix" wrapper product to Intesa Sanpaolo Private Banking Personal Financial Advisers:** This unit linked wrapper product managed by Fideuram Vita was launched on the Intesa Sanpaolo Private Banking Network.

- Integration of **Financial Risk Monitoring** applications.

- Integration of **Personal Transaction Monitoring** applications.

- **Operational Continuity** management and extending use of the Employee Portal and Human Resources management application.

The main projects in the latter area in 2015 were as follows:

- **Extension of Product range:** A total of ten initiatives were completed, the most significant of which regarded the new Fideuram Vita Insieme "Linee Protette" protected unit-linked lines, the restyling of the Class I policy "Fideuram Vita e Garanzia Flex II", the new non-life insurance product "Salute Fideuram", the new capital-protected Fonditalia fund and the new M&G SICAV.

- **Real Estate:** Development of the module for importing, managing and showing customer real estate, forming part of the platform supporting the SEI Advanced Advisory Service.

- **Extension of Fideuram Mobile Solution:** The range of transactions available was further extended, giving priority to those with the highest volumes (reaching 77% of all transactions available). Our work in this area also saw us complete the Common Reporting Standard (CRS) project, bringing us into full compliance with the new International standard for the automatic exchange of financial information.

- **iOS and Android Mobile Apps for customers:** Our native iOS mobile app was enhanced, and a new native Android mobile app was launched for customers using Android devices.

- **Campus Online and Campus management:** The new system supporting training processes and class management was developed and released to its first pilot group of Personal Financial Advisers.

- **Fiduciaria Online Statements and Reports:** The official Fideuram Fiduciaria website was created, including an Online Statements and Reports service for its customers.

- **Strategic reallocation:** The procedure for reallocating customers to Personal Financial Advisers was completely revised, developing a single operations dashboard for the Network and Head Office.

- **Sales & Marketing planning:** A new Network support tool was developed to plan and monitor sales development activities.

- **Digital innovation:** During 2015 we gradually rolled out two digital signature solutions - advanced electronic signature and remote digital signature - for the signing of orders and contract documents at branches, when conducting out-of-office sales and for remote support through Home Banking. The range of products and contracts for which the new signature systems are available is constantly being increased.

- **High Net Worth Individuals project and Private View reporting:** The advanced reporting for High Net Worth Individual customers, currently in the process of being released, offers an integrated view of their assets held with the Group, while offering the option of extending the scope of analysis to other members of the household unit and to assets held with third parties.

- **Opening of the London branch of Intesa Sanpaolo Private Banking:** The operations of this branch are supported by a dedicated, customised applications architecture capable of fully supporting the development of the bank's offering of products and services for the UK market.

• **Extension of Product range:** We increased our range of insurance products with the launch of the multiline life insurance policy Intesa Sanpaolo Vita Synthesis, which offers the Fideuram Asset Management (Ireland) Fonditalia and Newcits funds, and also extended and restyled our range of portfolio management lines.

Information Systems managed a total of 73 development initiatives to brief and deadline in the year with a total investment of approximately €33m.

The Operations unit played an active role in a large number of different projects, testing many new or restyled product solutions and major applications (SEI, the Operating Platform and Alfabeto), while also coordinating specific implementations, including the decentralisation of Network address changes, Voluntary Disclosure and phase 2 of EBA Fast Closing.

The steady digitising of a number of processes continued in 2015 with the aim of providing better service and even more efficient controls while reducing low value-added activities to free up human resources with specialist expertise (in advisory support, product acquisition, succession management and banking and financial activities) to provide high-value support to the Networks, including through local meetings.

A process was launched in the year to integrate the operating services and resources of Fideuram and Intesa Sanpaolo Private Banking in order to provide a single Private Banking Division service centre.

In the Governance area, we began integrating the budget and overall management of the entire project portfolio at Private Banking Division level, while simultaneously taking forward a number of process and tool development initiatives designed to further strengthen governance activities. In line with this, we released a Management Dashboard for monitoring the main Area Key Performance Indicators (KPIs) on a monthly basis, including the KPIs relating to the current Application Management Service Level Agreements (number of issues, resolution times and application uptime percentages). This not only revealed very high levels of satisfaction with almost all the applications (more than 98%), but has also made it possible to plan architecture improvements for those applications - such as Fideuram Mobile Solution - that have occasionally shown weaknesses linked to significant growth in use.

The Contact Center providing assistance to the Network experienced a 10% increase in volumes, principally due to the increased take-up and use of applications such as Fideuram Mobile Solution, the Compliance Dashboard for managing legislative compliance and the SEI Advanced Advisory Service.

During the year we launched a system for the annual monitoring of assistance service quality as perceived by the Networks, which revealed a very high percentage of positive assessments for 2015.

Customer service volumes were at the same level as the previous year. Noteworthy developments in the year included the launch of an Android version of the Fideuram Online App to join the existing iOS version, and the extension of customer service opening hours to Saturday morning.

All the Audit and Financial Management Governance controls carried out on Information Systems and Operating Services areas in the year confirmed that appropriate operational risk management was being implemented, enabling operational losses to be kept to entirely negligible levels.

## 4.8.4 Human capital

Human capital consists of the skills, abilities and knowledge of the people who work in the Group and its governance bodies.

	2015	2014	2013
Fideuram Network - Ratio of Customers to Personal Financial Advisers	144:1	140:1	137:1
Intesa Sanpaolo Private Banking Network - Ratio of Customers to Personal Financial Advisers	43:1	43:1	43:1
Sanpaolo Invest Network - Ratio of Customers to Personal Financial Advisers	95:1	91:1	87:1
Ratio of Client Assets to Personal Financial Advisers (€m)	32.3	30.6	28.2
No. of Network audits	713	713	718
No. of Operational Audit Unit Investigations (*)	30	25	17

(\*) Carried out on Intesa Sanpaolo Private Banking Network.

## PERSONAL FINANCIAL ADVISERS

### MAIN OBJECTIVES FOR 2015

The Group will continue to focus on recruitment as a strategic lever for growth, concentrating its efforts even more closely on candidates with a strong sales and professional track record from the banking sector and other networks.

Develop dedicated products and services designed to meet customer asset management and protection needs.

### ACTIONS AND RESULTS ACHIEVED

Management focused on recruitment quality in 2015, prioritising candidates of high standing to join the sales network as new Personal Financial Advisers. 145 of the 315 professionals recruited came from the banking sector.

The targeted recruitment action increased the number of top professionals we recruited from the Private Banking divisions of leading Italian banks in 2015.

At the same time, we continued our recruitment campaign targeting young, academic high-achievers, bringing 40 brilliant new graduates into the network.

In a market scenario that has severely challenged traditional instruments, we developed a number of solutions in 2015 to meet the demand for solutions that combine capital protection and investment performance, including:

- Fonditalia Crescita Protetta 80, a fund launched in the year that uses the latest-generation protection strategies to provide controlled exposure to global stock markets and protection of the capital invested.
- An important enhancement to Fideuram Vita Insieme with the launch of the FVI My Blue Protection 80 and FVI My White Protection 80 investment lines, which feature an innovative protection strategy that is applied continuously to the specific portfolio chosen by the customer, offering the customer the option of protecting part of the capital invested while simultaneously benefiting from the freedom to build and change their investment over time.

*Continued overleaf >>*

>> PERSONAL FINANCIAL ADVISERS *continued from previous page***MAIN OBJECTIVES FOR 2015**

Technological innovation with investment plan focused on improving tools for Personal Financial Adviser Networks.

**ACTIONS AND RESULTS ACHIEVED**

We released the initial functions of the new Fideuram Alfabeto platform, conceived to provide digital solutions that support the Fideuram Group's advisory services, including innovative tools for interacting with customers (such as instant messaging, video conferencing, co-browsing and document management) and prepared a product offering dedicated to our digital channel.

The design work was completed for the launch of a new unified front-end application to manage all the functions of the sales network's current systems for analysing customer positions, generating reports and preparing business proposals.

**SIZE OF NETWORKS**

The Group's distribution division (Fideuram, Intesa Sanpaolo Private Banking and Sanpaolo Invest Networks) totalled 5,846 Personal Financial Advisers at 31 December 2015, compared with 5,851 at 31 December 2014, as shown below:

## Personal Financial Advisers of the Group

	BEGINNING OF PERIOD 1.1.2015 (*)	IN	OUT	NET	END OF PERIOD 31.12.2015
Fideuram Network	3,572	164	147	17	3,589
Intesa Sanpaolo Private Banking Network	807	78	64	14	821
Sanpaolo Invest Network	1,472	73	109	(36)	1,436
<b>Total</b>	<b>5,851</b>	<b>315</b>	<b>320</b>	<b>(5)</b>	<b>5,846</b>

(\*) Restated taking the changes in the scope of consolidation into account so that straight comparisons can be made. In particular, the figures take the Personal Financial Advisers and agents in the Intesa Sanpaolo Private Banking Network into account.

## Fideuram Personal Financial Advisers

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1.1.2015 - 31.12.2015	3,572	164	147	17	3,589
1.1.2014 - 31.12.2014	3,569	168	165	3	3,572
1.1.2013 - 31.12.2013	3,538	213	182	31	3,569

## Intesa Sanpaolo Private Banking Financial Advisers (\*)

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1.1.2015 - 31.12.2015	807	78	64	14	821
1.1.2014 - 31.12.2014	813	74	80	(6)	807
1.1.2013 - 31.12.2013	774	102	63	39	813

(\*) Including freelancers on agency contracts.

## Sanpaolo Invest Personal Financial Advisers

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1.1.2015 - 31.12.2015	1,472	73	109	(36)	1,436
1.1.2014 - 31.12.2014	1,535	73	136	(63)	1,472
1.1.2013 - 31.12.2013	1,544	94	103	(9)	1,535

The Intesa Sanpaolo Private Banking Network, which became part of the Group from 30 June 2015 as a result of the company transactions detailed earlier in this report, consists of 796 Personal Financial Advisers who are salaried employees registered in the Italian National Register of Financial Advisers, and 25 freelancers professionals on agency contracts.

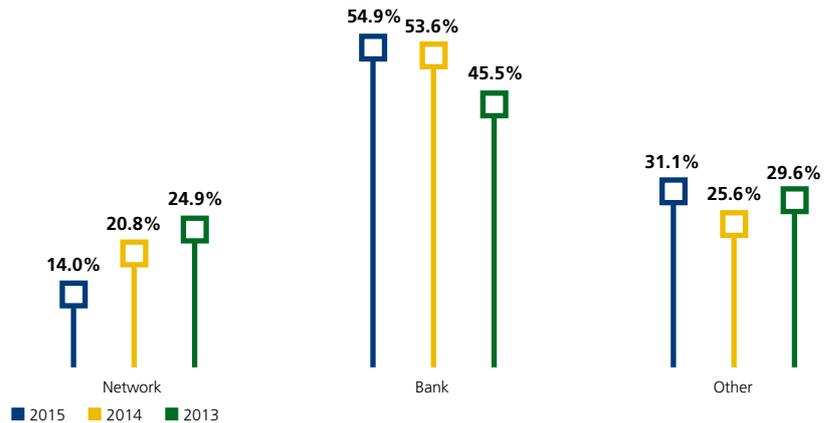
Our recruitment programme brought 315 new Personal Financial Advisers into the Group in 2015, which was in line with the figure for 2014. A total of 320 Personal Financial Advisers left the Group during the year, only 32% of whom, however, moved to competitor networks.

The recruitment programmes were conducted with the greatest rigour and professionalism by the managements of the Group's three Networks, and focused on finding Personal Financial Advisers of high standing in line with the role of market leader which has always distinguished the Group.

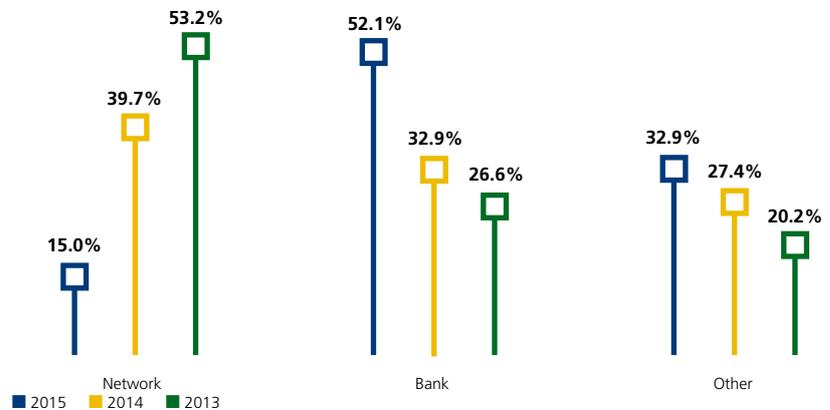
The training and work of our Personal Financial Advisers are guided by the principles of ethics and transparency which differentiate the Group and aim, amongst other things, to secure customer loyalty through the support of financial advisory services that are tailored to each customer's personal investment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

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

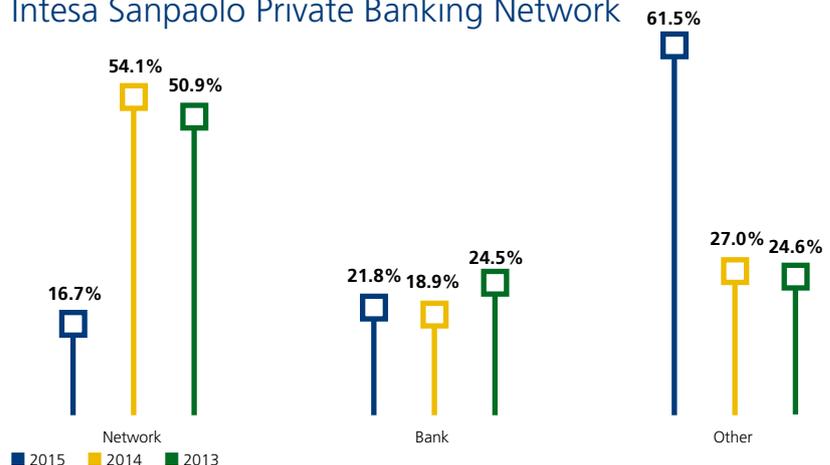
## Origin of professionals joining the Fideuram Network



## Origin of professionals joining the Sanpaolo Invest Network



## Origin of professionals joining the Intesa Sanpaolo Private Banking Network



## Fideuram Network - Personal Financial Advisers - Turnover by rank

RANK	JOINED 2015				JOINED 2014				JOINED 2013			
	BANK	NETWORK	OTHER	TOTAL	BANK	NETWORK	OTHER	TOTAL	BANK	NETWORK	OTHER	TOTAL
Managers	-	-	-	-	-	-	1	1	-	-	-	-
Personal Financial Advisers	90	23	51	164	90	35	42	167	97	53	63	213
<b>Total</b>	<b>90</b>	<b>23</b>	<b>51</b>	<b>164</b>	<b>90</b>	<b>35</b>	<b>43</b>	<b>168</b>	<b>97</b>	<b>53</b>	<b>63</b>	<b>213</b>

RANK	LEFT 2015			LEFT 2014			LEFT 2013		
	COMPETITORS	OTHER	TOTAL	COMPETITORS	OTHER	TOTAL	COMPETITORS	OTHER	TOTAL
Managers	-	1	1	1	1	2	-	-	-
Personal Financial Advisers	28	118	146	28	135	163	16	166	182
<b>Total</b>	<b>28</b>	<b>119</b>	<b>147</b>	<b>29</b>	<b>136</b>	<b>165</b>	<b>16</b>	<b>166</b>	<b>182</b>

## Intesa Sanpaolo Private Banking Network - Personal Financial Advisers - Turnover by rank

RANK	JOINED 2015				JOINED 2014				JOINED 2013			
	BANK	NETWORK	OTHER	TOTAL	BANK	NETWORK	OTHER	TOTAL	BANK	NETWORK	OTHER	TOTAL
Private Banking Branch Managers	-	-	5	5	-	-	-	-	-	2	11	13
Team Leaders	-	-	10	10	-	-	14	14	-	2	7	9
Executive Personal Financial Advisers	-	-	13	13	1	-	5	6	-	-	6	6
Personal Financial Advisers	15	13	16	44	13	40	-	53	24	48	1	73
Global Relationship Managers	-	-	4	4	-	-	-	-	-	-	-	-
Freelancers	2	-	-	2	-	-	1	1	1	-	-	1
<b>Total</b>	<b>17</b>	<b>13</b>	<b>48</b>	<b>78</b>	<b>14</b>	<b>40</b>	<b>20</b>	<b>74</b>	<b>25</b>	<b>52</b>	<b>25</b>	<b>102</b>

RANK	LEFT 2015			LEFT 2014			LEFT 2013		
	COMPETITORS	OTHER	TOTAL	COMPETITORS	OTHER	TOTAL	COMPETITORS	OTHER	TOTAL
Private Banking Branch Managers	1	9	10	1	2	3	4	5	9
Team Leaders	-	5	5	3	-	3	3	10	13
Executive Personal Financial Advisers	-	-	-	6	1	7	3	1	4
Personal Financial Advisers	18	30	48	43	24	67	12	24	36
Global Relationship Managers	-	-	-	-	-	-	-	-	-
Freelancers	-	1	1	-	-	-	-	1	1
<b>Total</b>	<b>19</b>	<b>45</b>	<b>64</b>	<b>53</b>	<b>27</b>	<b>80</b>	<b>22</b>	<b>41</b>	<b>63</b>

## Sanpaolo Invest Network - Personal Financial Advisers - Turnover by rank

RANK	JOINED 2015				JOINED 2014				JOINED 2013			
	BANK	NETWORK	OTHER	TOTAL	BANK	NETWORK	OTHER	TOTAL	BANK	NETWORK	OTHER	TOTAL
Managers	-	-	-	-	-	1	-	1	-	1	1	2
Personal Financial Advisers	38	11	24	73	24	28	20	72	25	49	18	92
<b>Total</b>	<b>38</b>	<b>11</b>	<b>24</b>	<b>73</b>	<b>24</b>	<b>29</b>	<b>20</b>	<b>73</b>	<b>25</b>	<b>50</b>	<b>19</b>	<b>94</b>

RANK	LEFT 2015			LEFT 2014			LEFT 2013		
	COMPETITORS	OTHER	TOTAL	COMPETITORS	OTHER	TOTAL	COMPETITORS	OTHER	TOTAL
Managers	1	2	3	1	2	3	1	1	2
Personal Financial Advisers	53	53	106	64	69	133	24	77	101
<b>Total</b>	<b>54</b>	<b>55</b>	<b>109</b>	<b>65</b>	<b>71</b>	<b>136</b>	<b>25</b>	<b>78</b>	<b>103</b>

## Fideuram Network - Personal Financial Advisers - Turnover by age and gender

	JOINED 2015			JOINED 2014			JOINED 2013		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
under 30	18	6	24	19	10	29	28	11	39
30 to 50	75	30	105	84	30	114	102	19	121
over 50	26	9	35	17	8	25	40	13	53
<b>Total</b>	<b>119</b>	<b>45</b>	<b>164</b>	<b>120</b>	<b>48</b>	<b>168</b>	<b>170</b>	<b>43</b>	<b>213</b>

	LEFT 2015			LEFT 2014			LEFT 2013		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
under 30	8	5	13	5	1	6	13	3	16
30 to 50	33	15	48	39	9	48	44	15	59
over 50	72	14	86	100	11	111	99	8	107
<b>Total</b>	<b>113</b>	<b>34</b>	<b>147</b>	<b>144</b>	<b>21</b>	<b>165</b>	<b>156</b>	<b>26</b>	<b>182</b>

## Intesa Sanpaolo Private Banking Network - Personal Financial Advisers - Turnover by age and gender

	JOINED 2015			JOINED 2014			JOINED 2013		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
under 30	-	1	1	-	1	1	2	1	3
30 to 50	34	17	51	41	18	59	52	25	77
over 50	17	9	26	12	2	14	13	9	22
<b>Total</b>	<b>51</b>	<b>27</b>	<b>78</b>	<b>53</b>	<b>21</b>	<b>74</b>	<b>67</b>	<b>35</b>	<b>102</b>

	LEFT 2015			LEFT 2014			LEFT 2013		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
under 30	-	-	-	-	-	-	-	-	-
30 to 50	23	5	28	41	16	57	31	7	38
over 50	25	11	36	16	7	23	17	8	25
<b>Total</b>	<b>48</b>	<b>16</b>	<b>64</b>	<b>57</b>	<b>23</b>	<b>80</b>	<b>48</b>	<b>15</b>	<b>63</b>

## Sanpaolo Invest Network - Personal Financial Advisers - Turnover by age and gender

	JOINED 2015			JOINED 2014			JOINED 2013		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
under 30	11	4	15	8	4	12	3	5	8
30 to 50	24	9	33	29	4	33	46	11	57
over 50	18	7	25	23	5	28	25	4	29
<b>Total</b>	<b>53</b>	<b>20</b>	<b>73</b>	<b>60</b>	<b>13</b>	<b>73</b>	<b>74</b>	<b>20</b>	<b>94</b>

	LEFT 2015			LEFT 2014			LEFT 2013		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
under 30	2	5	7	1	-	1	2	-	2
30 to 50	27	10	37	44	9	53	38	5	43
over 50	62	3	65	72	10	82	51	7	58
<b>Total</b>	<b>91</b>	<b>18</b>	<b>109</b>	<b>117</b>	<b>19</b>	<b>136</b>	<b>91</b>	<b>12</b>	<b>103</b>

## MARKET COVERAGE

The tables below show the regional and area distribution of our Personal Financial Advisers, along with the Group's market penetration.

### Fideuram Network - Area Coverage - Number of Personal Financial Advisers by area

AREA	2015	2014	2013
1	595	584	579
2	637	629	609
3	727	695	698
4	747	763	758
5	883	901	925
<b>Total</b>	<b>3,589</b>	<b>3,572</b>	<b>3,569</b>

### Sanpaolo Invest Network - Area Coverage - Number of Personal Financial Advisers by area

AREA	2015	2014	2013
1	648	665	680
2	788	807	855
<b>Total</b>	<b>1,436</b>	<b>1,472</b>	<b>1,535</b>

### Intesa Sanpaolo Private Banking Network - Area Coverage - Number of Personal Financial Advisers by area (\*)

AREA	2015	2014	2013
1	38	40	41
2	75	78	74
3	48	44	46
4	94	98	101
5	38	33	37
6	44	43	46
7	45	43	43
8	23	21	21
9	21	20	20
10	36	36	34
11	50	52	52
12	34	30	33
13	55	51	46
14	43	41	43
15	14	13	12
16	74	76	78
17	37	38	38
18	27	26	25
<b>Total</b>	<b>796</b>	<b>783</b>	<b>790</b>

### Fideuram Network - Area Coverage - Number of Personal Financial Advisers by region

REGION	2015	2014	2013
Piedmont	453	448	447
Valle d'Aosta	4	4	5
Liguria	138	132	127
Lombardy	785	776	752
Venetia	310	302	303
Friuli Venezia Giulia	91	90	90
Trentino Alto Adige	35	38	39
Emilia Romagna	370	371	371
Tuscany	395	390	395
Umbria	45	44	42
The Marches	80	76	73
Latium	394	399	408
Abruzzo	41	45	48
Molise	15	15	17
Campania	186	184	187
Basilicata	7	7	6
Puglia	70	75	77
Calabria	13	14	18
Sicily	123	128	129
Sardinia	34	34	35
<b>Total</b>	<b>3,589</b>	<b>3,572</b>	<b>3,569</b>

(\*) Not including freelancers on agency contracts.



## Intesa Sanpaolo Private Banking Network - Area Coverage - Number of Personal Financial Advisers by region

REGION	2015	2014	2013
Piedmont	137	138	137
Valle d'Aosta	4	3	3
Liguria	23	24	24
Lombardy	229	224	233
Venetia	102	103	101
Friuli Venezia Giulia	23	21	21
Trentino Alto Adige	7	7	7
Emilia Romagna	66	61	55
Tuscany	67	68	70
Umbria	9	9	9
The Marches	15	13	16
Latium	37	35	38
Abruzzo	9	8	9
Molise	-	-	-
Campania	38	40	40
Basilicata	-	-	1
Puglia	22	21	19
Calabria	8	8	8
Sicily	15	14	13
Sardinia	10	10	9
<b>Total</b>	<b>821</b>	<b>807</b>	<b>813</b>

## Sanpaolo Invest Network - Area Coverage - Number of Personal Financial Advisers by region

REGION	2015	2014	2013
Piedmont	175	175	177
Valle d'Aosta	3	4	4
Liguria	128	125	119
Lombardy	152	170	176
Venetia	70	69	80
Friuli Venezia Giulia	9	10	10
Trentino Alto Adige	8	9	12
Emilia Romagna	103	103	102
Tuscany	70	69	81
Umbria	26	25	26
The Marches	37	35	39
Latium	302	321	321
Abruzzo	51	51	54
Molise	4	4	4
Campania	124	124	127
Basilicata	10	10	10
Puglia	52	53	58
Calabria	19	19	19
Sicily	68	71	85
Sardinia	25	25	31
<b>Total</b>	<b>1,436</b>	<b>1,472</b>	<b>1,535</b>



Intesa Sanpaolo Private Banking - Turin, HNWI Branch.

## ORGANISATIONAL STRUCTURE

The Group revised its Network Management Organisational Model last year as part of its Sustainable Growth project, aiming to make it increasingly effective for responding optimally to future market challenges and supporting the needs of our Personal Financial Advisers.

Proceeding in accordance with our highly-successful established Organisational Model, the Group focused on the **roles, responsibilities** and principal **activities** of the individual **management positions**, introducing functional relations to reduce overlap and maximise the creation of value for our Personal Financial Advisers.

Our management initiatives can thus be summarised in the following six main functional areas:



# FIDEURAM

## INTESA SANPAOLO PRIVATE BANKING

### GROUP MANAGEMENT AND DEVELOPMENT:

Management activities regarding the management and guidance of the Personal Financial Advisers supervised.

### NETWORK QUALITY DEVELOPMENT:

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

### VOLUME GROWTH:

Growth of the group of Personal Financial Advisers supervised in each manager's area through the selection, induction and development of new professionals.

### BUSINESS GROWTH:

Management activities guiding and supporting the qualitative and quantitative growth and development of the client assets managed by the group of Personal Financial Advisers supervised.

### PROFESSIONAL DEVELOPMENT:

Management activities supporting the professional development of Personal Financial Advisers through the acquisition and consolidation of distinctive competencies and capabilities.

### SERVICE QUALITY DEVELOPMENT:

Management activities developing and improving the service quality offered and provided, along with customer perceptions of service quality.

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

POSITION	RESPONSIBILITIES
AREA MANAGER	<p>Deliver and strengthen role of providing <b>strategic guidance</b> to maximise sustainable growth in territory and <b>strategic leadership</b> of activities carried out in own Area.</p> <p>Notify their Managers of Area strategies and targets.</p> <p>Share territory action plan with their managers regarding activities, timing and priorities, also indicating the organisational procedures to be implemented in the Area.</p> <p>Supervise and ensure the dissemination of Best Practices identified in the Area for each development area.</p> <p>Periodically verify progress in different development areas, discussing quali-quantitative results and progress of initiatives with Managers, specifying and monitoring any realignment actions necessary.</p> <p>Ensure values of professionalism, propriety and appropriate business behaviour are applied across area by Personal Financial Advisers.</p>
DIVISIONAL MANAGER	<p>Act and strengthen role as <b>business point of reference</b> with the aim of maximising business growth, professional development and quality of service.</p> <p>Implement management actions for guiding and supporting the qualitative and quantitative growth and development of client assets.</p> <p>Responsible for management activities supporting Personal Financial Advisers to acquire and consolidate competencies and improve distinctive modes of behaviour.</p> <p>Responsible for management activities guiding and monitoring quality of service offered and provided, along with customer perceptions of service quality.</p>
REGIONAL MANAGER	<p>Act and consolidate role as <b>management point of reference</b> for Personal Financial Advisers, increasing support activities directed towards maximising development and growth of own group.</p> <p>Implement management actions regarding the management, guidance and support of the group of Personal Financial Advisers supervised.</p> <p>Achieve expansion of own group in territory through constant recruitment drive for high-quality Personal Financial Advisers.</p> <p>Responsible for professional growth of newly-recruited Personal Financial Advisers, providing support in the post-induction phase.</p> <p>Responsible for quality of own group of Personal Financial Advisers, implementing all the management actions required to manage and monitor Network change processes with medium-to long-term strategic impact.</p>

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

ROLE	RESPONSIBILITIES
PRIVATE BANKING COORDINATOR	<p>Ensure business growth and the achievement of economic, business and risk management objectives in their area through monitoring and coordinating the work of the Private Banking and HNWI Branches, supporting their actions where necessary.</p> <p>Ensure strong brand affirmation.</p>
HNWI AND PRIVATE BANKING BRANCH MANAGER	<p>Represent the Bank in their area and ensure achievement of economic, business and risk management objectives in Private Banking and HNWI Branches.</p> <p>Manage their Private Banking and HNWI Branch, implementing business policies and proper lending procedures, and coordinating the personnel reporting to them.</p> <p>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.</p>
GLOBAL RELATIONSHIP MANAGER	<p>Manage, develop and acquire HNWI customers, ensuring provision of outstanding service and interfacing with HNWI Management units and other bank and Group departments to satisfy the most complex customer needs.</p>
TEAM LEADER	<p>Manage their team, implementing business policies and coordinating the personnel reporting to them.</p>

#### Fideuram Network - Personal Financial Advisers - Staff numbers by rank

RANK	2015	2014	2013
Area Managers	5	5	5
Divisional Managers	20	21	22
Regional Managers	102	106	113
Group Managers/ Supervisors	321	309	411
Personal Financial Advisers	3,141	3,131	3,018
<b>Total</b>	<b>3,589</b>	<b>3,572</b>	<b>3,569</b>

#### Sanpaolo Invest Network - Personal Financial Advisers - Staff numbers by rank

RANK	2015	2014	2013
Area Managers	2	2	2
Divisional Managers	10	10	10
Regional Managers	50	55	55
Group Managers/ Supervisors	164	170	184
Personal Financial Advisers	1,210	1,235	1,284
<b>Total</b>	<b>1,436</b>	<b>1,472</b>	<b>1,535</b>

#### Intesa Sanpaolo Private Banking Network - Personal Financial Advisers - Staff numbers by rank (\*)

RANK	2015	2014	2013
Private Banking Branch Managers	115	120	123
Team Leaders	68	63	52
Executive Personal Financial Advisers	46	33	34
Personal Financial Advisers	563	567	581
Global Relationship Managers	4	-	-
<b>Total</b>	<b>796</b>	<b>783</b>	<b>790</b>

(\*) Not including freelancers on agency contracts.

## Fideuram Network - Personal Financial Advisers - Average age by rank

RANK	2015	< 30 YEARS	30-40 YEARS	40-50 YEARS	50-60 YEARS	OVER 60 YEARS	AVERAGE AGE
Area Managers	5	-	-	-	1	4	59
Divisional Managers	20	-	-	-	15	5	56
Regional Managers	102	-	-	19	66	17	54
Group Managers/Supervisors	321	-	6	90	168	57	53
Personal Financial Advisers	3,141	70	336	757	1,120	858	53
<b>Total</b>	<b>3,589</b>	<b>70</b>	<b>342</b>	<b>866</b>	<b>1,370</b>	<b>941</b>	<b>53</b>

## Intesa Sanpaolo Private Banking Network - Personal Financial Advisers - Average age by rank (\*)

RANK	2015	< 30 YEARS	30-40 YEARS	40-50 YEARS	50-60 YEARS	OVER 60 YEARS	AVERAGE AGE
Private Banking Branch Managers	115	-	-	48	59	8	52
Team Leaders	68	-	1	29	32	6	51
Executive Personal Financial Advisers	46	-	2	25	17	2	49
Personal Financial Advisers	563	2	91	257	197	16	47
Global Relationship Managers	4	-	-	1	3	-	54
<b>Total</b>	<b>796</b>	<b>2</b>	<b>94</b>	<b>360</b>	<b>308</b>	<b>32</b>	<b>48</b>

(\*) Not including freelancers on agency contracts.

## Sanpaolo Invest Network - Personal Financial Advisers - Average age by rank

RANK	2015	< 30 YEARS	30-40 YEARS	40-50 YEARS	50-60 YEARS	OVER 60 YEARS	AVERAGE AGE
Area Managers	2	-	-	-	1	1	63
Divisional Managers	10	-	-	1	7	2	54
Regional Managers	50	-	1	14	27	8	53
Group Managers/Supervisors	164	-	7	67	65	25	51
Personal Financial Advisers	1,210	26	92	407	449	236	51
<b>Total</b>	<b>1,436</b>	<b>26</b>	<b>100</b>	<b>489</b>	<b>549</b>	<b>272</b>	<b>51</b>

## Fideuram Network - Personal Financial Advisers - Length of service by rank

RANK	2015	< 5 YEARS	5-10 YEARS	10-15 YEARS	15-20 YEARS	OVER 20 YEARS	AVERAGE LENGTH OF SERVICE
Area Manager	5	1	-	-	-	4	23
Divisional Manager	20	-	-	-	2	18	28
Regional Manager	102	2	8	9	34	49	21
Group Manager/Supervisors	321	34	59	39	90	99	16
Personal Financial Advisers	3,141	703	528	257	731	922	15
<b>Total</b>	<b>3,589</b>	<b>740</b>	<b>595</b>	<b>305</b>	<b>857</b>	<b>1,092</b>	<b>15</b>

## Intesa Sanpaolo Private Banking Network - Personal Financial Advisers - Length of service by rank (\*)

RANK	2015	< 5 YEARS	5-10 YEARS	10-15 YEARS	15-20 YEARS	OVER 20 YEARS	AVERAGE LENGTH OF SERVICE
Private Banking Branch Managers	115	-	2	14	8	91	26
Team Leaders	68	-	3	1	5	59	27
Executive Personal Financial Advisers	46	-	2	4	7	33	23
Personal Financial Advisers	563	18	91	66	64	324	21
Global Relationship Managers	4	-	-	-	-	4	31
<b>Total</b>	<b>796</b>	<b>18</b>	<b>98</b>	<b>85</b>	<b>84</b>	<b>511</b>	<b>22</b>

(\*) Not including freelancers on agency contracts.

## Sanpaolo Invest Network - Personal Financial Advisers - Length of service by rank

RANK	2015	< 5 YEARS	5-10 YEARS	10-15 YEARS	15-20 YEARS	OVER 20 YEARS	AVERAGE LENGTH OF SERVICE
Area Managers	2	1	-	-	-	1	13
Divisional Managers	10	2	-	1	-	7	20
Regional Managers	50	15	3	7	4	21	15
Group Managers/Supervisors	164	38	28	24	33	41	13
Personal Financial Advisers	1,210	493	204	129	177	207	11
<b>Total</b>	<b>1,436</b>	<b>549</b>	<b>235</b>	<b>161</b>	<b>214</b>	<b>277</b>	<b>11</b>

## Fideuram Network - Personal Financial Advisers - Distribution by rank and gender

RANK	2015			2014			2013		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Managers	124	3	127	129	3	132	137	3	140
Personal Financial Advisers	2,923	539	3,462	2,912	528	3,440	2,928	501	3,429
<b>Total</b>	<b>3,047</b>	<b>542</b>	<b>3,589</b>	<b>3,041</b>	<b>531</b>	<b>3,572</b>	<b>3,065</b>	<b>504</b>	<b>3,569</b>

## Intesa Sanpaolo Private Banking Network - Personal Financial Advisers - Distribution by rank and gender (\*)

RANK	2015			2014			2013		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Private Banking Branch Managers	86	29	115	90	30	120	92	31	123
Team Leaders	48	20	68	42	21	63	35	17	52
Executive Personal Financial Advisers	28	18	46	20	13	33	21	13	34
Personal Financial Advisers	352	211	563	362	205	567	370	211	581
Global Relationship Managers	3	1	4	-	-	-	-	-	-
<b>Total</b>	<b>517</b>	<b>279</b>	<b>796</b>	<b>514</b>	<b>269</b>	<b>783</b>	<b>518</b>	<b>272</b>	<b>790</b>

(\*) Not including freelancers on agency contracts.

## Sanpaolo Invest Network - Personal Financial Advisers - Distribution by rank and gender

RANK	2015			2014			2013		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Managers	61	1	62	66	1	67	66	1	67
Personal Financial Advisers	1,091	283	1,374	1,124	281	1,405	1,181	287	1,468
<b>Total</b>	<b>1,152</b>	<b>284</b>	<b>1,436</b>	<b>1,190</b>	<b>282</b>	<b>1,472</b>	<b>1,247</b>	<b>288</b>	<b>1,535</b>

## TEAM

The Team Fideuram project, a radical innovation in our sector launched in 2013, is an agreement between several Personal Financial Advisers in the Fideuram and Sanpaolo Invest Network - a "Team Leader" and one or more "Team Partners" - who decide to work together to increase and support their customers, each contributing their own particular skills and professional experience.

At year-end 2015, just over two years on from its launch, more than 680 Personal Financial Advisers were working together as Team Fideuram teams (over 13% of the Personal Financial Advisers in the Fideuram and Sanpaolo Invest Networks), jointly managing a total of around €4.8bn assets for over 46,000 customers.

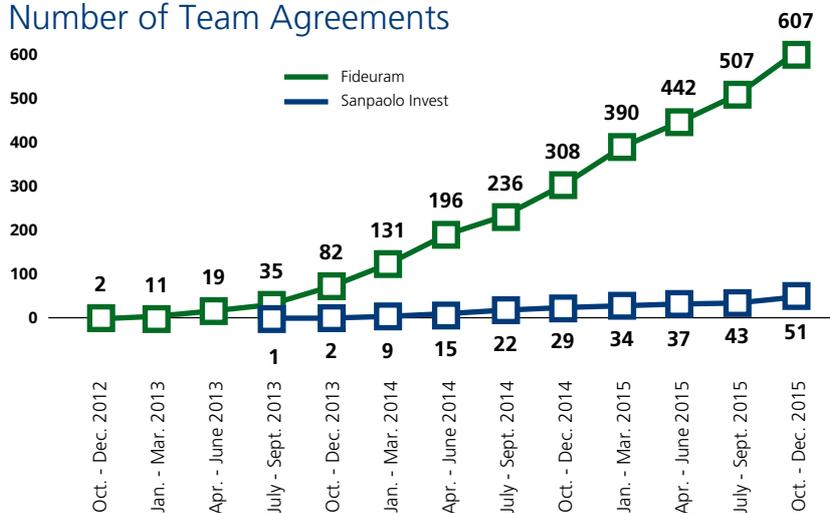
This constant rapid growth confirms that Team Fideuram meets a real need in the Network and that its teamwork approach is set to become the new model for the Personal Financial Adviser profession in the coming years.

# 658

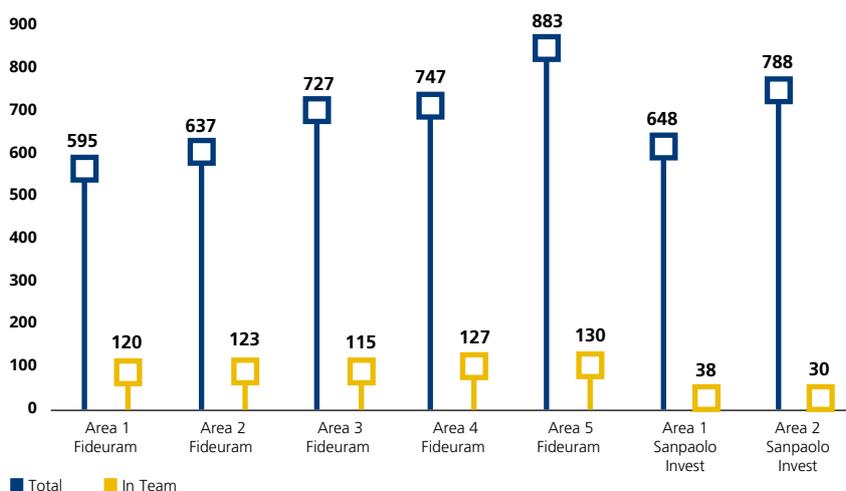
agreements signed in the Network since the launch of Team Fideuram

Trend of continuous growth, with significant acceleration in recent months

### Number of Team Agreements



### Team Fideuram (Number of Personal Financial Advisers)



# 329

Team Leaders

# and 389

Team Partners involving

# 683

Personal Financial Advisers

There may be more than one agreement between a Team leader and Team Partner

## CONTRACTUAL PRACTICES - FIDEURAM AND SANPAOLO INVEST



Relations with the Fideuram and Sanpaolo Invest 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 both 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.

## CONTRACTUAL PRACTICES - INTESA SANPAOLO PRIVATE BANKING



The Personal Financial Advisers at Intesa Sanpaolo Private Banking are direct employees of the bank in the same way as other branch positions. A small number are however freelancers on agency contracts (25 at 31 December 2015).



Fideuram Milan Office.

## REMUNERATION AND INCENTIVES

### Fideuram and Sanpaolo Invest

The remuneration of the Personal Financial Advisers and Managers in the Fideuram and Sanpaolo Invest Networks consists of commission which differs according to position, responsibility and business targets.

This commission is supplemented by bonuses and non-monetary incentives (travel and accommodation incentives).

The bonuses for Personal Financial Advisers and Managers are linked to specific targets for Gross Value Added (GVA), which is a measure of the prospective incremental value generated in one year of Personal Financial Adviser sales activities, and the reaching of a net inflows threshold. There are additional bonuses for Managers only, which regard specific distinctive aspects of their positions and are linked to the achievement of new business targets by the largest number of Personal Financial Advisers supervised (Regional Managers), customer development in terms of high advisory content products and services (Divisional Managers), operating income (Area Managers) and company profitability (all management levels). The focus on recruitment remained high and it was made a factor in the new business bonus in 2015.

The travel and accommodation incentives are restricted to a small number of Personal Financial Advisers and Managers selected on the basis of classifications drawn up in relation to the results obtained.

Dedicated Regulations are provided every year, notifying the Networks of the mechanisms that will be used to incentivise them to achieve their business targets.

The bonus scheme was simplified in 2015 to reduce dispersive differences in focus across the Network, confirming that the primary aims were to increase value in terms of profitability, to support the SEI Advanced Advisory Service and to maintain a strong focus on recruitment.

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.
- Subjected to controls over a long-term time horizon and therefore based on maintaining effective and lasting medium-term results.

The 2015 non-monetary incentives took the customary form of events for the Networks' top-performing Personal Financial Advisers and Managers.

### Intesa Sanpaolo Private Banking

Intesa Sanpaolo Private Banking, which employs its network staff under a contract of employment, also operates a bonus scheme in addition to paying fixed remuneration.

This scheme is based on Key Performance Indicators linked to total net interest and net income, AFI net inflow and quality/risk management indicators. The bonus scheme depends on the Group achieving specified capital targets.

The structure of the scheme is the same irrespective of position, with different bonus levels.

## NETWORK EVENTS IN 2015

### FIDEURAM CUP



New Fideuram Cup! This well-established yacht race was started 15 years ago by a group of Personal Financial Advisers who were also passionate sailing enthusiasts. Over the last two years, the race has grown into a major event, bringing together financial advisers and employees from the Fideuram and Sanpaolo Invest networks, who rose to the challenge for the second consecutive year, racing off the Lazio coast by Santa Marinella. An unseasonably warm late September sun combined with a fantastic climate of competitive and team spirit, but above all of pure fun in the pleasure of taking part, which brought everyone together - captains, helmsmen, deck hands, family and supporters - in a tremendous event that has justifiably become ever more popular each year, with its socialising, briefings, yacht racing and award ceremonies. The crews, including the defending trophy holders from last year, assembled to battle it out in a total of 9 yachts, representing the 7 Fideuram and Sanpaolo Invest areas, with two yachts for Fideuram area 4 plus one for Head Office. "Zerotrenta", the Fideuram area 3 crew, came in first, followed by the two Fideuram area 4 yachts. Among the prizes was the chance to take part in the famous Barcolana regatta in the Gulf of Trieste, where the "Este 24" racing yachts used at the Fideuram Cup were sponsored by the Group for the dedicated challenge events that preceded the final grand regatta.



### MOTIVATIONAL EVENTS

The internal communication events linked to our motivational programmes included a meeting in October 2015 for the sales Network and several of the leading investment companies that are partners of Intesa Sanpaolo Private Banking, which was held in Sardinia for the third consecutive year. Attended by 550 employees from all the bank's Italian branches and from Management, the meeting was a stimulating opportunity to share experiences and insights regarding the markets and the bank's strategic choices and objectives. During the meeting, called "Crescere Insieme" ("Grow Together"), Personal Financial Advisers, Directors and Management addressed the core topics of the year, participating directly in round table discussions on the markets and in the business session the following day.



## TENNIS MEETING

The Foro Italico, Rome's temple of Italian and International competitive sport, hosted the second Group team tennis tournament, which was again held in June. Eighty competitors from the seven areas plus Head Office, playing in every category from "consolation" to "excellence", challenged each other on the historic Pietrangeli court, with Fideuram area 4 holding their title as champions for the second year, while Sanpaolo Invest area 2 took the "consolation" trophy. Three days rich in sporting and social events celebrated the team spirit of the two networks, whose Personal Financial Advisers played alongside their customers for the first time. The closing gala dinner was the occasion of a moving tribute to our colleague Elisabetta Paolucci, who died before her time, with the establishment of a prize in her memory for the best female player in the tournament. In September, the Group team continued to distinguish itself at the 34th European Tennis Tournament for Bankers, with the Fideuram team taking home trophies for second place in the men's doubles, mixed doubles and over-45 singles.



## CHRISTMAS PARTY

Our customary "Christmas Night" celebrating the year's results was held on 16 December 2015 at the Lo Spazio 56 club in Via Savona, Milan.

The evening featured a sit-down dinner accompanied by a spectacular dance and music show called "The Best of Musical", which was followed by a female DJ who inspired everyone to get on their feet, dancing to everything from sixties hits and Rock 'n' Roll to Fred Buscaglione and contemporary indie. Around 500 Personal Financial Advisers and Managers attended.



## SNOW PARTY

Our sixteenth annual skiing competition and fifth "Festa della Neve" competition took place in Madonna di Campiglio, an exclusive skiing resort in the Trentino Dolomites. The high quality accommodation and facilities enabled us to host the winners of the incentive competition and the most recent sports competitions, together with mountain-loving Personal Financial Advisers from the Fideuram and Sanpaolo Invest networks who came with family and friends to enjoy the competition on the Dolomite ski slopes, complete with special brunches, gatherings and entertainment that made for a unique holiday. The four days over the last weekend in March ended with the customary final night of prize-giving and "raffles" that said farewell to winter and looked forward to the coming year's network incentive events.



## SUPERVIAGGIO AND CONVENTION

Fideuram and Sanpaolo Invest once again followed the winning formula of a unique getaway for all our annual bonus recipients, bringing as many of our people together as possible in the week of the Convention where our two networks met in Huelva, on the southern Atlantic coast of Spain. The Barcelò Punta Umbria Beach Resort, 'decked out' in Group colours, formed the backdrop for our Personal Financial Advisers to meet in training workshops, sports competitions and football and tennis championships, along with the races introduced in recent years that have already become traditions, like the 10km *Fideurun*. The resort combined beach leisure with a wide choice of tours around the nature reserve where it is located and to the neighbouring reserves of Doñana, Seville, and El Rocio, as well as to other not-so-well-known but no less extraordinary sites in Andalusia. The resort then transformed from what is largely a place of leisure to provide the setting for the Convention celebrations and plenary session, where our Managing Director analysed the current macroeconomic and strategic scenarios. The second part of the evening was dedicated to the awards ceremony for the top-performing Personal Financial Advisers in both networks, aided by a group of entertainers from the Zelig troupe, before ending with an exclusive "feria" celebration in true Andalusian style in Huelva's Plaza de Toros. The elite winners then travelled straight to Dubai, the main destination for the 2015 *Superviaggio*, for a unique experience of the desert, savouring Arabian delicacies in traditional tents, marvelling at the Tanoura dancers and souks on an unforgettable voyage through a city that mingles tradition and modernity in a skyline of skyscrapers and minarets. The last stop was Oman and its capital Muscat, a marvel of modern efficiency with echoes of *A Thousand and One Nights*, for a final taste of exotic authenticity before returning to Italy.



## GfK EURISKO MARKET RESEARCH SURVEYS

The GfK Eurisko PF Monitor annual market research survey confirmed that the Fideuram Network continued to lead the sector in 2015 for its standing among Italian financial advisers, finding that the Fideuram Network:

- Had an exceptionally high percentage of satisfied Personal Financial Advisers at 98%, securing it an outstanding position compared with other companies in the sector.
- Was considered the best financial advisory network by 54% of respondents.
- Was the outright leader for brand awareness.

In addition, Fideuram was also ranked number one for:

- Professionalism and dependability.
- Growth potential in its reference market.
- Management excellence.
- Placing Financial Advisers at the centre of strategic decisions.
- Focus on network training and financial advisory services.
- Helpfulness and competence of head office staff.

GfK Eurisko again conducted a survey of the Italian Private Banking sector through a substantial number of interviews with Managers and Financial Advisers in the sector, to identify 'best practice' in terms of product offering, financial adviser satisfaction, and the image and attractiveness of Private Banks in Italy.

The Intesa Sanpaolo Private Banking network came first in the final ranking as the bank that is best known and most highly-considered by professionals in the Private Banking sector.

In a market scenario that continues to be challenging for Italy's banks and financial institutions, recognition such as this is especially significant and a source of great satisfaction.

# 98%

Personal Financial Advisers  
satisfied



## MAIN IMPROVEMENT OBJECTIVES FOR 2016

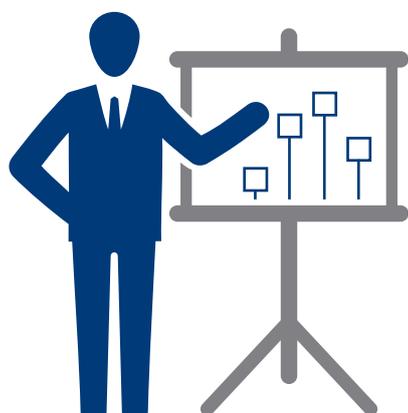
The Group will continue to deploy recruitment as a strategic lever for growth in 2016, focusing on candidates of high professional standing and on gifted young people looking to start out in the profession.

The Group will also continue to develop investment solutions in response to socio-economic changes, focusing in particular on asset protection and the development of dedicated products and services designed to meet customer asset protection needs, through:

- Completing our Personal Financial Adviser digital presence management project, rolling it out across the entire network, opening it to customers and completing the set of functions provided, including the provision of dedicated apps.
- Simplifying the Operating Platform to reduce the time required to complete proposals and manage orders, restyling the interface, improving usability and optimising the system for iPad use.
- Developing a unified customer service front end and gradually rolling it out to the Network, bringing all the functions of the systems currently used by the Network together in a single procedure for analysing customer positions, generating reports and preparing sales proposals.

Lastly, the Group will significantly increase its branch-based sales force with the aim of increasing total client assets and the total number of customers.

### NETWORK TRAINING



#### MAIN OBJECTIVES FOR 2015

Extend the professional profile of Branch Managers, complementing business skills with the specific managerial skills required for the position.

Strengthen business approaches in line with the current scenario.

#### ACTIONS AND RESULTS ACHIEVED

Organised 3 days of class-based theory and practice training, involving Intesa Sanpaolo Private Banking's Compliance Department and Audit Unit, which improved the quality of Branch Managers' work.

Continued top-down process (Branch Managers and Team Leaders) launched in 2013 to promote proactive behaviour and initiative.

*Continued overleaf >>*

>> NETWORK TRAININGI *Continued from previous page*

## MAIN OBJECTIVES FOR 2015

## ACTIONS AND RESULTS ACHIEVED

# 375,307

Training hours

Continue initiatives to equip sales figures with the tools to provide outstanding customer service, stimulate motivation and foster relationship-building, as well as to anticipate and manage market trends effectively.

Launched the View advisory service model and consolidated the career path for new Personal Financial Advisers. The former will be deployed in the sales network in 2016 while the latter delivers immediate returns in professional status through the acquisition of certified expertise that is recognised in the market.

Continue to develop an anti-money laundering culture in the Network as a distinguishing feature of our professionalism and service quality.

Practical further study course with detailed examination of the subject in the context of its application.

Enhance the distinctive features of the service to support Personal Financial Adviser development towards a global advisory service model and to meet all customer needs, including non-financial needs.

A dedicated training programme was created to develop the service model so as to provide Private Banking Advisory Services, supporting our Personal Financial Advisers to acquire the skills and knowledge required to manage complex household assets, including through the analysis of and provision of solutions to meet non-financial needs.

Strengthen the role of Network Management, particularly with respect to the market coverage of the teams coordinated and the proper implementation of the service model by Personal Financial Advisers.

Training sessions were provided to develop managers' ability to support and monitor Personal Financial Advisers' sales work, focusing on the advanced advisory service model and the skills required to provide effective customer needs analysis. Dedicated training sessions were rolled out to develop the competencies that managers require to support their Personal Financial Advisers' efforts to educate customers in economic and financial matters.

Support short and medium-term sales strategies by disseminating sales best practices to improve customer and Personal Financial Adviser profitability, and to align the advanced advisory offering throughout the area.

The format chosen, which combines training activities, shadow training and monitoring for a set period of time, has proven to be extremely effective for professional and sales development. Around 800 Personal Financial Advisers and more than 100 managers were supported with training on the advanced advisory model in 2015.

## FIDEURAM CAMPUS: GROWTH OF OUR PERSONAL FINANCIAL ADVISER TRAINING SCHOOL



Training was delivered both at the Campus site in Peschiera Borromeo, and in-area with the opening of two new light training centres, the GO Campuses in Turin and Rome, which have enabled us to bring training increasingly close to the Networks' area premises.

### TRAINING PROGRAMMES AND INITIATIVES

The main initiatives implemented in 2015 were as follows:

- The top-performing Personal Financial Advisers in terms of professionalism and service personalisation for customers were supported with a workshop analysing market and competitor trends in Private Banking Advisory Services. This consolidated the Personal Financial Advisers' development of their professional role to provide global advisory support, increasing their knowledge of and competency with customer sales and relationship management tools, in line with Fideuram's strategic development. The workshop used active training techniques, exploring textbook case studies in class, where the Personal Financial Advisers' were encouraged to share their concrete experiences.
- Personal Financial Advisers consistently supporting their customers with highly-effective advanced advisory services benefited from a seminar exploring the development of their role from Financial Adviser to Private Banking Personal Financial Adviser. The seminar provided in-depth training on the tools for managing complex household assets and achieving appropriate profitability, including through the analysis of non-financial solutions for protecting and creating value for customers.
- Personal Financial Advisers who had achieved growth and shown strong development potential in the previous three-year period were supported with a training programme on the advanced advisory service model focussed in particular on relational and methodological competencies. The aim was to help the Personal Financial Advisers optimise their customer relationship management by making each customer aware

of the choices made in the management of their assets thanks to their Personal Financial Adviser's support.

The programme was delivered over a six-month period, starting with a training course that analysed the phases in the development of our advanced advisory service, followed in-area with shadow training and training meetings run by Network Management and Head Office staff.

The sales results achieved testify to the effectiveness of this format (Fideuram Programme: approximately 900 Personal Financial Advisers involved).

- A course on the advisory interview was delivered to around 400 Personal Financial Advisers to develop their customer needs analysis competencies, a crucial starting point in the provision of an effectively-personalised advisory service. The course included an analysis of the new questionnaire complying with the Markets in Financial Instruments Directive (MiFID).
- New colleagues joining the Fideuram Network took the 'Entry to the Profession' course, beginning with a Welcome Day presenting the Group, our service model and our corporate mission and values. Our new colleagues also received support to help them prepare for the exam that qualifies them for registration in the Italian Register of Financial Advisers (Albo Promotori Finanziari - APF) and were enrolled in a dedicated course to support their registration in the Italian Unified Register of Insurance Brokers (Registro Unico degli Intermediari Assicurativi). The training programme for new Personal Financial Advisers ends with a two-day course taken after they have gained between 12 and 18 months' experience in the Group, during which the Personal Financial Advisers share their experiences at Fideuram and hone their skills to continue the process of their professional development. At the end of the Entry to the Profession programme, delivered as customised field training under the guidance of our Network Managers, we designed and issued management with multimedia teaching tools to help ensure the uniformly correct dissemination of our product and service offering and of company procedures.
- New Intesa Sanpaolo Private Banking Personal Financial Advisers participated in the following dedicated development courses:

- "Financial Adviser Training" to help prepare for the exam that qualifies them for registration in the Italian National Register of Financial Advisers, with an average 90% success rate for the Personal Financial Advisers involved.
- "Certification of technical financial skills" in conjunction with the Italian Private Banking Association and a number of leading Italian Universities. This training programme enables all our Personal Financial Advisers to consolidate the knowledge that is essential to their role.
- A course on "emotional dynamics in relationships" to prepare colleagues from Assistant positions or from Banca dei Territori area banks to meet the challenges of their new professional context with informed confidence.

### INITIATIVES FOR NETWORK MANAGERS

Courses and seminars were provided for each Fideuram Network management position, principally to develop the following:

- The competencies to provide shadow training for newly-recruited Personal Financial Advisers, supporting them both in the development of their professional and sales competencies, and in adopting the model that characterises Fideuram's distinctive offering.
- The competencies to train Personal Financial Advisers in the correct use of company sales applications.
- The competencies to develop, support and encourage "Financial Education" activities by Personal Financial Advisers for their customers.

Dedicated training was likewise developed for Intesa Sanpaolo Private Banking Branch Managers and Team Leaders, including:

- "The operational culture of control and the role of the Branch Manager at Intesa Sanpaolo Private Banking", designed to enhance Branch Managers' competencies in the management and rationalisation of the activities of the units for which they are responsible, developing managerial awareness and culture in positions that are typically sales focused.
- "Business growth: comparisons, results, new opportunities" - a project for Area Managers, Branch Managers and Team Leaders (approximately 200 people) aiming to stimulate a proactive entrepreneurial approach to the business.

## IN-AREA TRAINING INITIATIVES

Alongside the training developed as part of our Campus project, we also provided in-area training that included the following:

- Insurance and pensions training which involved all the Personal Financial Advisers in the Fideuram and Sanpaolo Invest Networks. This training programme provided a spectrum of courses to suit different levels of competency, segmenting the Personal Financial Advisers in relation to quantitative and qualitative criteria. The subjects covered included the customary refresher training to update on the regulatory framework, together with an analysis of Italian households' need for security and the tools for protecting investments and assets from financial risk and hostile third parties.
- A training course called "Networking with professionals" was delivered to provide support regarding Italy's new legislation on Voluntary Disclosure, involving around 1,000 Personal Financial Advisers. The course equipped the Personal Financial Advisers with comprehensive information on the new developments, together with guidance on providing the related customer management in conjunction with the professionals responsible for handling customer requests and in accordance with the procedure specified in the legislation.
- Special attention was focused on the subject of financial education in 2015, with the delivery of a two-day course called "Financial Salons", designed to develop the skills and tools for organising customer meetings on economic, financial and pension matters.

A shared objective of these courses is also to make Personal Financial Advisers aware that they can play an important social role by taking an active part in the process through which savers improve their understanding of key economic and financial phenomena. In this way, savers can - with the support of their Personal Financial Advisers - develop increased knowledge and understanding of financial concepts and risks in order to make effective decisions to improve their financial well-being.

- Fostering the commitment of Personal Financial Advisers to develop their professional competencies, Fideuram

supported its certified Personal Financial Advisers by developing specialist and insurance & pensions training programmes to help them meet the requirements of maintaining their certification. Support in the form of Study Grants was also provided for those Personal Financial Advisers who passed the certification exam in the year.

## ONLINE LEARNING

Lastly, in addition to the above, a full spectrum of online courses was delivered using our Distance Learning portal, providing training and refresher training updates on compulsory regulatory and legal matters and on our product range.

## NEW TEACHING YEAR OF "ESSERE FIDEURAM, ESSERE CONSULENTE"

Continuing our commitment to offering employment and cultural growth opportunities to motivated young people of merit who have chosen to embark on the profession of Personal Financial Adviser, we delivered our programme "Essere Fideuram, Essere Consulente" ("Being Fideuram, Being a Financial Adviser") for the sixth successive year in 2015, in conjunction with Cattolica del Sacro Cuore university. The programme continued its established format of alternating class-based training and field training, involving around 35 young people.

At the end of 2015, we launched the seventh teaching year of the Project, which will end in the first half of 2016.

## THE VIEW ADVANCED ADVISORY SERVICE MODEL

As part of the business integration and development of the new Private Banking Division, we launched a training course in 2015 to extend the advanced advisory model (SEI) adopted at Fideuram to Intesa Sanpaolo Private Banking's Personal Financial Advisers, with the aim of providing the sales network with increasingly advanced and effective tools and competencies.

## STRESA EXPRESS: A JOURNEY IN WORKING TOGETHER

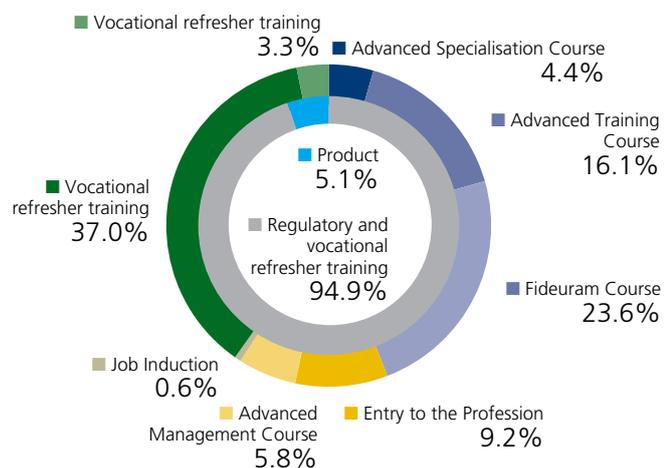
This business and management training project was developed with BlackRock and leading organisational behaviour experts. A total of 75 Personal Financial Advisers were involved, selected with the sales networks, who attended practical group dynamics and interaction workshops based on team-building methods to explore intra-group collaboration, cohesion and mutual support.

## CONFIDENCE AND RESILIENCE

This highly topical subject was explored in a programme for our sales network people, with the aim of promoting a positive and constructive approach in the Group to the difficulties encountered in moments of change.

A total of over 375,000 hours of training were delivered in 2015, including both class-based and distance learning.

## Distribution of Group training hours by Training Area in 2015 (%)



## MAIN IMPROVEMENT OBJECTIVES FOR 2016

Our main objectives for 2016 include the following:

- Provide training on the use of Fideuram's "Alfabeto" platform to enhance and advance customer relations.

The 2016 training initiatives will help our Personal Financial Advisers offer their customers a new way of interacting online using an advanced tool called Fideuram "Alfabeto", designed to complement their traditional face-to-face support.

- Customise our training offering, enabling Network managers to develop a dedicated training plan for each Personal Financial Adviser.

The completion of our training catalogue, consisting of 4 programmes per professional level and 45 training courses covering the 5 key competencies of a Personal Financial Adviser, will make it possible to build custom training programmes to meet the professional and sales needs that Network managers identify in their Personal Financial Advisers.

- Support short- and medium-term sales strategies.

Continue and extend the use of training to support sales initiatives, including short-term initiatives, for work on common programmes. Increase the number of Personal Financial Advisers receiving support and guidance. Collate and disseminate sales best practices.

- Complete actions to involve the network in the View advanced advisory model, creating follow-ups to training activities that have already taken place.
- Extend the "Operational culture of control" initiative to Deputy Managers.
- Disseminate the thinking explored in the "Business growth" project to Personal Financial Advisers in order to provide a further stimulus to proactive individual initiative.
- Continue to focus strong attention on anti-money laundering, launching new training initiatives centred on aspects of the subject that are of particular legal importance.
- Extend access to the WEnglish language training platform, which combines telephone-based training with dedicated online self-study.

## EMPLOYEES

Our human resources play a key role in enabling us to achieve our corporate objectives. To this end, we constantly invest in the professionalism of our employees through organisational and training initiatives that aim to enhance individual competencies and promote their development in the Group.

Total Group staff, including secondments to and from other companies in the Intesa Sanpaolo Group not included in the consolidation of the Fideuram Group and atypical staff, came to 2,928 at 31 December 2015 compared with 2,865 at 31 December 2014, an increase of 63. The breakdown of employees by gender was largely unchanged from the previous financial year, with women accounting for 44% of total Group staff while men accounted for 56%. Group personnel working in Italy accounted for 95% of total employees, while those working outside Italy accounted for 5%.

		31.12.2015	31.12.2014 (*)	31.12.2013 (*)
Fideuram - Intesa Sanpaolo Private Banking	ITALY	1,297	1,163	1,171
Intesa Sanpaolo Private Banking	ITALY	1,267	1,338	1,333
Sanpaolo Invest SIM	ITALY	52	53	50
Sirefid	ITALY	58	60	58
Fideuram Fiduciaria	ITALY	23	19	19
Intesa Sanpaolo Private Bank (Suisse)	SWITZERLAND	23	22	21
Financière Fideuram	FRANCE	1	1	1
Euro-Trésorerie	FRANCE	3	3	3
<b>Asset Management</b>		<b>204</b>	<b>206</b>	<b>214</b>
Fideuram Asset Management (Ireland)	IRELAND	52	52	53
Fideuram Bank (Luxembourg) (**)	LUXEMBOURG	65	67	71
Fideuram Investimenti SGR	ITALY	87	87	90
<b>Total</b>		<b>2,928</b>	<b>2,865</b>	<b>2,870</b>

(\*) Restated taking the changes in the scope of consolidation into account so that straight comparisons can be made. The figures in particular take into account the employees of Intesa Sanpaolo Private Banking, Sirefid and Intesa Sanpaolo Private Bank (Suisse), which became part of the Group from 30 June 2015.

(\*\*) Including the employees acquired following the merger with Fideuram Gestions S.A. with effect from 1 January 2015.

### Fideuram Group employees in and outside Italy

	MEN			WOMEN			TOTAL		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Directors	63	66	64	8	7	8	71	73	72
Executive Management	1,112	1,117	1,128	654	644	644	1,766	1,761	1,772
Professional Areas	446	425	428	619	603	597	1,065	1,028	1,025
Temporary work agency and project work contracts	12	2	1	14	1	-	26	3	1
<b>Total</b>	<b>1,633</b>	<b>1,610</b>	<b>1,621</b>	<b>1,295</b>	<b>1,255</b>	<b>1,249</b>	<b>2,928</b>	<b>2,865</b>	<b>2,870</b>

### Fideuram Group employees in Italy

	MEN			WOMEN			TOTAL		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Directors	54	57	55	8	7	8	62	64	63
Executive Management	1,060	1,067	1,073	627	618	617	1,687	1,685	1,690
Professional Areas	412	390	394	597	578	573	1,009	968	967
Temporary work agency and project work contracts	12	2	1	14	1	-	26	3	1
<b>Total</b>	<b>1,538</b>	<b>1,516</b>	<b>1,523</b>	<b>1,246</b>	<b>1,204</b>	<b>1,198</b>	<b>2,784</b>	<b>2,720</b>	<b>2,721</b>

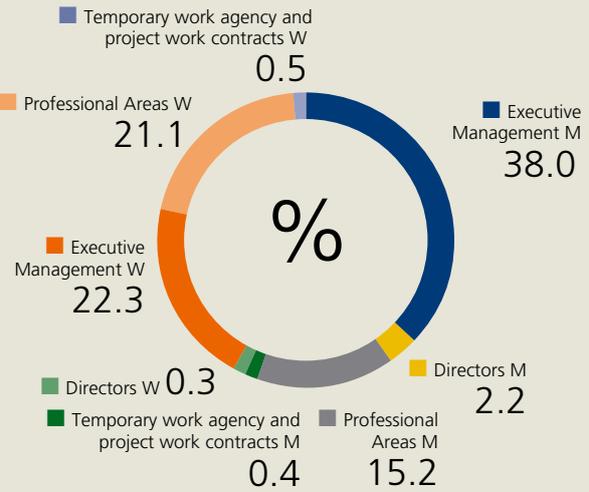
### Fideuram Group employees outside Italy

	MEN			WOMEN			TOTAL		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Directors	9	9	9	-	-	-	9	9	9
Executive Management	52	50	55	27	26	27	79	76	82
Professional Areas	34	35	34	22	25	24	56	60	58
Temporary work agency and project work contracts	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>95</b>	<b>94</b>	<b>98</b>	<b>49</b>	<b>51</b>	<b>51</b>	<b>144</b>	<b>145</b>	<b>149</b>

### EMPLOYEES BY CATEGORY AND GENDER %



**2,928**  
employees

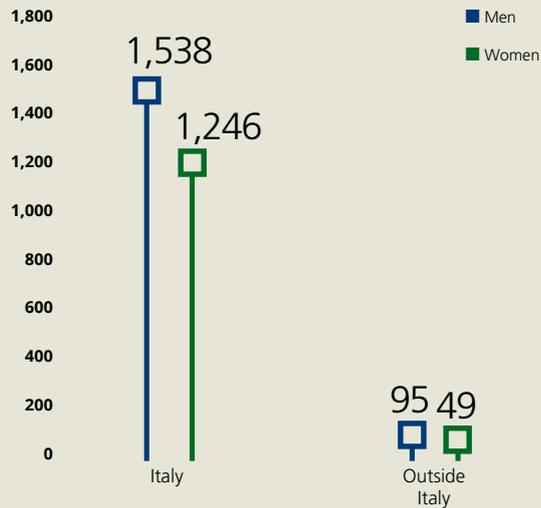


### EMPLOYEES BY GEOGRAPHICAL AREA AND GENDER



44%  
Women

56%  
Men



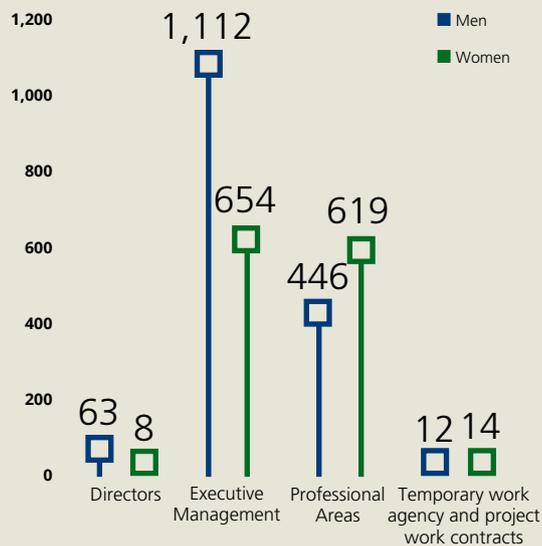
### EMPLOYEES BY CATEGORY AND GENDER



2% Directors

61% Executive Management

37% Professional Areas



98.7% of Group staff were employed on open-ended contracts (99.6% in 2014).

## Staff contracts

### TOTAL

	MEN			WOMEN			TOTAL		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Open-ended	1,614	1,603	1,616	1,277	1,250	1,246	2,891	2,853	2,862
Fixed-term	6	4	3	3	3	2	9	7	5
Work-entry contracts	-	-	-	-	-	-	-	-	-
Apprenticeship contracts	1	1	1	1	1	1	2	2	2
Temporary work agency and project work contracts	12	2	1	14	1	-	26	3	1
<b>Total</b>	<b>1,633</b>	<b>1,610</b>	<b>1,621</b>	<b>1,295</b>	<b>1,255</b>	<b>1,249</b>	<b>2,928</b>	<b>2,865</b>	<b>2,870</b>

### ITALY

	MEN			WOMEN			TOTAL		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Open-ended	1,520	1,510	1,519	1,228	1,201	1,196	2,748	2,711	2,715
Fixed-term	5	3	2	3	1	1	8	4	3
Work-entry contracts	-	-	-	-	-	-	-	-	-
Apprenticeship contracts	1	1	1	1	1	1	2	2	2
Temporary work agency and project work contracts	12	2	1	14	1	-	26	3	1
<b>Total</b>	<b>1,538</b>	<b>1,516</b>	<b>1,523</b>	<b>1,246</b>	<b>1,204</b>	<b>1,198</b>	<b>2,784</b>	<b>2,720</b>	<b>2,721</b>

### OUTSIDE ITALY

	MEN			WOMEN			TOTAL		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Open-ended	94	93	97	49	49	50	143	142	147
Fixed-term	1	1	1	-	2	1	1	3	2
Work-entry contracts	-	-	-	-	-	-	-	-	-
Apprenticeship contracts	-	-	-	-	-	-	-	-	-
Temporary work agency and project work contracts	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>95</b>	<b>94</b>	<b>98</b>	<b>49</b>	<b>51</b>	<b>51</b>	<b>144</b>	<b>145</b>	<b>149</b>

A total of 248 people, amounting to approximately 8% of all employees, were on part-time contracts, 97.6% of them women, to whom this type of contract appeals due to the flexibility it offers in one's work and therefore to meet family commitments.

## Full-time/Part-time Split

### TOTAL

	MEN			WOMEN			TOTAL		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Full-time staff	1,627	1,605	1,614	1,053	1,007	1,013	2,680	2,612	2,627
Part-time staff	6	5	7	242	248	236	248	253	243
<b>Total</b>	<b>1,633</b>	<b>1,610</b>	<b>1,621</b>	<b>1,295</b>	<b>1,255</b>	<b>1,249</b>	<b>2,928</b>	<b>2,865</b>	<b>2,870</b>

### ITALY

	MEN			WOMEN			TOTAL		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Full-time staff	1,532	1,511	1,516	1,020	973	978	2,552	2,484	2,494
Part-time staff	6	5	7	226	231	220	232	236	227
<b>Total</b>	<b>1,538</b>	<b>1,516</b>	<b>1,523</b>	<b>1,246</b>	<b>1,204</b>	<b>1,198</b>	<b>2,784</b>	<b>2,720</b>	<b>2,721</b>

### OUTSIDE ITALY

	MEN			WOMEN			TOTAL		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Full-time staff	95	94	98	33	34	35	128	128	133
Part-time staff	-	-	-	16	17	16	16	17	16
<b>Total</b>	<b>95</b>	<b>94</b>	<b>98</b>	<b>49</b>	<b>51</b>	<b>51</b>	<b>144</b>	<b>145</b>	<b>149</b>

Personnel aged under 50 accounted for 61% of all staff at the end of 2015, while 58.5% of staff were in the 30-50 year-old age group.

## Staff age

### TOTAL

	DIRECTORS			EXECUTIVE MANAGEMENT			PROFESSIONAL AREAS			TEMPORARY WORK AGENCY AND PROJECT WORK CONTRACTS			TOTAL		
	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013
Up to 30	-	-	-	-	1	1	63	57	95	8	-	-	71	58	96
30 to 50	26	27	32	920	985	1,120	751	761	752	17	-	-	1,714	1,773	1,904
Over 50	45	46	40	846	775	651	251	210	178	1	3	1	1,143	1,034	870
<b>Total</b>	<b>71</b>	<b>73</b>	<b>72</b>	<b>1,766</b>	<b>1,761</b>	<b>1,772</b>	<b>1,065</b>	<b>1,028</b>	<b>1,025</b>	<b>26</b>	<b>3</b>	<b>1</b>	<b>2,928</b>	<b>2,865</b>	<b>2,870</b>

### ITALY

	DIRECTORS			EXECUTIVE MANAGEMENT			PROFESSIONAL AREAS			TEMPORARY WORK AGENCY AND PROJECT WORK CONTRACTS			TOTAL		
	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013
Up to 30	-	-	-	-	-	-	56	48	84	8	-	-	64	48	84
30 to 50	22	24	26	850	920	1,046	713	719	712	17	-	-	1,602	1,663	1,784
Over 50	40	40	37	837	765	644	240	201	171	1	3	1	1,118	1,009	853
<b>Total</b>	<b>62</b>	<b>64</b>	<b>63</b>	<b>1,687</b>	<b>1,685</b>	<b>1,690</b>	<b>1,009</b>	<b>968</b>	<b>967</b>	<b>26</b>	<b>3</b>	<b>1</b>	<b>2,784</b>	<b>2,720</b>	<b>2,721</b>

### OUTSIDE ITALY

	DIRECTORS			EXECUTIVE MANAGEMENT			PROFESSIONAL AREAS			TEMPORARY WORK AGENCY AND PROJECT WORK CONTRACTS			TOTAL		
	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013
Up to 30	-	-	-	-	1	1	7	9	11	-	-	-	7	10	12
30 to 50	4	3	6	70	65	74	38	42	40	-	-	-	112	110	120
Over 50	5	6	3	9	10	7	11	9	7	-	-	-	25	25	17
<b>Total</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>79</b>	<b>76</b>	<b>82</b>	<b>56</b>	<b>60</b>	<b>58</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>144</b>	<b>145</b>	<b>149</b>

The average age of personnel is shown below:

## Average age of personnel

### TOTAL

	2015	2014	2013
Men	48	47	46
Women	46	45	44
Directors	52	52	51
Executive Management	49	48	48
Professional Areas	42	41	40



# 47 years

Average age of personnel

### ITALY

	2015	2014	2013
Men	48	47	46
Women	46	45	44
Directors	52	52	52
Executive Management	50	49	48
Professional Areas	42	41	40

### OUTSIDE ITALY

	2015	2014	2013
Men	43	42	41
Women	43	42	42
Directors	52	52	51
Executive Management	43	44	43
Professional Areas	40	39	39

The largest length of service group was general staff with more than 25 years of service, who accounted for 34.7% of all employees. 47.3% of staff had accrued more than 20 years' service.

## Staff length of service

### TOTAL

	DIRECTORS			EXECUTIVE MANAGEMENT			PROFESSIONAL AREAS			TEMPORARY WORK AGENCY AND PROJECT WORK CONTRACTS			TOTAL		
	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013
Up to 5 years	6	5	6	45	33	45	139	127	167	26	3	1	216	168	219
5 to 10 years	8	12	6	157	182	220	297	301	300	-	-	-	462	495	526
10 to 15 years	24	19	21	232	294	310	178	227	226	-	-	-	434	540	557
15 to 20 years	8	7	7	276	208	186	147	77	55	-	-	-	431	292	248
20 to 25 years	10	12	14	285	379	389	74	104	104	-	-	-	369	495	507
Over 25 years	15	18	18	771	665	622	230	192	173	-	-	-	1,016	875	813
<b>Total</b>	<b>71</b>	<b>73</b>	<b>72</b>	<b>1,766</b>	<b>1,761</b>	<b>1,772</b>	<b>1,065</b>	<b>1,028</b>	<b>1,025</b>	<b>26</b>	<b>3</b>	<b>1</b>	<b>2,928</b>	<b>2,865</b>	<b>2,870</b>

### ITALY

	DIRECTORS			EXECUTIVE MANAGEMENT			PROFESSIONAL AREAS			TEMPORARY WORK AGENCY AND PROJECT WORK CONTRACTS			TOTAL		
	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013
Up to 5 years	5	4	4	32	24	32	118	107	149	26	3	1	181	138	186
5 to 10 years	5	11	6	133	158	192	274	274	272	-	-	-	412	443	470
10 to 15 years	23	19	20	219	274	289	173	222	221	-	-	-	415	515	530
15 to 20 years	8	6	6	262	201	176	146	75	54	-	-	-	416	282	236
20 to 25 years	8	9	10	275	366	381	73	101	101	-	-	-	356	476	492
Over 25 years	13	15	17	766	662	620	225	189	170	-	-	-	1,004	866	807
<b>Total</b>	<b>62</b>	<b>64</b>	<b>63</b>	<b>1,687</b>	<b>1,685</b>	<b>1,690</b>	<b>1,009</b>	<b>968</b>	<b>967</b>	<b>26</b>	<b>3</b>	<b>1</b>	<b>2,784</b>	<b>2,720</b>	<b>2,721</b>

### OUTSIDE ITALY

	DIRECTORS			EXECUTIVE MANAGEMENT			PROFESSIONAL AREAS			TEMPORARY WORK AGENCY AND PROJECT WORK CONTRACTS			TOTAL		
	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013
Up to 5 years	1	1	2	13	9	13	21	20	18	-	-	-	35	30	33
5 to 10 years	3	1	-	24	24	28	23	27	28	-	-	-	50	52	56
10 to 15 years	1	-	1	13	20	21	5	5	5	-	-	-	19	25	27
15 to 20 years	-	1	1	14	7	10	1	2	1	-	-	-	15	10	12
20 to 25 years	2	3	4	10	13	8	1	3	3	-	-	-	13	19	15
Over 25 years	2	3	1	5	3	2	5	3	3	-	-	-	12	9	6
<b>Total</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>79</b>	<b>76</b>	<b>82</b>	<b>56</b>	<b>60</b>	<b>58</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>144</b>	<b>145</b>	<b>149</b>

The average length of service of personnel is shown below:

## Average length of service of personnel



# 19 years

Average length of service

### TOTAL

	2015	2014	2013
Men	20	19	18
Women	19	18	17
Directors	17	18	18
Executive Management	22	18	20
Professional Areas	15	14	13

### ITALY

	2015	2014	2013
Men	20	19	19
Women	19	18	17
Directors	17	18	18
Executive Management	23	22	21
Professional Areas	15	15	13

### OUTSIDE ITALY

	2015	2014	2013
Men	9	10	9
Women	14	13	13
Directors	15	19	18
Executive Management	12	13	11
Professional Areas	8	8	8

44.4% of staff held a University degree and/or postgraduate qualification.

## Education

### TOTAL

	MEN			WOMEN			TOTAL		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Degree, Masters or Diploma	715	682	681	586	554	528	1,301	1,236	1,209
Secondary School	823	832	848	643	639	660	1,466	1,471	1,508
Other	95	96	92	66	62	61	161	158	153
<b>Total</b>	<b>1,633</b>	<b>1,610</b>	<b>1,621</b>	<b>1,295</b>	<b>1,255</b>	<b>1,249</b>	<b>2,928</b>	<b>2,865</b>	<b>2,870</b>

### ITALY

	MEN			WOMEN			TOTAL		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Degree, Masters or Diploma	653	623	620	561	531	506	1,214	1,154	1,126
Secondary School	799	808	823	631	623	643	1,430	1,431	1,466
Other	86	85	80	54	50	49	140	135	129
<b>Total</b>	<b>1,538</b>	<b>1,516</b>	<b>1,523</b>	<b>1,246</b>	<b>1,204</b>	<b>1,198</b>	<b>2,784</b>	<b>2,720</b>	<b>2,721</b>

### OUTSIDE ITALY

	MEN			WOMEN			TOTAL		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Degree, Masters or Diploma	62	59	61	25	23	22	87	82	83
Secondary School	24	24	25	12	16	17	36	40	42
Other	9	11	12	12	12	12	21	23	24
<b>Total</b>	<b>95</b>	<b>94</b>	<b>98</b>	<b>49</b>	<b>51</b>	<b>51</b>	<b>144</b>	<b>145</b>	<b>149</b>

## TURNOVER

A total of 180 new employees were recruited in 2015, 52 through inter-company transfers within the Intesa Sanpaolo Group and the remaining 128 in the market. The gender split of these new employees was 56% male staff and 44% female staff.

# 180

new employees

A total of 117 staff left the Group, 36 as the result of transfers within the Intesa Sanpaolo Group and 81 as a result of termination of service. 66% of these employees were male staff and 34% female staff.

### Turnover by category of employment

#### TOTAL

	JOINED 2015			JOINED 2014			JOINED 2013		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Directors	11	2	13	5	-	5	-	-	-
Managers	32	17	49	33	25	58	50	31	81
Professional Areas	44	42	86	39	30	69	46	52	98
Temporary work agency and project work contracts	13	19	32	1	1	2	-	-	-
<b>Total</b>	<b>100</b>	<b>80</b>	<b>180</b>	<b>78</b>	<b>56</b>	<b>134</b>	<b>96</b>	<b>83</b>	<b>179</b>

	LEFT 2015			LEFT 2014			LEFT 2013		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Directors	14	1	15	6	1	7	4	2	6
Managers	39	14	53	57	32	89	54	21	75
Professional Areas	21	19	40	26	17	43	22	22	44
Temporary work agency and project work contracts	3	6	9	-	-	-	-	-	-
<b>Total</b>	<b>77</b>	<b>40</b>	<b>117</b>	<b>89</b>	<b>50</b>	<b>139</b>	<b>80</b>	<b>45</b>	<b>125</b>

#### ITALY

	JOINED 2015			JOINED 2014			JOINED 2013		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Directors	10	2	12	5	-	5	-	-	-
Managers	25	16	41	31	24	55	45	31	76
Professional Areas	39	40	79	32	27	59	39	50	89
Temporary work agency and project work contracts	13	19	32	1	1	2	-	-	-
<b>Total</b>	<b>87</b>	<b>77</b>	<b>164</b>	<b>69</b>	<b>52</b>	<b>121</b>	<b>84</b>	<b>81</b>	<b>165</b>

	LEFT 2015			LEFT 2014			LEFT 2013		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Directors	13	1	14	6	1	7	4	2	6
Managers	33	14	47	50	30	80	49	20	69
Professional Areas	16	14	30	20	15	35	19	18	37
Temporary work agency and project work contracts	3	6	9	-	-	-	-	-	-
<b>Total</b>	<b>65</b>	<b>35</b>	<b>100</b>	<b>76</b>	<b>46</b>	<b>122</b>	<b>72</b>	<b>40</b>	<b>112</b>

## OUTSIDE ITALY

	JOINED 2015			JOINED 2014			JOINED 2013		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Directors	1	-	1	-	-	-	-	-	-
Managers	7	1	8	2	1	3	5	-	5
Professional Areas	5	2	7	7	3	10	7	2	9
Temporary work agency and project work contracts	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>13</b>	<b>3</b>	<b>16</b>	<b>9</b>	<b>4</b>	<b>13</b>	<b>12</b>	<b>2</b>	<b>14</b>

	LEFT 2015			LEFT 2014			LEFT 2013		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Directors	1	-	1	-	-	-	-	-	-
Managers	6	-	6	7	2	9	5	1	6
Professional Areas	5	5	10	6	2	8	3	4	7
Temporary work agency and project work contracts	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>12</b>	<b>5</b>	<b>17</b>	<b>13</b>	<b>4</b>	<b>17</b>	<b>8</b>	<b>5</b>	<b>13</b>

## Turnover by contract of employment

## TOTAL

	JOINED 2015			JOINED 2014			JOINED 2013		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Open-ended	83	58	141	72	53	125	92	80	172
Fixed-term	4	3	7	5	2	7	3	2	5
Work-entry contracts	-	-	-	-	-	-	-	-	-
Apprenticeship contracts	-	-	-	-	-	-	1	1	2
Temporary work agency and project work contracts	13	19	32	1	1	2	-	-	-
<b>Total</b>	<b>100</b>	<b>80</b>	<b>180</b>	<b>78</b>	<b>56</b>	<b>134</b>	<b>96</b>	<b>83</b>	<b>179</b>

	LEFT 2015			LEFT 2014			LEFT 2013		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Open-ended	72	31	103	85	49	134	79	43	122
Fixed-term	2	3	5	4	1	5	1	2	3
Work-entry contracts	-	-	-	-	-	-	-	-	-
Apprenticeship contracts	-	-	-	-	-	-	-	-	-
Temporary work agency and project work contracts	3	6	9	-	-	-	-	-	-
<b>Total</b>	<b>77</b>	<b>40</b>	<b>117</b>	<b>89</b>	<b>50</b>	<b>139</b>	<b>80</b>	<b>45</b>	<b>125</b>

## ITALY

	JOINED 2015			JOINED 2014			JOINED 2013		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Open-ended	70	55	125	64	50	114	81	79	160
Fixed-term	4	3	7	4	1	5	2	1	3
Work-entry contracts	-	-	-	-	-	-	-	-	-
Apprenticeship contracts	-	-	-	-	-	-	1	1	2
Temporary work agency and project work contracts	13	19	32	1	1	2	-	-	-
<b>Total</b>	<b>87</b>	<b>77</b>	<b>164</b>	<b>69</b>	<b>52</b>	<b>121</b>	<b>84</b>	<b>81</b>	<b>165</b>

	LEFT 2015			LEFT 2014			LEFT 2013		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Open-ended	60	28	88	73	45	118	71	38	109
Fixed-term	2	1	3	3	1	4	1	2	3
Work-entry contracts	-	-	-	-	-	-	-	-	-
Apprenticeship contracts	-	-	-	-	-	-	-	-	-
Temporary work agency and project work contracts	3	6	9	-	-	-	-	-	-
<b>Total</b>	<b>65</b>	<b>35</b>	<b>100</b>	<b>76</b>	<b>46</b>	<b>122</b>	<b>72</b>	<b>40</b>	<b>112</b>

## OUTSIDE ITALY

	JOINED 2015			JOINED 2014			JOINED 2013		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Open-ended	13	3	16	8	3	11	11	1	12
Fixed-term	-	-	-	1	1	2	1	1	2
Work-entry contracts	-	-	-	-	-	-	-	-	-
Apprenticeship contracts	-	-	-	-	-	-	-	-	-
Temporary work agency and project work contracts	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>13</b>	<b>3</b>	<b>16</b>	<b>9</b>	<b>4</b>	<b>13</b>	<b>12</b>	<b>2</b>	<b>14</b>

	LEFT 2015			LEFT 2014			LEFT 2013		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Open-ended	12	3	15	12	4	16	8	5	13
Fixed-term	-	2	2	1	-	1	-	-	-
Work-entry contracts	-	-	-	-	-	-	-	-	-
Apprenticeship contracts	-	-	-	-	-	-	-	-	-
Temporary work agency and project work contracts	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>12</b>	<b>5</b>	<b>17</b>	<b>13</b>	<b>4</b>	<b>17</b>	<b>8</b>	<b>5</b>	<b>13</b>

## Turnover by age and gender

## TOTAL

	JOINED 2015			JOINED 2014			JOINED 2013		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
up to 30	23	20	43	4	5	9	11	9	20
from 30 to 50	59	53	112	57	41	98	66	59	125
over 50	18	7	25	17	10	27	19	15	34
<b>Total</b>	<b>100</b>	<b>80</b>	<b>180</b>	<b>78</b>	<b>56</b>	<b>134</b>	<b>96</b>	<b>83</b>	<b>179</b>

	LEFT 2015			LEFT 2014			LEFT 2013		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
up to 30	1	9	10	2	2	4	2	1	3
from 30 to 50	41	15	56	63	30	93	49	28	77
over 50	35	16	51	24	18	42	29	16	45
<b>Total</b>	<b>77</b>	<b>40</b>	<b>117</b>	<b>89</b>	<b>50</b>	<b>139</b>	<b>80</b>	<b>45</b>	<b>125</b>

## ITALY

	JOINED 2015			JOINED 2014			JOINED 2013		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
up to 30	21	19	40	3	4	7	7	8	15
from 30 to 50	48	51	99	49	38	87	59	58	117
over 50	18	7	25	17	10	27	18	15	33
<b>Total</b>	<b>87</b>	<b>77</b>	<b>164</b>	<b>69</b>	<b>52</b>	<b>121</b>	<b>84</b>	<b>81</b>	<b>165</b>

	LEFT 2015			LEFT 2014			LEFT 2013		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
up to 30	-	8	8	1	2	3	1	-	1
from 30 to 50	33	11	44	51	26	77	42	25	67
over 50	32	16	48	24	18	42	29	15	44
<b>Total</b>	<b>65</b>	<b>35</b>	<b>100</b>	<b>76</b>	<b>46</b>	<b>122</b>	<b>72</b>	<b>40</b>	<b>112</b>

## OUTSIDE ITALY

	JOINED 2015			JOINED 2014			JOINED 2013		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
up to 30	2	1	3	1	1	2	4	1	5
from 30 to 50	11	2	13	8	3	11	7	1	8
over 50	-	-	-	-	-	-	1	-	1
<b>Total</b>	<b>13</b>	<b>3</b>	<b>16</b>	<b>9</b>	<b>4</b>	<b>13</b>	<b>12</b>	<b>2</b>	<b>14</b>

	LEFT 2015			LEFT 2014			LEFT 2013		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
up to 30	1	1	2	1	-	1	1	1	2
from 30 to 50	8	4	12	12	4	16	7	3	10
over 50	3	-	3	-	-	-	-	1	1
<b>Total</b>	<b>12</b>	<b>5</b>	<b>17</b>	<b>13</b>	<b>4</b>	<b>17</b>	<b>8</b>	<b>5</b>	<b>13</b>

## Drop-out rate by gender and age

(%)

## TOTAL

	2015	2014
Men	4.8	5.5
Women	3.2	4.0
<b>Total</b>	<b>4.1</b>	<b>4.8</b>
up to 30	13.0	4.2
from 30 to 50	3.1	4.9
over 50	5.2	4.8

## ITALY

	2015	2014
Men	4.3	5.0
Women	2.9	3.8
<b>Total</b>	<b>3.7</b>	<b>4.5</b>
up to 30	11.9	3.6
from 30 to 50	2.6	4.3
over 50	5.0	4.9

## OUTSIDE ITALY

	2015	2014
Men	12.8	13.3
Women	9.8	8.0
<b>Total</b>	<b>11.7</b>	<b>11.0</b>
up to 30	20.0	8.3
from 30 to 50	10.9	13.3
over 50	12.0	-

## Joining rate by gender and age

(%)

## TOTAL

	2015	2014
Men	6.2	4.8
Women	6.4	4.5
<b>Total</b>	<b>6.3</b>	<b>4.7</b>
up to 30	55.8	9.4
from 30 to 50	6.2	5.1
over 50	2.5	3.1

## ITALY

	2015	2014
Men	5.7	4.5
Women	6.4	4.3
<b>Total</b>	<b>6.0</b>	<b>4.4</b>
up to 30	59.7	8.3
from 30 to 50	5.9	5.0
over 50	2.6	3.0

## OUTSIDE ITALY

	2015	2014
Men	13.8	9.2
Women	5.9	7.8
<b>Total</b>	<b>11.0</b>	<b>8.7</b>
up to 30	30.0	16.7
from 30 to 50	11.8	9.2
over 50	-	-

Positive turnover (joined 2015/staff at beginning of year) was 6.3%, while negative turnover (left 2015/staff at beginning of year) was 4.1%.

Total staff turnover (joined+left/average staff) was 10.3% in 2015 (9.6% in Italy and 22.8% outside Italy).

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

#### TOTAL

	2015					2014					2013				
	MEN	%	WOMEN	%	TOTAL	MEN	%	WOMEN	%	TOTAL	MEN	%	WOMEN	%	TOTAL
Promotions to Director	-	-	-	-	-	3	4.2	-	-	3	3	4.8	-	-	3
Promotions within Executive Management	7	28.0	4	12.1	11	9	12.7	10	20.8	19	29	46.0	18	32.1	47
Promotions to Executive Management	1	4.0	7	21.2	8	15	21.1	7	14.6	22	11	17.5	9	16.1	20
Promotions within Professional Areas	17	68.0	22	66.7	39	44	62.0	31	64.6	75	20	31.7	29	51.8	49
<b>Total</b>	<b>25</b>	<b>100.0</b>	<b>33</b>	<b>100.0</b>	<b>58</b>	<b>71</b>	<b>100.0</b>	<b>48</b>	<b>100.0</b>	<b>119</b>	<b>63</b>	<b>100.0</b>	<b>56</b>	<b>100.0</b>	<b>119</b>

#### ITALY

	2015					2014					2013				
	MEN	%	WOMEN	%	TOTAL	MEN	%	WOMEN	%	TOTAL	MEN	%	WOMEN	%	TOTAL
Promotions to Director	-	-	-	-	-	3	4.2	-	-	3	3	5.1	-	-	3
Promotions within Executive Management	7	28.0	4	12.1	11	9	12.7	10	20.8	19	26	44.1	16	29.6	42
Promotions to Executive Management	1	4.0	7	21.2	8	15	21.1	7	14.6	22	11	18.6	9	16.7	20
Promotions within Professional Areas	17	68.0	22	66.7	39	44	62.0	31	64.6	75	19	32.2	29	53.7	48
<b>Total</b>	<b>25</b>	<b>100.0</b>	<b>33</b>	<b>100.0</b>	<b>58</b>	<b>71</b>	<b>100.0</b>	<b>48</b>	<b>100.0</b>	<b>119</b>	<b>59</b>	<b>100.0</b>	<b>54</b>	<b>100.0</b>	<b>113</b>

#### OUTSIDE ITALY

	2015					2014					2013				
	MEN	%	WOMEN	%	TOTAL	MEN	%	WOMEN	%	TOTAL	MEN	%	WOMEN	%	TOTAL
Promotions to Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Promotions within Executive Management	-	-	-	-	-	-	-	-	-	-	3	75.0	2	100.0	5
Promotions to Executive Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Promotions within Professional Areas	-	-	-	-	-	-	-	-	-	-	1	25.0	-	-	1
<b>Total</b>	<b>-</b>	<b>4</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>6</b>									

## Percentage of employees receiving regular assessments of performance and career development

### TOTAL

	2015	2014	2013
% employees	98.3	98.2	97.8

### ITALY

	2015	2014	2013
% employees	98.4	98.4	97.9

### OUTSIDE ITALY

	2015	2014	2013
% employees	95.8	94.8	94.1

Employees on open-ended contracts who are not in managerial assessment systems undergo an annual performance review if they have been present for a period of more than 110 working days in the reference year.

## CONTRACTUAL RELATIONS

The National Collective Bargaining Agreement covers all our employees in Italy, who account for 95% of total Group staff.

The Italian companies in the Group adhere to the following collective bargaining agreements:

- Agreement for senior managers employed by credit, financial and operating institutions (approximately 2.25% of employees).
- Agreement for executive managers and professional area personnel employed by credit, financial and operating institutions (approximately 97.75% of employees).

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 45 days at company level and 50 days at Group-level.

The basic remuneration of female staff provided for by the National Collective Bargaining Agreement does not differ from that paid to male staff where either grading or seniority is concerned.

The minimum remuneration applicable in the Group for new recruits is likewise that provided for by the sector National Collective Bargaining Agreement for the different personnel categories in question. Outside Italy, they are aligned with the regulatory provisions and cost of living in the countries concerned.



## RELATIONSHIPS WITH TRADE UNION ORGANISATIONS

We held numerous information and discussion meetings with Trade Union Organisations in 2015, focused on matters of specific company interest.

Intesa Sanpaolo and the Group's Trade Union Representatives signed a second-level collective bargaining agreement applicable to all personnel in the Group companies covered by the National Collective Bargaining Agreement for the credit sector.

This agreement governs important aspects of the working life of Group personnel in accordance with the provisions of the National Collective Bargaining Agreement. The agreements signed govern, inter alia, the Variable Performance-Related Bonus for the 2015 financial year and Supplementary Welfare.

The supplementary welfare agreements brought in a series of measures to support Group personnel and their families, including:

- Time Banks that build 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 incentivise the take up of paternity leave, leave for personnel with serious diseases to attend specialist medical appointments, leave to assist children with learning difficulties, and voluntary additional leave at 35% remuneration up to a maximum of 15 working days.

## Disciplinary action taken against colleagues

(No.)

### TOTAL

	2015	2014	2013
Written warning and verbal or written reprimand	5	8	9
Reduction in pay	-	6	-
Suspension from service without pay (from 1 to 10 days)	9	2	4
Dismissal for cause or justified reason	-	-	3
Disciplinary penalties for corruption of colleagues	-	-	-
Dismissals for corruption	-	-	-

### ITALY

	2015	2014	2013
Written warning and verbal or written reprimand	5	4	9
Reduction in pay	-	6	-
Suspension from service without pay (from 1 to 10 days)	9	2	4
Dismissal for cause or justified reason	-	-	3
Disciplinary penalties for corruption of colleagues	-	-	-
Dismissals for corruption	-	-	-

### OUTSIDE ITALY

	2015	2014	2013
Written warning and verbal or written reprimand	-	4	-
Reduction in pay	-	-	-
Suspension from service without pay (from 1 to 10 days)	-	-	-
Dismissal for cause or justified reason	-	-	-
Disciplinary penalties for corruption of colleagues	-	-	-
Dismissals for corruption	-	-	-

A number of changes were made in the supplementary health care support provided by the Group's Health Care Fund to meet the needs of larger families and to cater for substantial dental expenses, as well as to limit the outlay of spouses receiving survivor's pensions.

Lastly, an agreement was signed that consolidates the experience acquired in 2015, confirming flexible working as the model on which the Group's working practices are based.

We held the annual meetings provided for in the National Collective Bargaining Agreement and in the Group Agreement to present our corporate data and position, and also addressed specific problems regarding staff and work organisation in the local meetings held in accordance with the former said agreement.

Approximately 50.8% of staff were members of a trade union.

Employees dedicated the equivalent of 875 working days to trade union activities in 2015.

The Group's regulations - in line with those of the Intesa Sanpaolo Group - improve on the provisions of Italy's national collective bargaining agreements. In particular, there are special provisions regarding flexible working hours, reduced lunch breaks (to leave work earlier), area mobility, leave for family, personal or study reasons, part-time employment, pensions and insurance cover.

## VULNERABLE EMPLOYEES

Staff belonging to categories of vulnerable persons as defined by Italian law No. 68/1999 totalled 174 as follows:

### ITALY (\*)

	2015	2014	2013
Disabled	123	113	111
Other	51	52	54
<b>Total</b>	<b>174</b>	<b>165</b>	<b>165</b>

(\*) Law No. 68/1999 only applies to the Group's Italian subsidiaries.

Approximately 3,397 days of leave were granted in the year to employees with serious illnesses or to care for family members with serious diseases.

## DEVELOPMENT OF HUMAN RESOURCES



One of the most significant developments in 2015 was the launch of the "New Division" project which led to the creation of the Private Banking Division and a new shared corporate identity that brings together and synergistically enhances the excellence of the Fideuram Group and Intesa Sanpaolo Private Banking in the provision of financial advisory services, asset management and fiduciary services. Training played a key role supporting this important innovation, and made a vital contribution to establishing a shared vision, strong and harmonious cohesion, and an internal culture of collaboration, listening and mutual support.

An overview of the major training provided is presented below:

- **"Together towards the Division"** an integration initiative involving all the managers of the companies in and outside Italy that were brought together in the new division, with the objective of promoting professional knowledge and dialogue to create the optimal operating environment of collaboration and mutual trust in which to launch the Division effectively. In addition, a communication plan was implemented to ensure all employees were fully informed about

the creation of the new Division, with every manager distributing key project information to their staff in a clear and concrete format designed to stimulate commitment, motivation and engagement.

- **"I present well"** an initiative to strengthen public speaking skills designed for all the managers in the Operational Governance Department and staff departments. This initiative adopted a strong practical approach to achieve a tangible improvement in presentation and communication skills, which are essential in a period of integration, using "live" presentation exercises in order to provide every participant with targeted feedback that could be implemented immediately.
- **"Building resilience"** a course on this subject which had also been run in parallel for the Sales Network in prior years, was provided as a dedicated initiative for central department staff at Intesa Sanpaolo Private Banking with a view to fostering a positive and constructive approach to the difficulties encountered in moments of change.
- **"Taking care"** a dedicated training initiative for Information Systems and Operating Services managers, coordinators and staff, delivered to

a total of approximately 250 people with the aim of consolidating a service culture centred on trust, cooperation and listening.

- **"Process improvement workshops"** an interactive course that allows the people involved to explore solutions for managing the work of the departments where they work more efficiently and effectively, simultaneously developing cohesion and consensus within the work group. Further training on process efficiency and streamlining are planned for 2016 with the adoption of renowned internationally certified "Lean Banking" tools and methods.
- **"IT security"** a programme to disseminate an understanding of the implications of the risks involved in operational and business activities involving a high level of technology. The training was initially provided for a group of staff with a specific interest in deepening their knowledge of the subject and then rolled out to all company departments in consideration of the growing need to build a foundation of related competencies in every unit to protect against the risk impacts connected with their area of operations.

- **Development initiatives for staff at Fideuram Branches and Assistants at Intesa Sanpaolo Private Banking** branches, consisting of the following respectively:

For Fideuram

- **“The branches in the business of the Private Banking Division”** a motivational initiative designed to inspire strong engagement, enabling a group of approximately 50 staff to interact “live” with representatives of the bank’s top management, discussing matters related to their job prospects in the light of the development of the bank’s business.
- **“Lending growth”** a programme designed to develop lending-related competencies in order to support an area that is experiencing strong growth. A broad range of personnel were involved in a programme of training sessions delivered by leading experts from the bank.

For Intesa Sanpaolo Private Banking

- **“Navigating the world of finance”** essential training to consolidate the consistent use of correct financial language in order to ensure effective communication with the sales network.

- **“Quality of operations”** training in the technical competencies required in certain branch areas for the bank to offer its customers high service quality.

- **“Lending in private banking”** training on Intesa Sanpaolo Private Banking’s lending operations, tailored with the help of the Credit and Marketing departments.

- **Sector regulations**, specifically addressing training needs regarding Anti-Money Laundering and Health & Safety. The anti-money laundering training combined class-based and on-the-job training with online training to suit the trainees’ positions. For Health & Safety, we completed training in the use of defibrillators and launched an extensive refresher training programme in first aid skills.
- **WEnglish**, a language training system that combines telephone-based training with a dedicated online self-learning platform, will be developed further in 2016.

The training participation of vulnerable employees was aided by our having joined Intesa Sanpaolo’s dedicated initiatives.

Lastly, three aspects of our people development initiatives are worthy of special note:

- The valuable contribution of the colleagues that helped deliver the training, who were greatly appreciated for their professionalism, passion, helpfulness and commitment to sharing their skills and knowledge with others.
- Confirmation of the validity of the choice made in recent years to bring our professional coaching in house, delivered to the highest accreditation and certification standards (recognised by the International Coach Federation), which enabled our Executives and Managers to make regular strategic use of the tool again in 2015, benefiting from quality support with an outstanding cost/benefit ratio.
- Our individual coaching initiatives continued with a high level of customisation that made it possible to maximise the alignment of personal identity and job performance. The experience thus acts as an accelerator of leadership capabilities together with change and complexity management competencies, strengthening the capacity to adapt to changing scenarios while promoting lucidity and focus in the face of new challenges, as well as developing modes of behaviour that build team spirit and integration.

## Training by Subject Matter

## TOTAL

SUBJECT MATTER	2015		2014		2013	
	HOURS	%	HOURS	%	HOURS	%
Management	16,186	13.6	19,909	18.0	15,966	14.4
Sales & Marketing	5,551	4.7	2,181	2.0	7,938	7.1
Operations	16,181	13.6	7,836	7.1	4,903	4.4
Lending	3,824	3.2	4,626	4.2	3,109	2.8
Finance	25,559	21.5	38,101	34.5	37,587	33.8
Outside Italy	2	-	5	-	3	-
Information Technology	2,952	2.5	1,744	1.6	3,446	3.1
Specialist	38,171	32.2	28,673	26.0	31,581	28.5
Languages	10,287	8.7	7,311	6.6	6,603	5.9
<b>Total hours delivered</b>	<b>118,713</b>	<b>100.0</b>	<b>110,386</b>	<b>100.0</b>	<b>111,136</b>	<b>100.0</b>

## ITALY

SUBJECT MATTER	2015		2014		2013	
	HOURS	%	HOURS	%	HOURS	%
Management	16,086	13.9	19,815	18.2	15,928	14.5
Sales & Marketing	5,551	4.8	2,181	2.0	7,939	7.2
Operations	16,032	13.8	7,648	7.0	4,850	4.4
Lending	3,824	3.3	4,620	4.2	3,109	2.8
Finance	24,975	21.6	37,769	34.7	37,156	33.9
Outside Italy	2	-	5	-	3	-
Information Technology	2,448	2.1	1,604	1.5	3,280	3.0
Specialist	37,283	32.2	28,328	26.2	31,358	28.6
Languages	9,654	8.3	6,754	6.2	6,131	5.6
<b>Total hours delivered</b>	<b>115,855</b>	<b>100.0</b>	<b>108,724</b>	<b>100</b>	<b>109,754</b>	<b>100.0</b>

## OUTSIDE ITALY

SUBJECT MATTER	2015		2014		2013	
	HOURS	%	HOURS	%	HOURS	%
Management	100	3.5	94	5.7	38	2.7
Sales & Marketing	-	-	-	-	-	-
Operations	149	5.2	188	11.3	53	3.8
Lending	-	-	6	0.4	-	-
Finance	584	20.4	332	20.0	431	31.2
Outside Italy	-	-	-	-	-	-
Information Technology	504	17.7	140	8.4	166	12.0
Specialist	888	31.2	345	20.8	222	16.1
Languages	633	22.1	557	33.4	472	34.2
<b>Total hours delivered</b>	<b>2,858</b>	<b>100.0</b>	<b>1,662</b>	<b>100.0</b>	<b>1,382</b>	<b>100.0</b>

## Training by type of delivery

## TOTAL

	2015	2014	2013
Class-based training	65,554	57,679	60,504
Distance learning	53,159	52,708	50,631
<b>Total hours of training delivered</b>	<b>118,713</b>	<b>110,386</b>	<b>111,136</b>
No. of participants	2,843	2,530	2,804
Average hours per participant	42	44	40

## ITALY

	2015	2014	2013
Class-based training	62,965	56,177	59,141
Distance learning	52,890	52,548	50,612
<b>Total hours of training delivered</b>	<b>115,855</b>	<b>108,724</b>	<b>109,754</b>
No. of participants	2,714	2,432	2,705
Average hours per participant	43	45	41

## OUTSIDE ITALY

	2015	2014	2013
Class-based training	2,589	1,502	1,363
Distance learning	269	160	19
<b>Total hours of training delivered</b>	<b>2,858</b>	<b>1,662</b>	<b>1,382</b>
No. of participants	129	98	99
Average hours per participant	22	17	14

Training by category and type  
(average hours per person)

## TOTAL

	2015	2014	2013
Directors			
Male	46	32	35
Female	27	31	50
Executive Management			
Male	46	49	46
Female	44	49	44
Professional Areas			
Male	37	40	30
Female	35	30	29

## ITALY

	2015	2014	2013
Directors			
Male	52	34	38
Female	27	31	50
Executive Management			
Male	47	51	48
Female	45	50	44
Professional Areas			
Male	38	41	31
Female	35	30	29

## OUTSIDE ITALY

	2015	2014	2013
Directors			
Male	13	16	10
Female	-	-	-
Executive Management			
Male	21	11	13
Female	15	18	26
Professional Areas			
Male	24	28	9
Female	39	16	16

## Health and safety training

## TOTAL

	2015	2014	2013
Hours of health and safety training	6,185	1,144	1,957
Participants	992	204	388

## ITALY

	2015	2014	2013
Hours of health and safety training	5,855	1,136	1,921
Participants	928	203	373

## OUTSIDE ITALY

	2015	2014	2013
Hours of health and safety training	330	8	36
Participants	64	1	15

Dedicated induction training programmes are provided for new staff, whereas targeted refresher training programmes are provided for staff who are changing positions.

Special attention was dedicated to training initiatives focused on preventing corruption, including the continuation of our class-based and distance training regarding Italian Legislative Decree No. 231/2001.

## Dedicated corruption prevention training

(%)

### TOTAL

	2015	2014	2013
Directors	1.8	1.7	3.7
Executive Management	61.4	72.2	53.1
Professional Areas	36.8	26.1	43.2
<b>Training hours</b>	<b>6,181</b>	<b>4,690</b>	<b>1,389</b>
<b>No. of participants</b>	<b>1,894</b>	<b>1,294</b>	<b>669</b>

### OUTSIDE ITALY

	2015	2014	2013
Directors	7.2	7.6	1.8
Executive Management	60.0	52.8	52.7
Professional Areas	32.8	39.6	45.5
<b>Training hours</b>	<b>551</b>	<b>158</b>	<b>61</b>
<b>No. of participants</b>	<b>125</b>	<b>53</b>	<b>55</b>

### ITALY

	2015	2014	2013
Directors	1.5	1.5	3.9
Executive Management	61.4	73.0	53.1
Professional Areas	37.1	25.5	43.0
<b>Training hours</b>	<b>5,630</b>	<b>4,532</b>	<b>1,328</b>
<b>No. of participants</b>	<b>1,769</b>	<b>1,241</b>	<b>614</b>

## Training on Italian Legislative Decree No. 231/2001 (\*)

	2015	2014	2013
Training hours pursuant to Italian Legislative Decree No. 231/2001	1,780	161	414
<b>No. of participants</b>	<b>1,341</b>	<b>87</b>	<b>377</b>

(\*) Italian Legislation that only applies to staff resident in Italy.

## Absence rate by reason (out of theoretical working days) (\*)

(%)

### TOTAL

ABSENCE RATE BY REASON	2015		2014		2013
	MEN	WOMEN	MEN	WOMEN	TOTAL
Illness	2.74	3.82	2.33	3.60	3.06
Accidents	0.10	0.15	0.12	0.16	0.10
Personal and family reasons	0.20	0.66	0.27	0.49	0.40
Public service leave	-	-	0.01	-	0.03
Blood donor leave	0.07	0.02	0.07	0.02	0.04
Disability	0.39	0.70	0.31	0.78	0.53
Other	0.06	0.02	0.02	0.01	0.07

### ITALY

ABSENCE RATE BY REASON	2015		2014		2013
	MEN	WOMEN	MEN	WOMEN	TOTAL
Illness	2.77	3.84	2.41	3.55	3.09
Accidents	0.09	0.16	0.12	0.17	0.11
Personal and family reasons	0.20	0.67	0.27	0.50	0.42
Public service leave	-	-	0.01	-	0.03
Blood donor leave	0.08	0.02	0.07	0.02	0.04
Disability	0.42	0.73	0.33	0.81	0.55
Other	0.04	0.02	0.02	0.02	0.04

### OUTSIDE ITALY

ABSENCE RATE BY REASON	2015		2014		2013
	MEN	WOMEN	MEN	WOMEN	TOTAL
Illness	2.33	3.38	1.11	4.72	2.49
Accidents	0.18	0.04	0.01	0.02	0.04
Personal and family reasons	0.17	0.27	0.29	0.15	0.17
Public service leave	-	-	-	-	-
Blood donor leave	0.01	0.03	0.01	0.04	0.01
Disability	-	-	-	-	-
Other	0.31	0.09	-	-	0.68

(\*) The absence rate is the ratio of the total number of days absent to total theoretical working days (220) shown as a percentage.

## EMPLOYEE HEALTHCARE, PENSIONS AND SERVICES

In line with Intesa Sanpaolo's human resource management policies and related tools, we offer a complete spectrum of staff benefits and concessions, including:

- Complementary social security.
- 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.

The Group includes company welfare in its internal regulations, offering its employees flexible work solutions such as leave, parental leave, flexible working start and finish times, and part-time work. The regulations likewise provide for special economic terms and benefits, including for families of children with disabilities, recreational and sports clubs, and company benefits to cover employees' nursery, infant and primary school fees.

These benefits are the same for full-time and part-time employees.

### Parental Leave

	2015	2014	2013
<b>Italy</b>			
Number of employees who took parental leave	216	179	164
Male	31	7	9
Female	185	172	155
Number of employees who returned at end of leave	188	135	108
Male	31	7	9
Female	157	128	99
Number of employees who returned and were still employees of the bank for the next 12 months	154	161	109
Male	7	9	4
Female	147	152	105
Parental leave return rate <sup>1</sup>	85%	75%	66%
Male	97%	100%	100%
Female	83%	74%	64%
Retention rate of returned employees who were still employees <sup>2</sup>	86%	98%	n.d.
Male	100%	100%	n.d.
Female	85%	98%	n.d.

1. Number of employees who returned at end of leave over number of employees who took parental leave.

2. Number of employees who took parental leave in 2014, returned to work in the next 12 months and were still employees at 31.12.2015 over the number of employees who took parental leave in 2014.

n.a.: data not available

## SUPPLEMENTARY PENSION FUNDS



Almost all the employees of Fideuram and the Italian companies in the Group pay voluntary contributions to Supplementary Pension Funds.

The supplementary pension scheme offers employees the benefits of company contributions, the option of early withdrawals and tax relief at the marginal rate on contributions paid.

Outside Italy, subsidiaries Fideuram Asset Management (Ireland) and Fideuram Bank (Luxembourg) have each set up a defined-contribution supplementary pension scheme 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 and Luxembourg.

## 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 Accident Prevention, Safety and Environmental Protection Service ensures that occupational health and safety, and environmental protection laws and regulations are complied with correctly.

A total of 107 occupational health and safety inspections were carried out across the Group in 2015. During the year, 31 employees were involved in accidents at work with work absence, and said absences totalled approximately 5,910 hours or 788 working days. Only 4 of these accidents occurred in the workplace, while the remaining 27 accidents occurred on the journey between home and work (while travelling).

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.

There were no raids on Fideuram premises in 2015.

### Health and Safety: rates (\*)

	2015				2014				2013	
	ITALY		OUTSIDE ITALY		ITALY		OUTSIDE ITALY		ITALY	OUTSIDE ITALY
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	TOTAL	TOTAL
Accident rate	1.02	1.36	3.83	2.47	1.76	2.42	2.58	2.38	1.47	2.44
at work	0.08	0.19	1.28	-	0.16	0.50	-	-	0.09	-
travelling	0.95	1.17	2.55	2.47	1.60	1.91	2.58	2.38	1.38	2.44
Occupational illness rate	-	-	-	-	-	-	-	-	-	-
Accident severity rate	24.43	42.41	48.48	9.89	33.10	44.10	2.58	4.75	28.02	10.58
Absentee rate	3.81%	5.68%	3.00%	3.80%	3.28%	5.12%	1.42%	4.93%	4.48%	3.40%

(\*) The accident rate is the ratio of the total number of accidents in the year to the total number of theoretical working hours, multiplied by 200,000.

The occupational illness rate is the ratio of the total number of occupational illness claims divided by the total number of theoretical working hours, multiplied by 200,000.

The accident severity rate is the ratio of the total number of working days lost (to accidents at work and occupational illnesses) to the total number of theoretical working hours, multiplied by 200,000.

The absentee rate is the ratio of the total number of days lost (to illness, accidents, public service leave, leave for blood donations etc., absences pursuant to Italian Law 104/92 and trade union meetings/strikes) to the total number of theoretical working days of all employees at period-end, shown as a percentage.

The standardisation factor of 200,000 is specified by the Global Reporting Initiative (GRI) and is derived from 50 working weeks at 40 hours per 100 employees.

There were no occupational illness claims by or serious accidents involving employees.

### Accidents by type

	2015		2014		2013	
	ITALY	OUTSIDE ITALY	ITALY	OUTSIDE ITALY	ITALY	OUTSIDE ITALY
Accidents driving vehicles	13	2	22	2	19	-
Falling/Slipping	9	2	18	1	7	1
Raids	-	-	-	-	-	-
Other	5	-	6	-	7	2

## INTERNAL AUDITING

### COMPLIANCE

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.

Compliance Risk is managed by the Chief Compliance Officer with the support of a dedicated Compliance Unit, in accordance with the supervisory regulations issued by the Bank of Italy on 10 July 2007 and the regulatory provisions issued jointly by the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB) and the Bank of Italy on 29 October 2007. The Chief Compliance Officer acts independently of the operating departments and separately from the internal audit unit, reporting directly to the Managing Director and General Manager. The Compliance Model is governed by the "Fideuram Group Regulations implementing Group Compliance Guidelines" ("Implementing Regulations" hereinafter) approved by the Fideuram - Intesa Sanpaolo Private Banking Board of Directors, adopting the Intesa Sanpaolo "Group Compliance Guidelines" ("Guidelines" hereinafter) and adapting them to the Fideuram Group's operating context and applicable regulations. These Regulations specify the reference regulatory frameworks, compliance roles, responsibilities and main processes with a view to mitigating compliance risk through the synergistic action of all bank staff.

The current Compliance Model complies with the Supervisory Regulations of the Bank of Italy regarding internal audit systems, issued in July 2013 ("New Regulations" hereinafter).

The New Regulations make the compliance unit responsible for compliance risk management in every regulatory area applicable to the bank's business, with the option of grading its duties for those regulations that require appropriate forms of specialist supervision. The current Implementing Regulations have adopted the provisions of the Bank of Italy's New Regulations, taking into account every regulatory area applicable to the Group's operations and identifying any Units in the Group with specialist management responsibilities regarding given regulations.

The Compliance Unit is in particular responsible for establishing our compliance risk management guidelines, policies and methodology rules. The Compliance Unit 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 aforementioned Implementing Regulations require the Compliance Unit to submit an annual report to the Board of Directors, identifying and assessing the main compliance risks, detailing the activities carried out, any critical situations identified and corrective actions formulated, and providing an annual programme setting out the related management interventions. The Unit also prepares detailed reports providing information on particularly significant events when they occur. The Compliance Unit is directly responsible for performing all the tasks that current regulations require of a compliance unit with respect to the regulatory frameworks considered to be most important by the Supervisory Authorities or regarding which it is in any case considered necessary to provide centralised compliance risk management (investment services, market abuse, transparency of contractual conditions, customer protection regulations and initiatives, usury, administrative responsibility of legal persons, insurance and pensions brokerage, remuneration and incentive systems, solicitation to the public and systems of payment).

For all other regulatory areas presenting compliance risks for which Specialist Units with all the necessary competencies have been identified, the duties assigned by the regulations to the compliance unit have been assigned to said Units, without this altering the

Compliance Unit's responsibility for assessing the suitability of the specialist controls used for managing the compliance risk profiles, specifying - in conjunction with the Specialist Units - the appropriate risk assessment methods and risk mitigation procedures, and auditing the suitability of said procedures for preventing compliance risk.

The regulatory areas covered by the Specialist Units - identified on the basis of a continuously-updated detailed analysis of those areas considered to present appreciable risks for the Group - are principally as follows: tax regulations, prudential supervision, data security, privacy protection, business continuity, occupational safety, environmental protection, anti-money laundering, combating the financing of international terrorism, embargoes, transactions with related parties, associated parties, obligations of bank managers, Code of Ethical Conduct and social responsibility, Internal Code of Conduct, and internal and external outsourcing.

The Unit's activities during the year were focused on those regulatory areas considered of greatest importance regarding compliance risk, as follows:

- In the investment services segment, the Unit continued its activities supervising the organisational and procedural system that supports the Group's service model, including with respect to recently issued regulations, such as, for example, the revision of the Markets in Financial Instruments Directive (MiFID), the compliance Guidelines of the European Securities and Market Authority (ESMA), and the Bank of Italy's Supervisory Regulations on remuneration and incentive policies and practices. In addition, the Unit also completed a series of governance and organisational interventions, preparing and updating regulations, processes and procedures, aiming in particular to enhance customer service through strengthening the service model, the management of conflicts of interest and personal transactions, the process for approving new products and services, and the rules governing complex financial products, the launching of new activities and entry into new markets. The compliance activities also included providing the

necessary training initiatives, clearing new products and services and monitoring customer transactions to prevent any market abuse.

- The Unit monitored regulatory developments concerning banking products and services, in particular with regard to transparency, consumer credit and the usury, developing and updating regulations, procedures and operating practices to prevent any offences or breaches of the regulations in force regarding said products and services, and providing guidance and support to the business departments to ensure correct management regarding customer protection legislation.
- The Model of Organisation, Management and Control was updated in accordance with Italian Legislative Decree No. 231/2001 to include the new offences specified therein (self-laundering, child grooming, vote buying, bribery and false or misleading corporate disclosures). In addition, improvements were made to strengthen the Model, ensuring its alignment with company regulations.
- As part of the project for creating the Private Banking Division, an initiative was launched to reorganise our compliance activities and bring the compliance management of a number of regulatory areas at subsidiary Intesa Sanpaolo Private Banking currently handled by the units of Intesa Sanpaolo's Chief Compliance Officer under the responsibility of the bank's Chief Compliance Officer during 2016.

### Corruption risk monitoring

The Fideuram Group has for many years deployed dedicated tools for managing and preventing the risk of corruption offences. The internal regulations that enable us to mitigate corruption risk are principally the following:

- The Intesa Sanpaolo Group Code of Ethical Conduct
- The Group Internal Code of Conduct
- The Model of Organisation, Management and Control compliant with Italian Legislative Decree No. 231/2001.

The attention devoted to preventing corruption risks is considerable across the entire Group, and our Italian companies have updated all their organisational and control models in accordance with Italian Legislative Decree No. 231/2001.

## GROUP ANTI-MONEY LAUNDERING AND EMBARGO UNIT

In compliance with the regulations issued by the Bank of Italy and in implementation of the Intesa Sanpaolo Guidelines, the Chief Compliance Officer is responsible for anti-money laundering, combating the financing of terrorism and managing embargoes, supported by the **Group Anti-Money Laundering and Embargo Unit**, which is independent of the operating units and organisationally separate from the Audit Department. The Chief Compliance Officer acts as the Anti-Money Laundering Officer and Delegated Officer in accordance with article 42 of Italian Legislative Decree No. 231/2007.

The Group Anti-Money Laundering and Embargo Unit is responsible for managing compliance risk where money laundering, combating the financing of terrorism and embargo management are concerned, acting as follows:

- Formulating the Fideuram Group's general compliance risk management guidelines.
- Continuously monitoring Italian and international 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 bank's and its subsidiaries' units and departments, 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 Italian subsidiaries, including in particular Enhanced Customer Due Diligence, controls on the appropriate management of the Single Information Archive 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.
- Performing coordination and control activities for the Group's foreign subsidiaries.

The complex anti-money laundering and embargo activities are governed by their own regulations ("Regulations regarding Anti-Money Laundering and Combating the Financing of Terrorism" and

"Embargo Management Regulations"), approved by the bank's Board of Directors, which have adopted the equivalent Intesa Sanpaolo Group Regulations, adapting them to the operating context and applicable regulations. These Regulations incorporate and coordinate all the regulatory and operative provisions in effect.

In addition to fulfilling its regulatory supervision duties and submitting regular information to the Company Bodies, the Group Anti-Money Laundering and Embargo Unit continued its routine monitoring activities in 2015, namely:

- The proper running of the Single Information Archive, implementing automatic tools for cross-checking the Archive and management systems.
- Monitoring potentially suspicious transactions to assess whether or not they require reporting to the competent authorities.
- Appropriate customer due diligence.

In addition, a series of projects aiming to strengthen anti-money laundering and embargo management were drawn up and the main system enhancements for increasing the efficiency of the related analysis and monitoring processes were implemented.

Lastly, as part of the project for creating the Private Banking Division, an initiative was launched to reorganise our activities regarding anti-money laundering, the combating of the financing of terrorism and embargoes to centralise the management of said regulatory areas for subsidiaries Intesa Sanpaolo Private Banking (currently managed by the Anti-Money Laundering Department of Intesa Sanpaolo) and Sirefid under the responsibility of the bank's Chief Compliance Officer during 2016, and to take over the control and coordination of Intesa Sanpaolo Private Bank (Suisse), currently still handled by Intesa Sanpaolo.

## INTERNAL AUDITING

Internal auditing is carried out by the following organisational units:

- The Networks Audit Unit, which is responsible for auditing the Personal Financial Advisers in the Fideuram and Sanpaolo Invest Networks, as well as the Group's Area Branches and Local Branches.
- The Central Departments and subsidiaries Audit Unit, which is responsible for auditing the activities of the Group's central departments (including with

respect to ICT service processes) and subsidiaries (as an outsourcer for internal audit unit operations), as well as for monitoring the proper performance of internal audits.

The Head of the Audit Department, appointed by the Board of Directors, enjoys the necessary autonomy and independence from the operating departments and reports directly to the Board of Directors, Board of Statutory Auditors and Internal Audit Committee. The duties of the Head of the Audit Department are clearly defined and approved by resolution of the Board of Directors, which also specifies their authority and responsibilities, including the requirements regarding their reporting to the Board of Directors and Internal Audit Committee.

The Head of the Audit Department is in particular required to report monthly to the Board of Statutory Auditors and Internal Audit Committee, and six-monthly to the Board of Directors, on the activities they have performed, including the internal auditing carried out in accordance with specific service contracts for Sanpaolo Invest, Fideuram Investimenti, Fideuram Fiduciaria, Fideuram Asset Management (Ireland), Fideuram Bank (Luxembourg), Euro Trésorerie and Financière Fideuram. The Head of the Audit Department also reports quarterly to the Supervisory Board on the results of the actions carried out in respect of the Model of organisation, management and control in accordance with Italian Legislative Decree No. 231/2001.

Audit activities follow an annual programme that is presented to the Board of Directors following examination by the Board of Statutory Auditors, the Internal Audit Committee and, for those aspects within its remit, the Supervisory Board established in accordance with Italian Legislative Decree No. 231/2001. Audits of the sales networks and bank branches are conducted both through on-the-spot investigations and through a dedicated remote audit IT tool (Audit Information System) developed and constantly updated and implemented for monitoring specific operating areas.

During 2015, the work of 50% of the Personal Financial Advisers in both distribution networks was audited at the

various different levels possible, ranging from analysis of the individual alerts issued by the Audit Information System to the analysis of customer complaints and audits of all the Personal Financial Adviser operating areas, with further on-the-spot investigations where necessary.

A total of 703 audits were carried out across all the Personal Financial Adviser operating areas of both distribution networks in 2015 (503 for Fideuram and 200 for Sanpaolo Invest), 167 of which (approximately 24% of the total) involved further on-the-spot investigations (128 for Fideuram and 39 for Sanpaolo Invest). A total of 5,255 alerts from the Audit Information System were noted and individually validated (4,140 for Fideuram and 1,115 for Sanpaolo Invest), concerning 2,610 Personal Financial Advisers (1,838 for Fideuram and 772 for Sanpaolo Invest). The Department examined 97 cases of customer complaints (73 for Fideuram and 24 for Sanpaolo Invest) to investigate the work of our Personal Financial Advisers.

The Audit Department also provides constant and independent supervision of the proper conduct of the Group's operations and processes to prevent or detect the occurrence of anomalous and risky conduct or situations, monitoring maintenance of the value of activities, including those connected with ethical commitments and social responsibility. Internal Auditing also supports the 231 Supervisory Board in overseeing compliance with the principles and values in the Code of Ethical Conduct.

Intesa Sanpaolo Private Banking's internal auditing is carried out by Intesa Sanpaolo's Central Internal Audit Department and is governed by dedicated service contracts.

During 2015, a total of 21 audits were carried out across all of Intesa Sanpaolo Private Banking's operating areas, 10 of which were carried out on the Network and 11 of which were process audits.

A total of 10 alerts from the Audit Information System concerning 9 branches were noted and individually validated.

The internal auditing of Intesa Sanpaolo Private Banking will be carried out by Fideuram from 2016.

## RISK MANAGEMENT

The monitoring of proprietary credit, financial, operational and reputational risk as well as the risks assumed by customers in respect of the products and services offered by the Division is carried out by the Chief Risk Officer's unit (whose activities are described in section 6.7).

The Chief Risk Officer is independent of the units that generate business and assume risk, reporting hierarchically to the Managing Director and functionally to the Chief Risk Officer of Intesa Sanpaolo. The Chief Risk Officer reports quarterly to the company bodies on the risk situation and the monitoring of compliance with the limits set by Intesa Sanpaolo in its "Risk Appetitive Framework" and other policies, above all regarding capital adequacy, liquidity management and financial risk.

The Chief Risk Officer is a member of the Risk Committees of the Division and of its principal subsidiaries and acts as their Secretary. In particular, the Chief Risk Officer's risk management duties not only cover Fideuram and the Private Banking Division, but also extend to Intesa Sanpaolo Private Banking and other subsidiaries through service contracts and include the functional coordination of the Division companies with internal risk management units.

Following the transfer of Intesa Sanpaolo Private Banking to Fideuram, which became the parent company of the Intesa Sanpaolo Group Private Banking Division in July 2015, the Chief Risk Officer's units have been positioned in the Division. During the second half of 2015 we therefore proceeded to integrate the units of the two aforementioned companies and create two Division units, one dedicated to proprietary risk and regulatory compliance, and the other focused on the financial risks assumed by customers in their portfolios through purchasing the products and services provided by the Division's sales networks.

This involved integrating the companies' proprietary risk reporting, which already used aligned measurement and monitoring systems, in accordance with Intesa Sanpaolo's instructions and guidelines. We are likewise in the process of gradually harmonising our customer risk monitoring, which however still requires dedicated control and analysis tools given our networks' differing distribution modes, make-up of products and services and customer profiles.

## FINANCIAL MANAGEMENT GOVERNANCE

Italian Law No. 262/2005 brought in a number of important new requirements regarding the role and duties of regulatory and supervisory authorities, the composition of Boards of Directors, the provisions regarding conflicts of interest and the protection of non-controlling shareholders. In addition, specific regulations were introduced governing the figure of the Manager responsible for the preparation of the company accounts, who reports directly to the Internal Audit Committee and Board of Directors.

The Manager responsible for the preparation of the company accounts is in particular required to provide suitable administrative and accounting procedures for preparing the financial statements and all other financial communications and to certify that the accounts comply with the International Accounting Standards/International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission. Fideuram has formulated specific guidelines and coordination rules for its Model of Financial Management Governance, 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 audits carried out in 2015 were conducted on those processes assessed as posing the greatest potential risk and regarded certain areas of the administrative accounts management of financial and insurance products and mutual funds, of the management of Personal Financial Adviser commission, Finance, risk control, planning and monitoring, outsourcer monitoring and the monitoring of certain processes supporting the business (Administration, Regulatory and Fiscal Requirements), as well as the processes for managing the Group's technological infrastructure and the applications for its administrative processes.

Upon completion of said activities, the system of internal controls on the financial reporting of Fideuram - Intesa Sanpaolo Private Banking and its subsidiaries was considered to be suitable.

## INTERNAL AUDIT SYSTEM ON IMPLEMENTATION OF THE CODE OF ETHICAL CONDUCT

In accordance with the law and supervisory regulations, the Group has put an internal audit system in place to monitor, measure and audit, among other things, the risks deriving from failure to implement the Code of Ethical Conduct.

### OPERATIONAL AUDIT UNIT

Intesa Sanpaolo Private Banking has an internal Operational Audit Unit that coordinates the audits and operational supervision of the network and reports directly to the General Manager.

In addition to monitoring the Network's prompt compliance with line audits, the Unit's operational supervision includes performing remote audits and on-the-spot investigations directly on the Network's operations.

A branch rating system has been developed and is currently being rolled out to monitor branch operations and identify any potential risks, making it possible to obtain short-form risk assessments of our points of sale so that the Operational Audit Unit can engage in risk-driven planning of its on-the-spot investigations on the ISPB sales network.

Network audits are conducted both through on-the-spot investigations and through dedicated audits for different operating areas (Anti-Money Laundering, Investment Services, Insurance Services, Loans and Operations). A total of 30 on-the-spot investigations were carried out on the Intesa Sanpaolo Private Banking sales network in 2015, examining 30,514 cases relating to 78 audits.

## SOCIAL, ENVIRONMENTAL AND REPUTATIONAL RISK CONTROL

Effective risk management and control are essential to ensure the dependable and sustainable creation of value to protect the Group's financial soundness and reputation. The 231/2001 Model was updated in 2012 to include environmental offences, including those which entail administrative responsibility if committed by an employee, and supplemented with a protocol setting out the principles all employees are required to adopt to prevent the risk of committing environmental offences.

## SOCIAL AND ENVIRONMENTAL RISK MANAGEMENT IN LENDING: ENVIRONMENTAL OFFENCES

The assessment of environmental risk in lending is not limited to large projects, but extends to all the loans granted to any of our different types of customers. A thorough assessment of these potential risks also mitigates the risk of environmental offences being committed. Model 231/2001 has for several years included environmental offences as a sensitive area, recognising that offences in environmental criminal law entail the administrative responsibility of legal persons and consequentially indirect responsibility regarding our customers' actions.

## CONTROVERSIAL SECTORS

Underlining the importance Fideuram attributes to ethics and consistent conduct marked by rigour and integrity, we have adopted the Intesa Sanpaolo S.p.A. Code of Ethical Conduct and Group Internal Code of Conduct, assuming our responsibilities as a financial intermediary and adopting a specific Environmental Policy.

## ASSESSMENT AND MANAGEMENT OF REPUTATIONAL RISK

Fideuram recognises the extreme importance of reputational risk, which is assessed in the compliance risk management system, in the conviction that respect for the law and regulations, together with high standards of propriety in all business relations, are essential in banking. Fideuram has adopted the Intesa Sanpaolo Group Code of Ethical Conduct with the objective of explicitly managing certain reputational risks connected with relations with its stakeholders. The Code establishes a framework of voluntary commitments to all our stakeholders, in accordance with which we have committed to international standards, issued policies for the most sensitive areas, and set improvement objectives every year as part of our sustainability-reporting management process. Following this decision, we put a series of tools in place to monitor implementation of the related commitments and achievement of the specified improvement objectives.

## 4.8.5 Relational capital

This capital consists of intangible resources attributable to the Group's relations with its key stakeholders, necessary to enhance its image, reputation and customer satisfaction.

	2015	2014	2013
Fideuram and Sanpaolo Invest Networks - The average length of customer relationship (years)	12.8	12.7	12.7
Intesa Sanpaolo Private Banking Network - The average length of customer relationship (years)	11.3	11.0	10.9
Complaints (No.)	1,131	1,488	2,227
New Fonditalia Ethical Fund customers (No.)	1,623	652	1,887
New customer net inflows into Fonditalia Ethical Fund (€k)	9,512	6,031	13,172

## CUSTOMERS

### MAIN OBJECTIVES FOR 2015

### ACTIONS AND RESULTS ACHIEVED

Organise local customer events that examine matters of current interest and support a greater understanding of them.

A number of customer events were organised during 2015 with the aim both of consolidating the loyalty of our top customers and of developing new contacts. These initiatives all strengthened personal relationships and helped create a stronger financial culture. Most of our customer events focused on financial education, asset protection and succession management, in all cases highlighting the importance of advisory support.

Extend the reporting content on the customer's household unit.

Extending advisory support to the diagnosis of customers' real estate assets made it possible to extend our reporting on the household unit, introducing a dedicated report with overview and detailed information on their property, including geographical distribution, type and owner, with schedules providing details of the estimated values.

Extend advisory services to the diagnosis of customers' real estate assets, incorporating land registry data, real estate reports, analysis sheets, fiscal impact estimates and strategic mapping of real estate and succession management.

On the service side, we extended our advisory services to the diagnosis of customers' real estate assets, incorporating land registry data, dedicated reports and fiscal impact estimates. We also extended our periodic monitoring and launched specialist support services. The functions of our succession management tool and related App for managing donations, mortgages and term life insurance policies were extended to make succession planning even more detailed. Legal persons were also included in the analysis.

*Continued overleaf >>*

>> CUSTOMERS *Continued from previous page*

MAIN OBJECTIVES FOR 2015	ACTIONS AND RESULTS ACHIEVED
Strengthen our customer profiling model by providing a new questionnaire.	A new, even more in-depth customer profile questionnaire was provided to strengthen our appropriateness model, following the compliance guidelines of the European Securities and Market Authority (ESMA).
Launch a digital presence management project for our Personal Financial Advisers to provide them with innovative tools for communicating with their customers.	The initial functions of the new platform were released to a select group of Personal Financial Advisers, providing a personal site and the initial selection of customer portfolio information. We completed the analysis of our digital-interaction tools and continued the work of specifying the requirements for the new dedicated product range.
Increase profitability.	Sales activity focused on the growth of managed assets, concentrating on converting non-managed assets to managed assets and on covering insurance needs.
Autonomous development and growth of financial assets.	<p>Sales focused mainly on autonomous development, carefully planning the work of each Personal Financial Adviser (personal development plans), and were supported by the provision of dedicated training which involved all Branch Managers and Team Leaders ("Development as a management lever").</p> <p>The main levers for acquiring new financial assets were:</p> <ul style="list-style-type: none"> <li>• Synergies with company and corporate segments.</li> <li>• Referrals to existing customers.</li> <li>• Opportunities arising from Voluntary Disclosure.</li> <li>• The development of lending.</li> <li>• Local events to maximise the loyalty of existing customers and generate new contacts.</li> </ul>
Customer segmentation and specialisation of competencies.	<p>The process of segmenting customers and promoting the specialisation of Network figures was launched with the following initiatives:</p> <ul style="list-style-type: none"> <li>• HNWI Project to create a dedicated service model for High Net Worth Individuals, including specialisation of the network (HNWI Branches) and the establishment of a Department with interdisciplinary competencies (investment solutions, wealth management, real estate and art advisory, lending and corporate advisory).</li> <li>• Opening of the first two HNWI branches, one in Milan and one in Turin, and the deployment of a Central Management Support Team.</li> </ul> <p>Launched the process of establishing balanced teams in branches with a good mix of competencies and portfolios of comparable size.</p>

*Continued overleaf >>*

>> CUSTOMERS *Continued from previous page***MAIN OBJECTIVES FOR 2015****ACTIONS AND RESULTS ACHIEVED**

International growth of sales network

An Intesa Sanpaolo Private Banking branch was opened in London in December with the aim of:

- Serving the Italian customers of the Private Banking Division, and of the Intesa Sanpaolo Group in general, interested in operating directly in the United Kingdom.
- Approaching customer prospects in the community of Italians with a Private Banking profile resident in London.
- Benefiting from the positive effects of the Division's visibility on the market thanks to its presence in a leading financial centre like London.

Relaunch of Intesa Sanpaolo Private Bank (Suisse) in Lugano with the aim of:

- Serving the Italian customers of the Private Banking Division, and of the Intesa Sanpaolo Group in general, interested in operating directly in Switzerland.
- Benefiting from the post-Voluntary Disclosure opportunities of the Swiss market.

In line with our corporate Mission,

“ To help our customers manage their assets wisely, based on a detailed analysis of their real needs and risk profile. To offer financial advisory services covering the full spectrum of our clients' assets with the support of expert professionals, acting with total transparency and complete respect for the rules ”

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, enhanced by the insights of the main market research initiatives, enable the Group to extend and develop its services in line with its customers' evolving needs.

**CUSTOMER PROFILE**

## Fideuram and Sanpaolo Invest Networks

	2015	2014	2013
Customers (thousands)	652	636	623
Client Assets (€m)	94,647	90,161	83,672

## Intesa Sanpaolo Private Banking Network

	2015	2014	2013
Customers (thousands)	35	35	35
Client Assets (€m)	89,361	83,475	78,300

## DISTRIBUTION OF CUSTOMERS BY AGE

The age profile of our customers has not changed significantly in recent years, with the majority being in the over-67 age group (28% of customers with the Fideuram and Sanpaolo Invest Networks and 52% of Intesa Sanpaolo Private Banking customers) and in the 53-67 age group (32% of customers with the Fideuram and Sanpaolo Invest Networks and 31% of Intesa Sanpaolo Private Banking customers), which is to say segments of the population that combine high income with substantial assets and property.

## Fideuram and Sanpaolo Invest Networks

No. of Customers (thousands)

	2015	%	2014	%	2013	%
up to 32 years	46	7	42	7	39	6
33 - 42 years	73	11	75	12	78	13
43 - 52 years	142	22	144	23	145	24
53 - 67 years	201	32	196	31	194	31
over 67 years	178	28	168	27	160	26
<b>Total (*)</b>	<b>640</b>	<b>100</b>	<b>625</b>	<b>100</b>	<b>616</b>	<b>100</b>

(\*) excluding legal persons.

## Intesa Sanpaolo Private Banking Network

No. of Customers (thousands)

	2015	%	2014	%	2013	%
up to 32 years	1	3	-	-	-	-
33 - 42 years	1	3	1	3	1	3
43 - 52 years	4	11	3	9	3	9
53 - 67 years	11	31	11	31	11	31
over 67 years	18	52	20	57	20	57
<b>Total (*)</b>	<b>35</b>	<b>100</b>	<b>35</b>	<b>100</b>	<b>35</b>	<b>100</b>

(\*) excluding legal persons.

## DISTRIBUTION OF CUSTOMERS BY LENGTH OF RELATIONSHIP

The average length of relationship in 2015 was up compared with 2014 at 12.8 years in the case of the Fideuram and Sanpaolo Invest Networks and 11.3 years in the case of Intesa Sanpaolo Private Banking, testifying 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)

	2015	%	2014	%	2013	%
0 - 1 years	79	12	75	12	74	12
2 - 4 years	102	16	96	15	85	14
5 - 7 years	71	11	70	11	68	11
8 - 10 years	61	9	55	9	52	8
11 - 20 years	206	32	216	34	224	36
over 20 years	133	20	124	19	120	19
<b>Total</b>	<b>652</b>	<b>100</b>	<b>636</b>	<b>100</b>	<b>623</b>	<b>100</b>

## Intesa Sanpaolo Private Banking Network

No. of Customers (thousands)

	2015	%	2014	%	2013	%
0 - 1 years	-	-	-	-	-	-
2 - 4 years	6	17	4	11	4	11
5 - 7 years	4	12	6	17	6	17
8 - 10 years	5	14	4	12	4	12
11 - 20 years	16	46	17	49	17	49
over 20 years	4	11	4	11	4	11
<b>Total</b>	<b>35</b>	<b>100</b>	<b>35</b>	<b>100</b>	<b>35</b>	<b>100</b>

### DISTRIBUTION OF CUSTOMERS BY GEOGRAPHICAL AREA

As in prior years, the majority of our customers in 2015 were residents of the Central and Northern Regions of Italy, where most of the country's wealth is concentrated (approximately 87% of Fideuram and Sanpaolo Invest customers and 89% of Intesa Sanpaolo Private Banking customers).

### Fideuram and Sanpaolo Invest Networks

No. of Customers (thousands)

	2015	%	2014	%	2013	%
North-East	136	21	132	21	129	21
North-West	246	38	240	38	235	38
Central	184	28	179	28	176	28
South	55	8	54	8	53	8
Islands	31	5	31	5	30	5
<b>Total</b>	<b>652</b>	<b>100</b>	<b>636</b>	<b>100</b>	<b>623</b>	<b>100</b>

### Intesa Sanpaolo Private Banking Network

No. of Customers (thousands)

	2015	%	2014	%	2013	%
North-East	8	23	7	20	7	20
North-West	18	51	19	54	19	54
Central	5	14	5	14	5	14
South	3	9	3	9	3	9
Islands	1	3	1	3	1	3
<b>Total</b>	<b>35</b>	<b>100</b>	<b>35</b>	<b>100</b>	<b>35</b>	<b>100</b>

Geographical distribution of Fideuram and Sanpaolo Invest customers in 2015



Geographical distribution of Intesa Sanpaolo Private Banking customers in 2015



## COMPARACONTI

In 2015 the PattiChiari consortium changed its mission and all its activities were outsourced, mainly to the Italian Banking Association (ABI).

Fideuram and Intesa Sanpaolo Private Banking continued to support the main Quality Commitments that had previously taken the PattiChiari name and have now been migrated to the ABI's Osservatorio ComparaConti (Account Comparison Monitoring Centre).

The Quality Commitments consist in a series of rules, tools and services adopted by the banks subscribing to ComparaConti in order to promote transparency in customer dialogue and facilitate comparisons of and transfers between products.

Fideuram and Intesa Sanpaolo Private Banking are currently subscribed to the following ComparaConti initiatives:

### CONTI CORRENTI A CONFRONTO (CURRENT ACCOUNTS COMPARED)

- Comparison of current accounts
- Average current account closure times

### TRASFERIBILITA' DEI SERVIZI (TRANSFER OF SERVICES)

- Transfer of payment services (recent legislation - Italian law 33/2015)
- Automatic transfer of securities dossiers
- Automatic collection order transfer

Fideuram and Intesa Sanpaolo Private Banking provided all the info-training aids required to meet these commitments, including brochures and website information for their customers, employees and networks.

## EXTERNAL COMMUNICATIONS

Our external communications were mainly focused on three areas in 2015:

- Publicising the successful growth of our SEI advanced advisory service as a continuation of the campaign already launched in 2014, with the aim of increasing visibility with our target group of high-level Private Banking customers, supporting and recognising our Personal Financial Adviser Networks in their advisory work and facilitating recruitment.
- Presenting our new HNWI branches dedicated to High Net Worth Individual customers and in particular the opening of our London Branch.
- Communications with our networks as part of local and online marketing initiatives.

The Fideuram Group continued to advertise its SEI Advanced Advisory Service in 2015, supporting its solid growth with an advertising campaign centred on a slogan that puns on the fact that SEI not only means "you are" but is also the number six in Italian: "SEI is a prime number".

Drawing on the internal communications expertise of the Intesa Sanpaolo Group and the support of the advertising agency stv DDB, the campaign highlighted the values of excellence and superior support that have constantly distinguished the services the Group provides to its most demanding customers.

The campaign appeared in leading titles of the financial press and sector magazines throughout 2015.

In parallel with this, the naming project for the new advisory service specific to Intesa Sanpaolo Private Banking decided upon the name View.

Our commitment to offering Customers increasingly clear, transparent and comprehensive information continued at Group level in 2015, as did our support for the Network through the production of corporate communications on the core services and service models that the Group offers its various different target customers.

This work included the following in particular:

- The production of ad hoc corporate communications for High Net Worth Individual customers, of Wealth Management communications to support the establishment of our dedicated HUB Service, and of corporate communications presenting Intesa Sanpaolo Private Banking and the Bank's core services.
- The presentation of our London Branch upon the occasion of its opening in December and the updating of the related corporate brochure in English.
- Marketing information on the new insurance products Fideuram Vita Private Mix and Intesa Sanpaolo Vita's Synthesis multi-class policy.
- Improvement of the layout and management of the variable and fixed advices of personalized statements and reports, which customers who have subscribed to our internet banking service can also consult online.

Lastly, there was a significant increase in the communications of our Personal Financial Adviser Networks in 2015, which were increasingly focused on linking the image of our financial advisory services with a variety of local sports and charitable initiatives.

In addition to sports events, our Personal Financial Advisers and network managers sponsored a large number of cultural events, dedicating their energies to raising the profile of our Group brands and of their own role as a leading local professionals. There was also an increase in the number of meetings and seminars on the economic scenarios organised to develop financial culture.

The networks continued to take a keen interest in social and professional networks, which are recognised as new routes to making contact with customer prospects and to consolidating and innovating relations with established customers.

## RECOGNITION OF THE GROUP



### MAGSTAT SURVEY 2015

Ranks the top Private Banking specialists by client assets.  
Fideuram-Intesa Sanpaolo Private Banking, No. 1 operator in the Italian market.



### DIAMOND AWARDS 2015

Awards the top-performing funds in terms of outright performance and performance/risk ratio.  
Fideuram Master Selection, ranked No. 1 as best Stock Fund Manager 2014



### LE FONTI INTERNATIONAL PRIZE 2015

Awards the best banks in the financial advisory sector, insurance companies and asset management companies.  
Intesa Sanpaolo Private Banking, "Best Private Banking Bank" and "Best Private Insurance Bank" in 2015



### EUROMONEY 2015

Awards banks and stockbroking companies worldwide on the basis of quali-quantitative analyses of their services and performance.  
Intesa Sanpaolo Private Banking, ranked among leaders in the "Private Banking Italy Survey 2015" and No. 1 Italian Bank.



### ITALIAN CERTIFICATE AWARDS 2015

Award excellence in the field of investment certificates.  
Intesa Sanpaolo Private Banking, "Special Prize for Best Distribution Network - Private Banking Networks".

## PROMOTING A FINANCIAL CULTURE

The Fideuram Group believes in the importance of disseminating a solid financial culture 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 culture means awareness in relations, in setting objectives, in clarity of choice and in a shared understanding of the associated risks and opportunities.

We therefore organised a wide range of initiatives promoting financial culture for existing and potential customers in 2015. The mainstay of these events was a series of financial workshops designed to provide information on subjects of particular importance and relevance to our customers, including a nationwide Voluntary Disclosure Roadshow with 53 meetings throughout Italy, numerous "Wine & Finance Salons", which we have been running at local level for several years, a series of "Financial Aperitifs" designed to make the world of asset management more accessible, financial conferences with the participation of leading asset management companies, and a series of working dinners at exclusive venues. All of the above involved the contribution of professionals from both inside and outside the Group, including academics, internal fund managers and the Group's most prestigious regular partners.

The communications plan substantially increased the number of initiatives organised in the year to support the acquisition of new customers and increase customer knowledge of the services offered, thereby increasing customer loyalty.

In conjunction with Intesa Sanpaolo, we organized and sponsored events throughout Italy, including a rich programme of cultural events and evenings in major theatres, which attracted many customers, creating significant opportunities to meet, discuss financial and cultural matters in depth and simply consolidate relationships by sharing interests and passions.

We also continued to publish Private News, a regular newsletter designed and produced exclusively for SEI Versione Private customers. Each issue takes an in-depth look at a specific topic, selected to suit the distinctive characteri-

stics of high-end customers. We produced two issues of the magazine in 2015 on topics of current interest, one on Voluntary Disclosure and the other on the New Normal.

Publication of our "Private Top" monthly global asset management newsletter for customers subscribed to the Private Top platform also continued in 2015, with contributions from the Intesa Sanpaolo Research Division and quarterly reports on the property market from Nomisma and on the art market from Eikonos Art.

In addition, we also produced a newsletter in English to present our new London branch when it opened, which included an analysis of the macroeconomic scenario by the Intesa Sanpaolo Research Division, a report from Nomisma on the London property market and a report from Eikonos Arte on the London art market.



## CUSTOMER EVENTS

### SUCCESSION MANAGEMENT



We continued to hold meetings on succession management and household asset management in 2015, focusing on protecting and transferring assets under the new tax rules.

These meetings were organised locally in conjunction with Alessandro Gallo, a strategic consultant and trainer at Value & Strategies. Eleven major events were held, attended by a total of more than 1,300 guests, including customers, professionals and Personal Financial Advisers from the Fideuram and Sanpaolo Invest Networks.



### WINE & FINANCE

We continued to hold evenings for existing and potential customers in 2015 organised with FondiOnline on the subject of "Wine & Finance - Knowing how to choose makes all the difference", using this delightfully innovative format to strengthen personal relationships.

Drawing on an amusing parallel with the world of finance, an expert talked guests through the rudiments of wine-making and the main techniques of wine-tasting, highlighting the importance of having an adviser to turn to, whether you want to find your way around the world of finance or choose the best wine.

At the request of our network managers we organised 20 events throughout Italy, attracting more than 1,300 guests, including almost 1,000 existing and potential customers. The venues included the mediaeval village of Cerro in the province of Imperia, the Church of Santa Maria in Chiavice in Verona and Palazzo Viceconte in Matera.



## ROUND TABLES - FINANCIAL APERITIFS

A series of events for existing and potential customers, designed to make the world of asset management more accessible using a transparent comparative approach.

Organised in conjunction with our main third-party partners, the meetings focused on aspects of market performance and strategies for managing periods of high volatility effectively, while also providing detailed information on the investment process and Fideuram's service model.

A number of meetings included round-table discussions moderated by an independent authority on the funds market, in which customers played an active role, asking many different questions on current market scenarios.

More than 50 such events were organised, attracting over 4,000 participants. The events took place in a wide variety of towns and cities across Italy, with one of the more spectacular venues being the Fortezza Viscontea in Cassano d'Adda.



## GROWTH AREA PREMIUM EVENTS

During the year we continued to hold events for existing and potential customers, organised in conjunction with FondiOnline under the name "Food & Wine: in search of the perfect combination".

Art, taste, wine and gastronomy came together in perfect harmony at these events, sending out an important message: there's no such thing as the best wine, but certain combinations of wines and foods bring out the best in each other. By the same token, there's no such thing as a best fund, but a given fund will generate value effectively in a certain portfolio, built to meet specific needs.

The prestigious venues for these events were the splendid Cardinal's Gallery in the Palazzo Colonna in Rome, the Palazzo Madama in Turin and the Palazzo Visconti in Milan.

## MEETINGS WITH THIRD-PARTY PARTNERS

Twelve financial meetings for customers were organised with leading asset management companies in the year. These meetings, entitled "The economy and financial markets: prospects and opportunities", attracted a total of around 1,440 customers in the cities of Bologna, Udine, Monza, Bari, Rome, Conegliano, Ravenna, Catania, Florence, Alessandria and Turin.

We also organised a meeting in conjunction with Studio Bastia, held in the Sala dei Cento at the CARISBO head office in Bologna, on the subject "The first Family Business Academy is launched in Bologna - an innovative project to help family businesses meet new challenges". Approximately 100 existing and prospective customers attended the event.

## WORKING DINNERS



A series of working dinners at exclusive venues were organised to examine market scenarios and provide occasions to reflect on the opportunities for investment, with the contribution of the Intesa Sanpaolo Research Division. A total of 300 customers attended these evenings, which were held at Tenuta Lavinia in Bari, Palazzo Boschi in Bologna, the San Giuseppe Convent in Cagliari, Procaccini Castle in Chignolo Po', Villa Chigi in Faenza, Palazzo Cattaneo Adorno in Genoa, Villa Reale in Monza, Le tre Vaselle in Perugia, Villa Calandra in Rome, Palazzo Marengo in Turin and Villa Andrea in the Ville Ponti complex in Varese.



## INTESA SANPAOLO PRIVATE BANKING GOLF INVITATIONAL



The Intesa Sanpaolo Private Banking Golf Circuit opened in May with a tournament at the Castelconturbia Golf Club in Novara. The five tournaments plus the Top Pro-Am were held in exclusive golf clubs throughout Italy. Approximately 450 existing and prospective customers took part. In addition to Castelconturbia, the clubs involved were Des Iles Borromées in Verbania, Milano in Monza, La Mandria in Turin, Alberoni in Venice and Villa D'Este in Como.



## EXPO

3,500 free tickets for Expo 2015 were given to customers and evenings were organised during the Expo that included guided tours and exclusive dinners at the Priceless restaurant in Piazza della Scala in Milan.

## SPORT

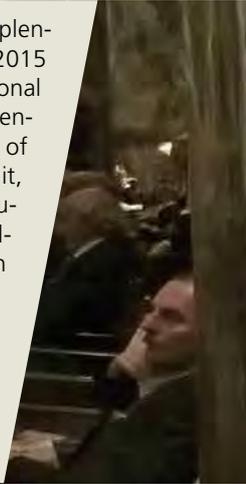
Intesa Sanpaolo Private Banking reserved a sky box for the Milan and Inter championship and cup matches as well as a number of seats for the Juventus and Torino matches.

## BANK AND ART TOGETHER

### VENICE



An elegant art event was organised in the splendid setting of Venice, held on 24 September 2015 and attended by over 400 customers and Personal Financial Advisers, who visited the Biennale, enjoying in-depth guided tours of the Pavilion of the Holy See led by the architect who designed it, Roberto Pulitani. This was followed by an exclusive evening concert by the choir of the Cappella Marciana, conducted by Marco Gemmani, in St Mark's Cathedral. The evening ended with dinner on the terrace of the Cà Giustinian, the Biennale's prestigious headquarters.



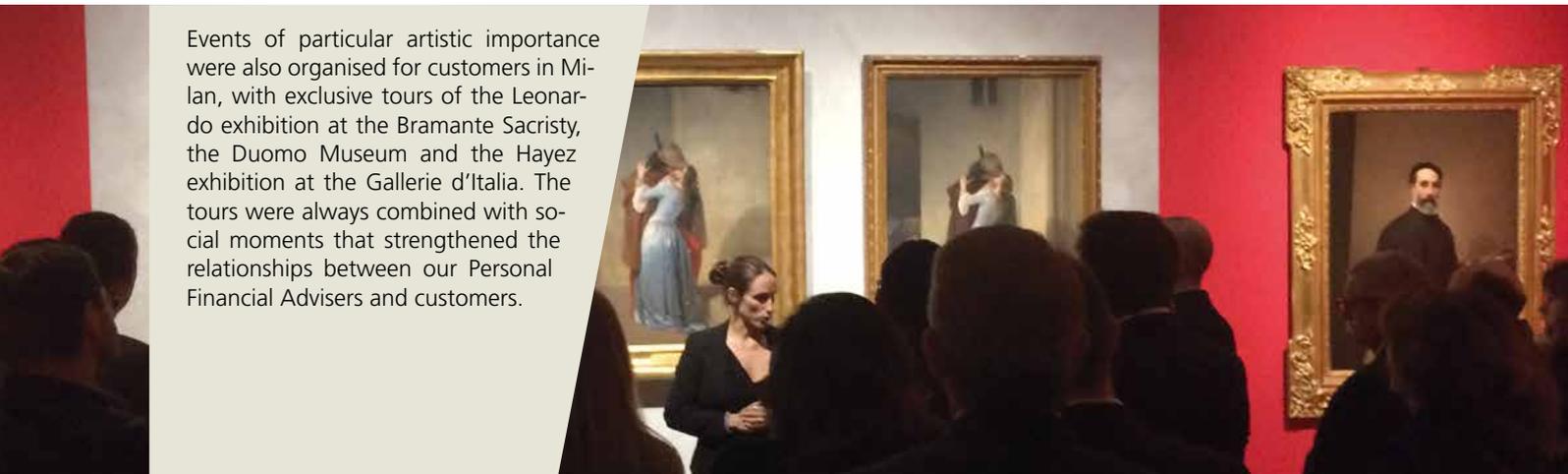
### TORTONA

An exclusive customer event was held in Tortona on 16 October, with a private tour of the Divisionism collection in the art gallery of the Cassa di Risparmio di Tortona Foundation. Around one hundred existing and potential customers and Personal Financial Advisers were given the opportunity to admire the collection's works, painted between the late 19th and early 20th centuries by a group of Italian artists who depicted rural scenes and landscapes in northern Italy using a technique of separating colours into individual dots or lines, which was very innovative for the period and in many aspects similar to French pointillism. The masterpieces on display included "La raccolta del Fieno" (Haymaking) by Segantini, "Un'Adorazione dei Magi" (An Adoration of the Magi) by Previati and a large group of early works by Giovanni Pellizza da Volpedo, who went down in history for catching the mood of the time in his famous painting "The Fourth Estate".



### MILAN

Events of particular artistic importance were also organised for customers in Milan, with exclusive tours of the Leonardo exhibition at the Bramante Sacristy, the Duomo Museum and the Hayez exhibition at the Gallerie d'Italia. The tours were always combined with social moments that strengthened the relationships between our Personal Financial Advisers and customers.



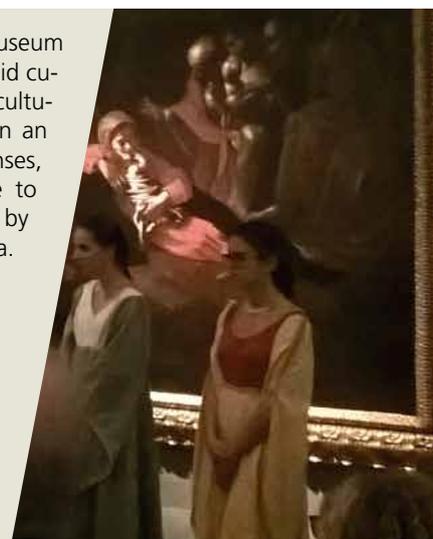
## TURIN

Still in the world of the arts, another important customer event was organised at the Accorsi-Ometto Museum of Decorative Arts in Turin, with guided tours of the exhibition "Divisionismo tra Torino e Milano. Da Segantini a Balla" (Divisionism between Turin and Milan. From Segantini to Balla), which explored the spread of Divisionism from its epicentre in Italy, Piedmont and Lombardy, in around forty works selected for their quality and historical importance.



## MESSINA

The Museo Regionale regional art museum in Messina was the venue of a splendid customer evening on 22 October. Art, culture, music and taste came together in an extraordinary evening for all the senses, during which our guests were able to admire a number of important works by Caravaggio and Antonello da Messina.



## VOLUNTARY DISCLOSURE ROADSHOW

A total of 33 meetings were held throughout Italy in the first quarter of 2015, organised in conjunction with tax consultants Ceppellini & Lugano on the subject "Voluntary Disclosure. New powers for the revenue and opportunities for taxpayers". More than 4,000 professionals, tax consultants and accountants and lawyers attended these meetings at which Roberto Lugano of Ceppellini & Lugano clarified the current international scenario, answering the attendees' questions on voluntary disclosure and related legislation.



## ART AND THEATRE ON TOUR

A number of exclusive evening events were held at leading artistic and cultural events throughout Italy, including the exhibitions "Mirò. L'impulso creativo" (Mirò - the creative impulse) in Mantua, "Da Cimabue a Morandi" (From Cimabue to Morandi) at Palazzo Fava in Bologna, "Leonardo" at the Palazzo Reale in Milan and "La Barcellona di Picasso e Gaudi" (Picasso's and Gaudi's Barcelona) in Ferrara. One evening event was held at the National Gallery of Modern Art in Rome and five evening events at the Gallerie d'Italia in Milan, Naples and Vicenza. Around 1,500 existing and prospective customers attended these evenings, which included a buffet or dinner.

Intesa Sanpaolo Private Banking reserved a number of seats for the opening nights of each opera and ballet at the following leading Italian theatres: the Teatro Gesualdo in Avellino, Teatro San Carlo in Naples, Teatro Regio in Turin, La Fenice in Venice, Teatro Carlo Felice in Genoa, Teatro Massimo in Benevento, Teatro Verdi in Trieste, Teatro Petruzzelli in Bari, La Scala in Milan and Teatro del Maggio Fiorentino in Florence. Three evenings were organised at the Verona Arena for the operas *Tosca*, *Nabucco* and *Don Giovanni*. Intesa Sanpaolo Private Banking reserved seats for performances of *La Bohème* and *Norma* during the three weeks of "The Best of Italian Opera" at the Teatro Regio in Turin. A number of seats were also reserved for the opera "Letter to a Man" at the Festival dei Due Mondi in Spoleto and for the Luigi Cherubini Youth Orchestra concert conducted by Riccardo Muti at the Teatro Coccia in Novara. A total of approximately 1,800 customers were invited.

## OPENING OF NEW OFFICES

Events were organised to mark the opening of prestigious new offices in 2015.

On 26 February 2015 an exclusive event was held for the opening of Sanpaolo Invest's new office, at 46 Via Banchi di Sotto in Siena. The opening of the new office in the prestigious Palazzo Chigi Zondadari, looking out across the Piazza del Campo, expresses how strongly the company has grown locally in the last few years and symbolises our commitment to providing customers with increasingly exclusive service.

The new Cagliari office of Fideuram and Sanpaolo Invest was opened on 21 May at 101/B viale Diaz.

An exclusive guided tour of an exhibition on the premises of works by the important artist Francesco Ciusa marked the occasion. In the evening, the 700 guests attended an exclusive performance of "Fratto-X" by Flavia Mastrella and Antonio Rezza at the Teatro Massimo.

On 9 June Fideuram opened its new Cesena office at 75 A via Illaria Alpi, where it brings its customers new premises that are more functional, modern and efficient to support them with increasingly personalized and exclusive service. In the evening guests were invited to a show by the comedian Giuseppe Giacobazzi at the Teatro Bonci.

On 24 June, the official opening of the new Frosinone office of Fideuram and Sanpaolo Invest in Piazzale De Matthaëis was held in the presence of 500 guests and local dignitaries. After a tour of the new offices and a cocktail reception in the courtyard, around 1,200 guests went on to attend a music show featuring the comedians Lillo and Greg.

On 2 October, the new Sanpaolo Invest office at 6 Corso Durante in Frattamaggiore was opened. The cutting of the ribbon was followed by a tour of the new offices in the presence of local dignitaries and a cocktail reception. In the evening, the 350 guests were invited to an exclusive Cabaret Dinner starring the comedian Peppe Iodice from the popular TV show "Colorado".

The HNWI Service HUB, a dedicated specialist service model for customers with potential financial assets of more than €10m, was also established in 2015. The High Net Worth Individual segment has complex specific needs regarding not only the management of each customer's personal assets, but also the wealth advisory structuring and protection of their total assets, including family businesses and succession management.

The first HNWI Branch was opened at 10 via Hoepli in Milan on 15 June 2015, followed by the Turin HNWI Branch at 17 via Assietta on 9 November 2015. During 2016, we will open HNWI branches in five more cities: Bologna, Rome, Padua, Florence and Naples.

On 1 December 2015 the new London branch was presented to the Italian and international press in the presence of Intesa Sanpaolo CEO, Carlo Messina, Fideuram – Intesa Sanpaolo Private Banking Managing Director and General Manager, Paolo Molesini, and Gregorio De Felice, Head of the Intesa Sanpaolo Research Division. Representatives of Italian institutions in London, prominent figures from the world of business and culture, Italian celebrities in London and potential customers were also invited.

# 300,000

Customer service calls

## CUSTOMER ASSISTANCE SERVICE

Our Customer Assistance Service provides information on the Group's products and services, and on each customer's overall position, which can also be viewed on the Fideuram Online website.

In 2015 we launched an Android version of the Fideuram Online App, already available in an iOS version for iPhones, thus enabling a steadily growing number of customers to access information on their assets and conduct trading transactions in a few simple steps.

Committed to continually improving customer service, we also extended our customer assistance service hours to include Saturday mornings.

Customer service calls totalled approximately 300,000, which was in line with the previous year. Perceived quality of service was high, as was the level of service delivered, in terms of the percentage of calls processed out of the total received.

Intesa Sanpaolo Private Banking again commissioned the market-research company Doxa to conduct a customer satisfaction and quality of service survey in 2015.

The survey used the same questionnaire as the previous year, designed to establish a model for collecting data to monitor results over time, while adding a new section for High Net Worth Individual customers in anticipation of the opening of the bank's dedicated HNWI Branches and to monitor developments in this customer segment's satisfaction with the services offered.

The customer sample group was increased further to 17,420 household units. The response rate of 16% in 2015 allowed the survey to identify a significant steady increase in the percentage of customers who were very satisfied, in particular among the bank's youngest customers and those with very substantial assets. The assessments of High Net Worth Individual customers were especially positive, particularly regarding the bank's expertise and professionalism.

In addition, the Commercial Due Diligence service piloted in 2014, which builds on the experience we acquired coordinating customer business and operational risk management in previous years, was rolled out to all the areas of the Intesa Sanpaolo Private Banking network during 2015 thanks to the support of Head Office. Customer satisfaction is first monitored by the Personal Financial Advisers, who are required to assess the progress of each relationship, making sure to note any signs of criticality and opportunities for development. The process is completed with a meeting between each customer and the Area Manager or Area Coordinator, who confirms their Personal Financial Adviser's assessment from the standpoint of sharing management of the customer and related operational risk.

## CUSTOMER FEEDBACK

The Group's Italian companies received a total of 1,131 customer complaints in 2015, which was a marked decrease from 2014.

Complaints regarding investment and ancillary services continued to fall in absolute terms, particularly where bonds in default were concerned (-61%).

Response times continued to be below the maximum times specified by the relevant legislation, with an average of 17.5 days (30 days legal maximum) for banking service complaints and 39.5 days (90 days legal maximum) for investment service complaints.

At 31 December 2015 there had also been 113 complaints for misconduct by Personal Financial Advisers.

# 39.5 days

Average processing time  
for investment  
service complaints (\*)

(\*) Compared with 90 days maximum legal requirement.

Complaints to the Banking and Financial Services Ombudsman increased compared with the previous financial year (rising from 27 to 36), while there was a decrease in complaints to the Banking Ombudsman "Jury" (from 18 to 6).

### Complaints by type (\*)

(No.)	2015	2014	2013
Complaints regarding investment services	305	330	424
- of which securities in default	18	46	91
- of which structured securities	1	5	3
Cheques and bills	32	39	38
Transfers, wages and pensions	50	54	51
Cards (**)	131	277	897
Loans	5	9	10
Current and deposit accounts	311	393	370
Mortgages and special loans	2	5	-
Insurance products	1	3	-
Remote banking	77	90	76
Other	217	288	361
<b>Total</b>	<b>1,131</b>	<b>1,488</b>	<b>2,227</b>

(\*) Restated where necessary to take the changes in the scope of consolidation into account so that straight comparisons can be made.

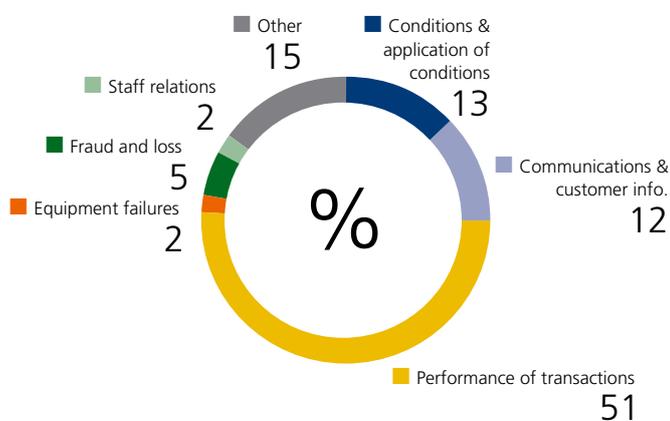
(\*\*) The figure for 2013 includes complaints reporting unrecognised payment card transactions, which have not been recorded in the complaints register since 1 March 2014.

The category Other for the most part consists of customer complaints regarding general aspects of customer relations that are not directly connected with the provision of investment services or banking and financial services. These include customer complaints regarding privacy and the capitalisation of interest due as shown below:

### Other complaints

	2015	2014	2013
For Privacy	13	3	15
For Capitalisation of interest due	2	-	-

### Complaints by reason 2015



## 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.

Simplicity of language and transparency of information have been core objectives in:

- Analysing all our products and taking any corrective actions necessary to make them easier to understand.
- Rewriting all the transparency documents provided for our customers to make it easier for them to understand the products and services offered, their features, risks and financial terms and conditions, together with the entitlements offered and procedures for exercising them.
- Drafting the periodic summary document presenting updated financial terms and conditions so that it does so consistently. The structure and wording of all our documents were revised and new report and overview documents produced as well as being made available to all customers online.
- Enhancing bank statements with new condensed statements ("Annual expenditure statement") that make it easy to see the total costs of one's banking services, presenting them in uniform expenditure categories that can be compared year on year.

The in-house training and information 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 2016

### CUSTOMERS

Our main improvement objectives for 2016 include:

- Organising local customer events that examine matters of current interest and support a greater understanding of them.
- Extending the reporting content on the customer's household unit.
- Extending our advisory services to the diagnosis of customers' real estate assets, incorporating land registry data, real estate reports, analysis sheets, fiscal impact estimates, strategic real estate mapping and succession management.
- Strengthening our customer profiling model by providing a new questionnaire.
- Launching a digital presence management project for our Personal Financial Advisers to provide them with innovative tools for communicating with their customers.
- Strengthening the customer segmentation and specialisation of competencies process.
- Continuing the international growth of the sales network.

## SUPPLIERS

### MAIN OBJECTIVES FOR 2015

Intesa Sanpaolo's procurement centralisation project, launched in 2014 with the aim of ensuring all its subsidiaries follow the same procurement rules, was completed in 2015.

Create synergies between different Personal Financial Adviser offices to reduce costs where possible.

### ACTIONS AND RESULTS ACHIEVED

The Group Procurement Guidelines were issued in 2015 and adopted by Fideuram and its subsidiaries, enabling improved supplier management and standardisation of the sourcing process.

The process of creating synergies between different offices continued in 2015, bringing Personal Financial Advisers together in a number of offices and consequently reducing their operating costs.

## PROFILE OF SUPPLIERS

The work of rationalising the phases in our goods and services procurement procedures was completed during 2015 in line with our internal spending regulations.

The Group had commercial dealings with around 900 suppliers during the year for a total value of approximately €195m. A total of 126 of these part-

ners were classed as Large Suppliers, meaning they each supplied goods or services with an annual value in excess

of €155k, accounting for €176m altogether. Almost all our Large Suppliers are located in Italy.

	2015	2014	2013
Total sales by Large Suppliers (€m)	176	165	167
Large suppliers (No.)	126	142	141

## SUPPLY CHAIN MANAGEMENT

The Fideuram Group pursues economic growth in a manner consistent with safeguarding the environment and respecting human rights and workers' rights. This enhances the quality of our relationships with suppliers and our procurement policies.

The project for centralising the Fideuram Group's procurement at Intesa Sanpaolo was completed in 2015. The project unified procurement rules and processes, applying a uniform model to all Group companies and raising awareness of aspects related to social and environmental responsibility. This saw Fideuram - Intesa Sanpaolo Private Banking adopting the "Guidelines for Group Purchases" and related Operational Guides, applying the same criteria as Intesa Sanpaolo and 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.

The procurement centralisation project made the process of identifying suppliers more uniform through the signing of contracts and agreements with Intesa Sanpaolo's suppliers. Fideuram informed suppliers of the new processes

and new business relations procedures, thus increasing the transparency of relationships and providing the necessary information for inclusion in Intesa Sanpaolo's Register of Suppliers.

Although aligned with Intesa Sanpaolo's directives and therefore able to use the same suppliers for certain activities, Fideuram was not able to use the Register of Suppliers in 2015 because the centralisation process was only completed in December. Fideuram will use the Suppliers Portal from early 2016, enabling it to manage its tendering procedures online and making its supplier relations fairer and more transparent.

## SELECTION POLICIES

The Group continued its work improving quality standards in 2015 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 Register of Suppliers is managed by Intesa Sanpaolo. Fideuram uses the Register to select its suppliers following the above guidelines, choosing those who meet the requirements of economic, social and environmental reliability, and who respect their contractual commitments and respond to calls for sealed bids respecting data confidentiality.

To maximise the reliability of supplier selection in these respects, several supply contracts have been awarded giving a preference to Intesa Sanpaolo suppliers, thereby achieving substantial economies of scale and meeting the stipulated social and environmental responsibility criteria.

The guiding principle of our sourcing strategy is to purchase the goods or services that offer the best value for money in order to maximise the Group's economic returns by containing costs and maintaining appropriate quality and service levels, while simultaneously complying with the general guidelines on the environment and overall sustainability. Traceability is a key element of this principle, in the form of documenting the decision-making processes.

Suppliers are selected by comparing bids submitted by multiple tenderers.

The criteria for awarding contracts are Request for Quotation (RFQ), Request for Proposal (RFP), Request For Information (RFI) and, where comparisons cannot be made, Direct Negotiation.

Market comparisons are not required for non-recurrent purchases that are not connected with other initiatives and have a value of less than €25,000 or which are covered by framework agreements or contracts.

The choice of supplier is guided by the following criteria, together with the size and type of supply:

- Size of the company and its operational organisation.
- Market position in accordance with procurement requirements.
- Type of purchase required.
- Supplier's specialisation in the product category to which the supply relates.
- Significance of the activity for the Intesa Sanpaolo Group as a percentage of its total value of production.
- Technical / economic assessment of the supplier on the basis of total sales, rating, quantities ordered, quality and punctuality of supply, etc.

At least three suppliers are required in market comparisons. In addition, sealed bids are required for contracts exceeding €25,000, and which total less than €150,000 for certain product categories.

Depending on the request strategy (RFQ or RFP), the assessment is either based exclusively on an economic analysis (best price) or on a technical / economic analysis (best proposal in terms of meeting combined technical and price requirements), in accordance with the assessment criteria specified before the suppliers' bids are opened. The technical assessment can also include social and/or environmental responsibility criteria. Conversely, if following an RFI strategy, the purchaser may obtain information, solutions and pricing in the form of indicative quotations and specify 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.

## SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Having implemented Intesa Sanpaolo's guidelines in the supplier selection phase, the Group uses Intesa Sanpaolo's Register of Suppliers to check the information on the bidder's social and environmental responsibility and then assesses its suitability on the basis of technical and sustainability ratings before awarding the contract.

The contractual clauses to be signed also include an undertaking to comply with the principles set out in Fideuram's Model of Organisation, Management and Control (Italian Legislative Decree No. 231/2001), Internal Code of Conduct and Code of Ethical Conduct. Suppliers are required to ensure that their employees and contractors respect the principles set out in these documents under the terms of all procurement contracts.

The selection criteria applied in the bid assessment phase are not confined to best price alone, but also take account of the activities performed. Unjustifiably low bids are excluded on the grounds that they may involve improper conduct by the supplier, such as social security evasion or non-compliance with legal requirements or safety regulations.

In accordance with current regulations, the due compliance of contracted suppliers with respect to their employees is verified, requiring submission of the documents testifying to employer payment of all the required social security contributions and application of the minimum wage. Checks are carried out to verify compliance with the social criteria applicable to the technical conditions of contracts (equipment maintenance) and staff (cleaning) through regular inspection of the suppliers' social security payment certificates (Documento Unico di Regolarità Contributiva - DURC) and Chamber of Commerce registration.

Checks are also performed to verify compliance with environmental criteria regarding the use of legally compliant cleaning products and the use of electricity from renewable or equivalent sources wherever possible.

The Group has adopted and implemented the Intesa Sanpaolo guidelines on the specifications for white copier paper, using the services of the same supplier, which ensures the same type of supply. Blank paper and Fideuram headed paper is all ecological Forest Stewardship Council (FSC) certified paper from sustainably managed forests.

## MAIN IMPROVEMENT OBJECTIVES FOR 2016

### SUPPLIERS

Our main improvement objectives for 2016 include:

- Increasing the transparency of supplier-relations management and selection criteria.
- Purchasing a new IT solution to optimize management of the supplier administration process.
- Access to the Intesa Sanpaolo Suppliers Portal offering increased transparency in the management of sealed bids and the awarding of contracts.



## COMMUNITY

The Fideuram Group's charitable and other donations totalled €433k in 2015 and were distributed to a number of respected bodies operating in the health care, scientific research, arts, sports and humanitarian/aid sectors.



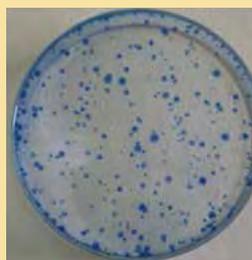
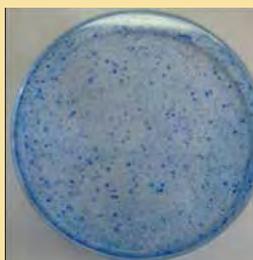
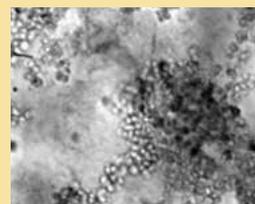
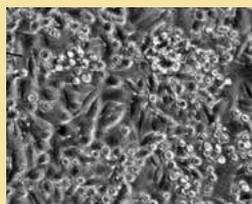
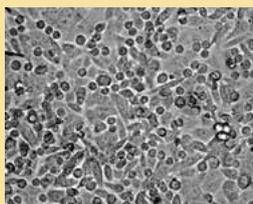
### INITIATIVES TO SUPPORT HEALTH CARE, SCIENTIFIC RESEARCH, ARTS AND SPORTS ORGANIZATIONS

The Group supported the following health care initiatives:

- **Fondazione piemontese per la ricerca sul cancro (Piedmont cancer research foundation)** project to provide gastroenterology and otorhinolaryngology equipment for the Istituto di Candiolo's oncology department.
- The **Fondazione IRCCS Policlinico "San Matteo"** hospital in Pavia, principally supporting the renovation of the Haematopoietic Stem Cell Transplantation Unit in the Paediatric Onco-haematology Department.
- The **Associazione di Riferimento e Sostegno alle Malattie Polmonari Infantili (A.R.S.P.I.)**, a childhood lung disease charity based in Turin, supporting research in the field of bronchopneumopathy and assistance for children with lung diseases at the Regina Margherita Hospital in Turin.

The Group supported the following scientific research initiatives:

- The **Istituto Superiore di Sanità** in Rome: scientific research project on the antitumoural properties of natural substances to reduce the need for chemotherapy drugs.



- **Tor Vergata University, Rome:** funding the Biomedicine and Prevention Department's research on glioblastoma multiforme (GBM), the most common and aggressive adult brain tumour.

Recognising the considerable human and social value of the arts and sport, the Group contributed to funding the following:

- The work of the non-profit organisation **Freewhite Sport Disabled**, making a donation to help its work promoting mountain sports for people with disabilities.
- The work of the non-profit organisation **Associazione Dynamo Camp**, which provides recreational therapy for children and youngsters suffering from severe and chronic diseases, particularly onco-haematological and neurological diseases, rare syndromes, spina bifida and diabetes.
- The **Gimasport** amateur sports association, supporting the 15th GimondiBike international mountain-bike race.

- The amateur sports activities organised by the **U.S.D. Audace** sports club in Cerniola.
- The 19th Giovanni Nasi golf tournament, the proceeds of which supported the athletes of the Italian Paralympic Winter Sports Federation (**Federazione Italiana Sport Invernali Paralimpici** - F.I.S.I.P.).
- The 112th concert season supporting music in the city of Bergamo, organised by the **Società del Quartetto**.
- The celebration of the 15th anniversary of the **Fondazione della Comunità Bergamasca**, which works to improve quality of life in the Province of Bergamo.
- The printing of the 2014 Report of the non-profit organisation **Fondazione Comunità Mantovana**, which was presented to voluntary associations and non-profit organisations during a conference.
- The erection of a monumental fountain in Piazza Italia, Acqui Terme, dedicated to the Carabinieri by the non-profit organisation **Nucleo Provinciale Protezione Civile Associazione Nazionale Carabinieri Alessandria** (Alessandria Provincial Civil Defence Section of the National Association of Carabinieri).

## HUMANITARIAN AND AID INITIATIVES

The Fideuram Group provided support for the following humanitarian and aid organisations:



- The non-profit childhood tumour organisation **Associazione Unione Genitori Italiani contro il tumore dei bambini** to support children with tumours being treated as in-patients at the Regina Margherita children's hospital in Turin.
- The non-profit organisation **Federazione Malattie Rare Infantili** (F.M.R.I.), which supports, helps and promotes the work of voluntary organisations working in the field of rare children's diseases.
- The Turin Provincial Committee of the **Italian Red Cross**, which works in accordance with the spirit and ethics that have always distinguished the organisation, observing the seven fundamental principles of humanity, impartiality, neutrality, independence, voluntary service, unity and universality.
- The **Comunità Le Piccole Sorelle dell'Agnello** which works with the sole purpose of social solidarity and with the primary goals of listening to and providing assistance, accommodation and social rehabilitation for the most disadvantaged.
- The **Chiesi Foundation**, for the 'Ninna Nanna Africana' project (African Lullaby), supporting the neonatal department of the San Camille Medical Centre in Ouagadougou, Burkina Faso.
- The **Casa Secolare delle Dimesse** in Padua, to produce "La Nostra scuola", a newsletter published by the schools run by the organization.
- The **Giovanni Celeghin Foundation**, to organise the third "Da Santo a Santo" non-competitive cycling marathon, the proceeds of which went to cancer research and brain tumour research in particular.
- The non-profit organisation **Vision +ONLUS**, for its Red Reflection project that screens new-born babies at the Mangiagalli Clinic of the Ca' Granda Hospital in Milan, using a test that identifies eye diseases and abnormalities.
- The **Fondazione Francesca Rava NPH Italia Foundation ONLUS**, a children's charity, to put on the special Ramon Vargas and Friends concert at the Teatro Regio in Turin to raise funds to support disabled children in Haiti and Mexico.
- The **Maria Rosa Bellotti – Giuseppe Stefani Foundation**, to organise a concert in Treviso to raise funds for the "Angeli della notte" (Angels of the Night), the Foundation's volunteers who help sick people who are alone and in need.
- The **Fondazione Firenze radioterapia oncologica**, a Florence-based cancer radiotherapy foundation, to organise a golf tournament at the Le Pavoniere Golf Club in Prato to raise funds for the Careggi Oncological Radiotherapy Department at Florence University Hospital.

- The **Associazione per il bambino nefropatico** (Association for Children with Kidney Diseases), to put on the Eleonora Abbagnato Dance Gala at the Arcimboldi Theatre in Milan, to raise funds for the Ca' Granda Hospital Foundation in Milan.
- The non-profit **Associazione Amici di Alessandra**, for the purchase of all the



furnishings for the San Giuseppe secondary school in Plateau Bateke, and the purchase of three Honda motorcycles and ten beds for the three missions in Plateau, Kikwit and Kisanji (Democratic Republic of the Congo).

- The non-profit organisation **Progetto Etiopia - Lanciano** to build a new school in the village of Maganasse in Ethiopia.
- The non-profit organisation **Associazione Ersilia** for the organisation and running of welfare activities for the elderly and families in severe poverty during their missionary work in Africa and Peru.
- The non-profit organisation **Associazione Soggiorno Sereno Sandro Gabbani** which works together with the Rome hoteliers' association Federalberghi Roma to provide free accommodation for patients and their relatives who need to leave the area where they live to travel to Rome for treatment.
- The **Scuola materna italiana Santa Maria degli Angeli**, a school run by the Franciscan Missionary Sisters of the Sacred Heart.
- The **Gloucester Street/St Andrew's Resource Centre**, which provides a range of services to local communities.

The Group also accepted new applications for support from charities including the non-profit organisations **Associazione di Volontariato Clown Marameo** and **Associazione Crescere Sani**, testifying to our commitment to helping their valuable work with disadvantaged young people, medical patients and the most vulnerable sections of society, and continued to support the initiatives of the non-profit organisations the **Lega del Filo d'oro**, the **Associazione Assohandicap** and the **Duchenne Parent Project**.

## SPONSORSHIP



Intesa Sanpaolo Private Banking continued to sponsor high-profile meetings, theatrical, musical and sporting events and initiatives involving customers in 2015. In early July the Bank sponsored the Maratona Dles Dolomites (Dolomites Marathon), a cycle race that attracts athletes and cycle-racing enthusiasts from all over the world. 50 customers attended the race.

Again in the world of sport, the Bank also contributed to the organisation of a six-date golf tournament tour in August at the Le Fronde Golf Club in Vigliana, Turin, and sponsored two international equestrian events in March organised by Equieffe.

In addition, Intesa Sanpaolo Private Banking continued to provide concrete support for the arts and culture, joining with Intesa Sanpaolo to sponsor Arte Fiera, the leading international contemporary art fair, which attracted more than 30,000 international and Italian art lovers and collectors to Bologna from all over the world, some 400 of whom were our guests.

Intesa Sanpaolo Private Banking likewise contributed to the organisation of the exhibition "Giò Ponti e la Richard-Ginori: una corrispondenza inedita" (Giò Ponti and Richard-Ginori: an unpublished correspondence) at Villa Reale in Monza.

The Bank also supported the 24th "Settimane Musicali" classical music festival at the Teatro Olimpico theatre in Vicenza.

## OUR ETHICAL FUND

The Fonditalia Ethical Investment fund was launched on 1 October 2012. This ethical investment solution, marketed by Fideuram and Sanpaolo Invest, provides an appropriate response to investors' changing needs in line with the advisory model developed by the Group, bringing customers the opportunity to make investment choices that combine financial sustainability with social value.

The fund invests in bonds and shares selected on the basis of an ethical investment policy. These include the bonds of countries and companies distinguished for focusing special attention on social and environmental matters, supranational bonds that support developing countries, equity securities and company shares and funds that seek financial returns combined with social or environmental benefits (such as microcredit funds, fair-trade funds and social bond funds), and other financial instruments with a positive social and/or environmental impact.

An additional ethical characteristic of the fund is that it supports scientific research by donating a percentage of the commission on the sale of units in the fund to the Italian Multiple Sclerosis Society (AISM) and its Foundation (FISM).

An Ethical Committee with a consultative and proactive role has been established to ensure the investment choices made are consistent with the ethical principles of the Fonditalia Ethical Investment fund, tasked with verifying that the composition of the fund portfolio is at all times aligned with its underlying ethical principles, and with formulating opinions on the ethical status of the investments when appropriate. The Ethical Committee is made up of management and other professionals with proven social, economic, environmental or financial sustainability experience and renowned academic experts.

It generally meets at six-monthly intervals and is currently made up of:

- Matteo Colafrancesco, Chairman of Fideuram and of Sanpaolo Invest SIM.
- Gianluca La Calce, Managing Director and General Manager of Fideuram Investimenti SGR S.p.A..
- Marco Ercole Oriani, Director of the Department of Economics and Company Management at the Università Cattolica del Sacro Cuore.
- Giuseppe Russo, Independent Non-Executive Director of Fideuram and member of the Internal Audit Committee.

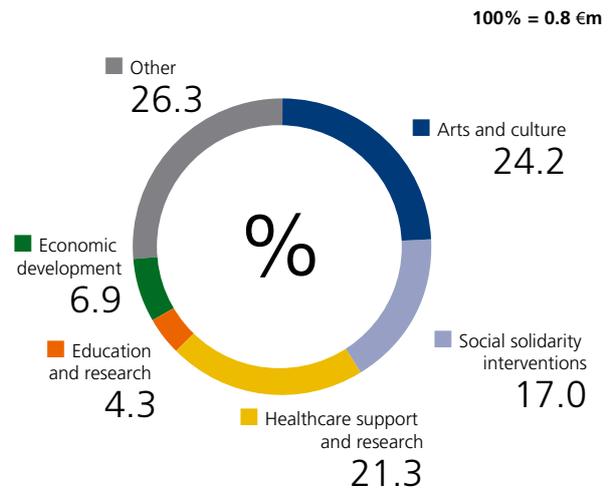
The fund attracted increased interest in 2015 thanks its management, which enabled investment in markets with limited exposure to the volatility experienced since late Spring.

(€)	31.12.2015		31.12.2014		31.12.2013	
	ASSETS	RETURN	ASSETS	RETURN	ASSETS	RETURN
Fonditalia Ethical Investment Class R	28,470,478	-0.7170%	23,783,768	2.9421%	22,511,616	-0.8520%
Fonditalia Ethical Investment Class T	3,885,160	-0.5983%	1,084,754	2.9902%	594,776	-0.7818%

In 2015 the Group's total donations to local charities and sponsorship were made entirely in cash. The Fideuram Group prefers long-term commitments that leverage synergies and partnership. Our donations, calculated following the guidelines of the London Benchmarking Group (LBG), are classified by objective as follows:

- 9.1% "local investments" which include long-term strategic partnerships.
- 43.9% "donations" which meet specific needs and requests.
- 47% "marketing initiatives" which support events that simultaneously promote our brand and business.

## Group donations to area by type of support



## MEDIA RELATIONS

Media relations have always played a prime role in Fideuram's external communications.

Our Media Relations work in 2015 again ensured our community of stakeholders was kept informed of the most important developments regarding the Bank, its Networks and subsidiaries through articles, interviews, editorials and other contributions published in leading newspapers.

Media relations put the Group's 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 our sales networks.

The main subjects reported on during the year included:

- The establishment of Fideuram – Intesa Sanpaolo Private Banking, the leading Italian private bank, on 30 June 2015, resulting from the integration of the prestigious private banking members of the Intesa Sanpaolo Group, including the former Banca Fideuram and Intesa Sanpaolo Private Banking.
- The appointment of Matteo Colafrancesco as Chairman and Paolo Molesini as Managing Director and General Manager.

- Our quarterly, half-year and annual financial results, which showed record client assets and profitability.
- The steady growth of our SEI and Active advanced advisory services, with client assets that exceeded €67bn.
- The opening in Milan and Turin of the first of seven branches dedicated to High Net Worth customers.
- The opening of the London branch.
- The launch of new insurance products offering service and protection levels that are unique in the market.
- The benefits that our Fideuram Mobile Solution platform offers our Personal Financial Advisers and customers and the imminent launch of our 'Alfabeto Fideuram' project.
- Our recruitment data.
- Our local events, including the Fideuram Vita Insieme Linee Protette roadshows and Voluntary Disclosure Roadshow.

In 2015, members of the Group's management team took part in round tables and gave interviews in which they were able to outline the most significant initiatives undertaken. The Group's fund managers gave numerous interviews to the specialist press, sector TV and radio, and took part in surveys, commenting on market performance and the main financial industry trends.

## THE FINANCIAL SYSTEM AND OTHER INSTITUTIONS

Fideuram and its subsidiaries are members of a number of industry associations, including the Italian Banking Association (ABI), Italian Association of Investment Advisory Companies (Assoreti), the Italian Association for Limited Liability Companies (Assonime), the Italian Private Banking Association (AIPB) and the Italian Association of Fund Managers (Assogestioni).

The Bank's Chairman is also Chairman of the Board of Directors of Assoreti.

## CORPORATE EVENTS

### CONSULENTIA 2015

L'evoluzione della professione  
verso la consulenza

Fideuram and Sanpaolo Invest were among the sponsors of the second Consulentia conference organised by the Italian Association of Financial Advisers (Associazione Nazionale Promotori Finanziari - ANASF), held on 3, 4 and 5 February 2015 at the Auditorium Parco della Musica in Rome.

The conference included a wide range of presentations and round tables for Personal Financial Advisers, providing an important forum for the discussion of current and future trends in the sector. It was attended by the main Personal Financial Adviser Networks and several major asset management companies, which presented their market strategies. As sponsors, Fideuram and Sanpaolo Invest had a stand in the exhibition area, which provided an advantageous place to meet Personal Financial Adviser from all the networks.

On the third day there was a meeting entitled "Il promotore finanziario in Italia - Il professionista al centro del sistema" (The Financial Adviser in Italy - the professional at the centre of the system), with a round table on research by GfK Eurisko. The speakers at the opening round table included Antonello Piancastelli, Joint General Manager of Fideuram.

### SALONE DEL RISPARMIO 2015

Fideuram was a partner of the annual Salone del Risparmio again in 2015. Organised by Assogestioni, the Italian Association of Fund Managers, the conference was held in Milan from 25 to 27 March in the new building of the Università Bocconi in via Roentgen.

The three-day conference for the financial services industry attracted more than 15,000 visitors and included meetings, cultural projects and opportunities for investors to further their knowledge.



The Fideuram Group, represented by the Fideuram and Fideuram Investimenti brands in the exhibition area, organised a conference session on the subject "A bridge between financial investment and the real economy. How to create wealth for investors while helping to regenerate the economy", an examination of investment and diversification opportunities with speakers Gianluca La Calce, Managing Director and General Manager of Fideuram Investimenti, and two private-equity experts working in Italy, Davide Croff and Walter Ricciotti.

## EFPA MEETING 2015

Fideuram and Sanpaolo Invest were gold partners in the National Convention of EFPA Italia (the Italian branch of the European Financial Planning Association), held at the Porto Antico Conference Centre in Genoa on 4 and 5 June 2015.

The convention was attended by more than 500 investment professionals from all over Italy, who benefited from the opportunity to share their knowledge and experience in the training sessions and exhibition areas, where Fideuram and Sanpaolo Invest had a stand.

Now an annual fixture, the convention provides an important forum for professionals both with and without certification from across Italy who share a pan-European vision. The two-day programme consisted of seminars, conference sessions and debates with leading experts in the sector and participants that included Personal Financial Advisers from the top networks and asset management companies.



## XI PRIVATE BANKING FORUM

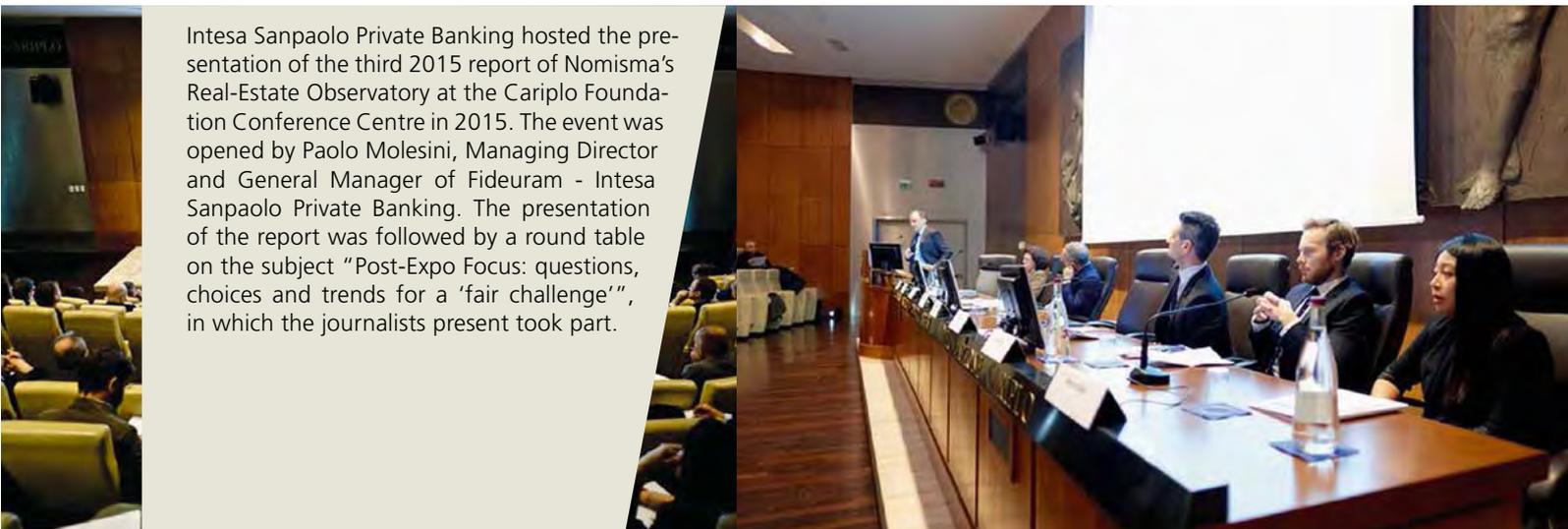
Fideuram was present as a partner at the XI Private Banking Forum 2015, organised by the Italian Private Banking Association and held on 10 November at the Barclays Teatro Nazionale.

This was the first time the event was open to anyone with an interest in acquiring a detailed knowledge of the management of private investments. One of the participants in the round table "Multicanalità: la nuova sfida del Private Banking" (Multichannel services: the new challenge for Private Banking) was Paolo Molesini, the Managing Director of Fideuram - Intesa Sanpaolo Private Banking.



## NOMISMA MEETING 2015

Intesa Sanpaolo Private Banking hosted the presentation of the third 2015 report of Nomisma's Real-Estate Observatory at the Cariplo Foundation Conference Centre in 2015. The event was opened by Paolo Molesini, Managing Director and General Manager of Fideuram - Intesa Sanpaolo Private Banking. The presentation of the report was followed by a round table on the subject "Post-Expo Focus: questions, choices and trends for a 'fair challenge'", in which the journalists present took part.



## SEMINAR - FAMILY BUSINESSES AND ASSETS

Intesa Sanpaolo Private Banking and the Young Entrepreneurs and Small Industry Division of the Turin Industrial Union organised a seminar entitled "Impresa e Patrimonio di Famiglia: strumenti e soluzioni di trasferimento e protezione" (Family Businesses and Assets: tools and solutions for transferring and protecting them), held at the Turin Industrial Union Conference Centre.



## 4.8.6 Natural capital

This capital includes the processes and environmental resources which contribute to generating goods and services for the Group's business.

### THE ENVIRONMENT



#### ENVIRONMENTAL POLICY

The Fideuram Group's environmental policy is focused on containing and rationalising energy consumption by continuously monitoring the maintenance activities that make it possible to reduce pollutant emissions and waste together with paper, water, electricity and gas consumption in order to make a positive contribution to sustainable development, although there is no department specifically tasked with energy management.

In accordance with Intesa Sanpaolo's environmental and energy policies, we have for many years adopted an approach that has improved energy efficiency through using renewable sources and eliminating waste, monitoring both direct impacts connected with the use of natural resources and indirect impacts connected with the procurement of goods and services.

In accordance with this environmental policy, during 2015 Fideuram disposed of hazardous and non-hazardous waste properly, ensuring compliance with current legislation, including the provisions of the new Italian waste-tracking system (Sistema di controllo della tracciabilità dei rifiuti - SISTRI).

The Group pays special attention to its paper consumption, rationalising its purchasing and stock procedures, despite not having any designated members of staff specifically responsible or any dedicated policies.

Given the nature of the Group's operations it has no significant direct impact on the environment, but nevertheless takes its commitment to the environment very seriously, with initiatives to monitor and increase the efficiency of our properties.

### ENERGY

#### MAIN OBJECTIVES FOR 2015

Continue to replace incandescent light bulbs with LED and high-performance fluorescent light bulbs.

Steadily replace climate-control systems that use non-ecological refrigerant gases.

The transfer of all the Personal Financial Adviser's offices to the New Logistics Model was completed in 2015, making it possible to increase the scope of their monitoring and control.

The Group's work to contain energy consumption through management optimisation and energy efficiency initiatives are, therefore, ongoing.

#### ACTIONS AND RESULTS ACHIEVED

Continued the process of installing LED light fittings in all Personal Financial Advisers' offices that have been relocated and/or refurbished.

In addition to using new-generation systems in our relocated Personal Financial Advisers' offices, work continued on replacing climate-control systems that use non-ecological gases in existing Personal Financial Advisers' offices.

These initiatives have, generally speaking, involved replacing refrigeration units, installing LED or other high-efficiency lighting in branches and signboards, bringing in systems that automatically switch off computers at night, using new low-energy printing methods, bringing in smart lighting systems that automatically adjust lighting levels and switch lights on and off, installing thermostatic valves and launching initiatives to reduce excessive temperature levels.

## MAIN IMPROVEMENT OBJECTIVES FOR 2016

Our main objectives for 2016 include the following:

- Continuing to replace incandescent light bulbs with LED and high-performance fluorescent lighting, and continuing to support the renewable energy sector in new installations and/or the refurbishment of existing installations.
- Steadily replacing old and less efficient climate-control systems that use non-ecological refrigerant gases, thus also reducing our energy consumption.

## OTHER SUPPLIES AND WASTE DISPOSAL

### MAIN OBJECTIVES FOR 2015

### ACTIONS AND RESULTS ACHIEVED

Continue the project to replace individual printers, photocopiers and faxes with all-in-one printers or with central printers for each office/floor.

The process of replacing multiple individual printers with networked multifunction printers shared by multiple users continued in 2015, achieving a reduction in toner consumption and waste.

Bring in a centralised paper purchasing system with the supplier decided at Intesa Sanpaolo level, reducing autonomy in the choice of paper supplier.

Upon completion of the project to centralise purchasing, the Group started to use the same paper supplier as Intesa Sanpaolo, thus being certain of complying with the same environmental protection requirements.

Extend digital archiving to cover more types of documents.

Digital archiving was extended in 2015 to cover a wider range of documents, thus reducing the amount of paper waste generated.

### Paper consumption

In 2015 the Group consumed a total of 186.9 metric tonnes of paper (-5.2% compared with 2014).

Blank paper and headed paper was all ecological Forest Stewardship Council (FSC) certified paper from sustainably managed forests.

The plan to transition to paperless documents was continued with the upgrading of our digital document system and the expansion of the application to store an increased range of documents, together with the provision of online statements and reporting for customers.

100%

FSC-certified ecological paper

PAPER CONSUMPTION		2015	2014	2013
Total paper consumption	Metric tonnes	186.9	197.2	197.5
Paper consumption per head	kg/No. of staff	73	79	79

## MAIN IMPROVEMENT OBJECTIVES FOR 2016

Our main objectives for 2016 include the following:

- Continue to replace individual printers, photocopiers and faxes with all-in-one printers or with central printers for each office/floor, using ecologically sustainable equipment with a consequent reduction in emissions of hazardous pollutants, and to optimise the use of consumables, particularly paper.
- Extend digital archiving to cover more types of documents, consequently eliminating the use of paper by the Personal Financial Adviser offices for a number of the services provided by Fideuram.
- Use digital signatures, provide documents and information for consultation online and create editable PDFs, consequently reducing paper consumption and waste production.



### Water consumption

Water resources are mainly used by the Group for civil purposes, but also, in limited cases, for the "technological" purpose of cooling in climate control systems. The water used comes from the public water supply or other water-supply companies.



### Waste

In 2015 the Group implemented Italy's waste disposal regulations and joined the SISTRI electronic waste tracking system register 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 waste disposal directives, adopting suitable processes and procedures for separate waste collection. Most of the waste collected by separate waste collection was paper and cardboard.



### Toner consumption

Used toner cartridges and hazardous 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.

## 4.9 Events after the reporting period and outlook

There were no significant events after the reporting period.

2016 will be a landmark year for the Group as the first in which it operates to full capacity in the new configuration finalised in June 2015 to pursue its strategic objective of sustainable growth in line with the Intesa Sanpaolo business plan.

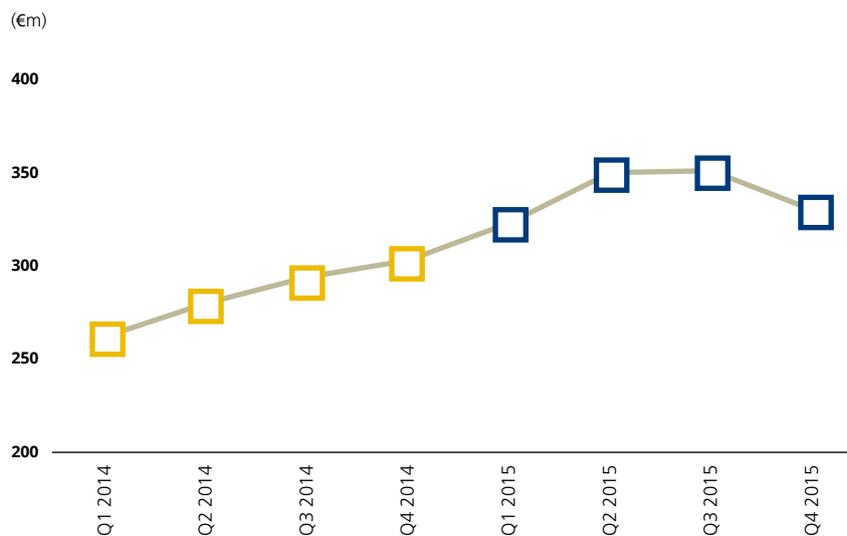
The beginning of the current year saw an increase in the volatility of the financial markets, which were dominated by uncertainty and speculation, but notwithstanding this unfavourable start, net inflows in January 2016 were positive to the tune of €319m.

We have deferred our initial detailed profitability analysis to the approval of the results for the first quarter, when the trends, performance and pricing of client assets that could impact anticipated net profit for the current year should be confirmed.

# 319 €m

Net inflows  
in January 2016

### Quarterly net recurring fees



5.1 The Italian market

5.2 The world market

Drivers of the managed assets market 2016-2018:

- **Greater propensity** for managed assets
- **Recovery** in the financial markets
- **Growth** of Personal Financial Adviser networks
- **Development** of financial advisory services





## 5. Growth prospects

# 5.1 The Italian market<sup>1</sup>

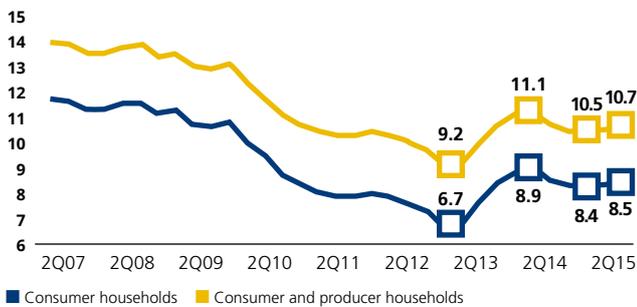
## MANAGED ASSETS OVERVIEW

During 2015, the propensity to save of Italian households, which is to say the fraction of disposable income not used for consumption, grew compared with 2014 (Fig. 1). Household financial assets exceeded €16bn in the first half of 2015, up from €11bn for the same period in 2014, and accounted for almost 95% of net assets (72.5% in 2014).

Financial asset stocks fell by approximately half a percentage point due to the negative contribution of the markets from May, more than offsetting the improvement in inflows. Growth in the first half of the year took stocks back up to year-end 2007 levels in nominal terms, although they remained around €150bn lower than in 2006 (Fig. 2).

### Propensity to save of Italian households (Fig. 1)

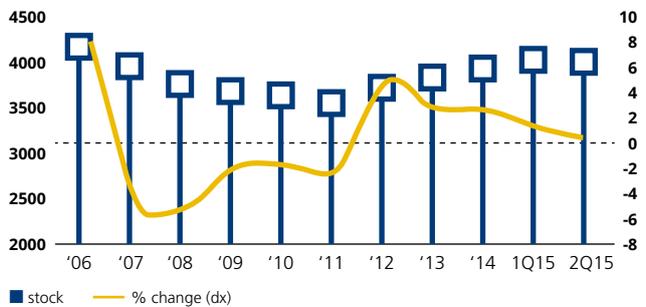
(%, annualised data)



Source: Prometeia processing of ISTAT data.

### Household financial assets in Italy (Fig. 2)

(stocks in €bn and % change)

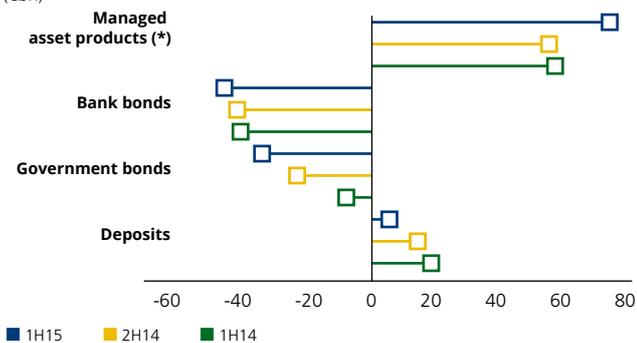


Source: Prometeia processing of Bank of Italy data.

The final data shows that the reallocation of household financial portfolios in the first half of 2015 was more intense than in either the first or second half of 2014. Investments in managed asset instruments (mutual funds, discretionary accounts, life insurance products and pension funds) totalled €70bn, while bank bonds were negative to the tune of €45bn and government bonds to nearly €35bn. The latter fell considerably from the figure for 2014, suffering a further loss in appeal with respect to yields upon maturity after the ECB launched its government bond purchase programme (Fig. 3). Mutual funds increased as a percentage of household financial assets, returning to 2007 levels at the end of 2014 and rising by 1.2 percentage points to 10.9% in the first half of the year to overtake debt securities, which fell 2.7% to 10.8%. Insurance and pension products gained half a percentage point, on the other hand, accounting for approximately 21% of the portfolio thanks to continued substantial growth in the insurance component. Liquid assets were down by half a percentage point, with very low inflows compared with 2014 (Fig. 4).

### Household investments in the principal financial instruments in Italy (Fig. 3)

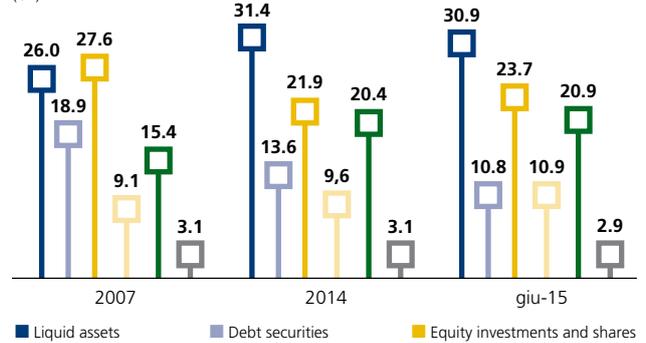
(€bn)



(\*) Mutual funds, discretionary accounts, life insurance products and pension funds. Source: Prometeia processing and estimates using Bank of Italy, Assogestioni, Assoreti and ANIA data.

### Household financial assets in Italy (Fig. 4)

(%)



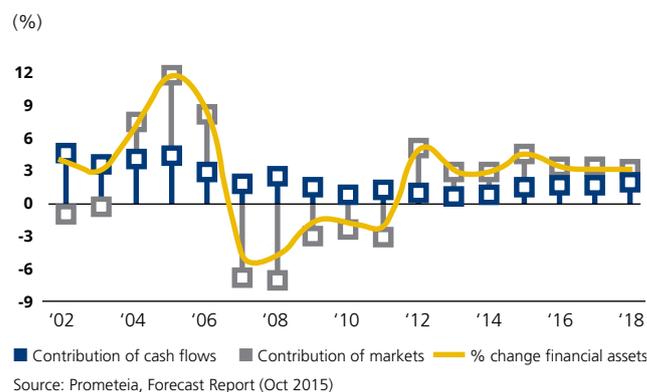
Source: Prometeia processing of Bank of Italy data

1. The information presented in this section has been obtained from the Italian Household Savings Outlook published by Prometeia.

The recovery in the Italian economy began in 2015 and was more vigorous than expected due to improved terms of trade (buoyed by falling commodity prices that exceeded the depreciation of the euro), which stimulated consumer spending and helped restart the consumer durables cycle. The slowdown in exports that was already under way in the second half of the year will continue in 2016, but we could nevertheless see some consolidation in economic growth due to Government's more expansionary fiscal policy and to domestic demand. In this scenario, household disposable income will start growing again this year, helped in part by improved labour market conditions, enabling increasingly strong growth in consumer spending.

The propensity to save could therefore increase further next year, stimulated by greater household caution and the need to rebuild assets eroded by the crisis, and then subsequently stabilise. Over the next three-year period, the increase in new savings flows connected with the positive average contribution of the financial markets could generate average growth in financial assets of 3.1% per year. These cash flows could more than double compared with 2013-2015, substantially exceeding the €200bn accrued, albeit without returning to pre-financial-crisis levels (Fig. 5).

## Contribution of cash flows and markets to growth of household financial assets (Fig. 5)



Estimated 2016-2018  
increase in household  
financial assets in Italy



Over 200€bn

The anticipated very slow recovery in interest rates and the changes being made in bank product and range design policies have stimulated the current growth in the managed asset components of household financial portfolios and will continue to do so for the next three years. Directly-held government and bank securities could account for under 7%

by the end of the forecast period, while mutual funds, life insurance products and pension funds could increase to 36%. Liquid assets are expected to stabilize at around 30%, albeit with a shift in favour of certificates of deposit and term deposits, a demand which the banks' retail offerings could be structured to meet (Table 1).

**Table 1 Household financial assets in Italy**

(% breakdown and volume in €bn)

	2012	2013	2014	2015	2016	2017	2018	('18-'14)
Liquid assets	31.6	31.3	31.4	30.9	30.8	30.6	30.3	-1.2
Total securities	19.3	16.6	13.6	10.3	8.4	7.1	6.7	-6.9
- of which private residents	10.1	8.8	6.4	4.1	2.8	1.9	1.5	-4.9
Equity investments and shares	19.7	21.7	21.9	23.3	23.8	24.1	24.1	2.2
Units in funds	7.3	8.1	9.6	11.3	12.3	12.8	13.2	3.6
Reserves	18.8	19.2	20.4	21.2	21.8	22.4	22.8	2.4
- life insurance reserves	11.4	11.9	13.2	14.0	14.7	15.2	15.4	2.2
- pension funds	2.1	2.2	2.3	2.4	2.5	2.7	2.9	0.6
- entitlements	4.3	4.1	4.0	3.8	3.7	3.5	3.4	-0.5
- non-life reserves	1.0	1.0	1.0	1.0	1.0	1.0	1.1	0.1
Other	3.3	3.1	3.1	3.0	3.0	3.0	2.9	-0.1
Total financial assets	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Total FA (€bn)	3,732	3,838	3,943	4,116	4,249	4,378	4,509	
Annual change in %	4.9	2.8	2.7	4.4	3.2	3.1	3	

Source: Prometeia, Forecast Report (Oct 2015) and Prometeia estimates using ANIA, COVIP and Bank of Italy data.

The most recent data on the managed assets market show a slowdown in net inflows. Inflows nevertheless continued to be positive in every month of 2015 notwithstanding the high volatility of the financial markets in the final quarter. This testifies to the banks' solid sales performance, helped by product and range design policies focused on term products with predominately bond-based portfolios, which are less sensitive to short-term market trends. But it also indicates more resilient demand in an increasingly challenging

short-term financial environment, considering that with interest rates at their current levels there are no alternative low-risk investments with attractive yields. Moreover, the financial advisor networks also reduced their customers' investment risk profiles in the summer months, although product and range design policies continued to be centred on managed asset products. Managed asset product stocks could grow 10.6% in 2016 and by an average of 4.5% per year in 2017-2018 (Table 2).

**Table 2 Managed assets market**

(€bn and % change)

Stock	2012	2013	2014	AUG-'15	2015	2016	2017	2018
Italian and non-Italian mutual funds (*)	449.7	516.2	619.9	688.6	735	829	899	955.4
change	8.4	14.8	20.1	11.1	18.6	12.8	8.5	6.3
Discretionary accounts (°)	466.5	502.6	575.2	601.4	617.1	649	673	692
Change	6.3	7.7	14.4	4.7	7.4	5.2	3.7	2.8
- of which in mutual funds (°)	107.7	114.9	133.6	149.7	153.8	165.7	174.5	180.9
Change	4.5	6.7	16.3	12.3	15.3	7.7	5.3	3.6
- of which in securities (°)	358.9	387.7	441.6	451.7	463.4	483.4	498.5	511.1
Change	6.8	8.0	13.9	2.4	5.0	4.3	3.1	2.5
Total (net of duplication)	808.6	903.9	1,061.5		1,198	1,312	1,398	1,467
Change	7.7	11.8	17.4		12.9	9.5	6.5	4.9
<b>Net inflows</b>								
Italian and non-Italian mutual funds (*)	3.5	46.2	72.7	62.2	92	65.5	50	45
Discretionary accounts (°)	-10.5	18.2	22.5	23.9	33.5	20	17.5	16.5
- of which in mutual funds (°)	-3.5	2.8	10	12.7	15.5	7	5.5	4.5

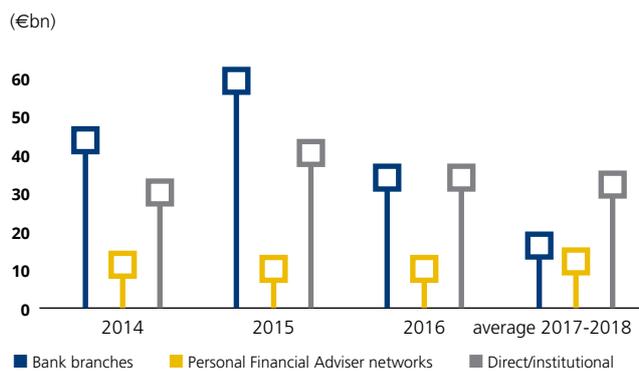
(\*) Net of duplication; for non-Italian mutual funds, Prometeia estimates using Assogestioni and Bank of Italy data.

(°) Latest figures: June 2015.

Source: Prometeia estimates and forecasts using Bank of Italy and Assogestioni data.

In particular, retail customer transactions could take the banking channel's net inflows into mutual funds and discretionary accounts to total around €35bn in 2016, thanks to the ongoing substantial reallocation from managed assets, before slowing to an average of around €16.5bn per year in 2017-2018, when the recovery in the credit cycle and discontinuation of non-conventional policies will lead to a greater need for funding. The mutual fund and discretionary account volumes brokered by financial advisor networks<sup>2</sup> could grow during the forecast period thanks to the networks' ability to capture a large share of household savings, without however exceeding €12bn if range design policies are focused on greater product and service diversification (Fig. 6).

**Net inflows into asset management products (\*) by distribution channel** (Fig. 6)



2. This forecast regards brokers who mainly or exclusively use financial advisers as their physical distribution channel.

The intense growth in managed asset product stocks (mutual funds and discretionary accounts) brokered by the banking channel over the 2015-2016 two-year period will subsequently slow significantly and their market share will start to fall again while that of the stocks brokered by the financial advisor networks rises, also achieving more stable growth over time thanks to the performance of the volumes invested (Table 3).

**Table 3 Client assets by distribution channel (\*)**

(€bn and %)

	2011	2012	2013	2014	2015	2016	2017	2018
Bank branches	270.6	272.3	312.2	375.3	443.5	490.3	517.7	535.9
% change	-14.9	0.6	14.6	20.2	18.2	10.6	5.6	3.5
MS	36.0	33.7	34.5	35.4	37.0	37.4	37.0	36.5
Personal Financial Advisers	113.1	128.0	143.2	161.8	178.7	195.9	212.1	226.6
% change	-5.7	13.2	11.8	13.0	10.4	9.7	8.3	6.8
MS	15.1	15.8	15.8	15.2	14.9	14.9	15.2	15.5
Institutional	367.2	408.2	448.5	524.4	576.3	626.1	667.8	704.1
% change	-3.0	11.2	9.9	16.9	10.0	8.7	6.7	5.4
MS	48.9	50.5	49.6	49.4	48.1	47.7	47.8	48.0

(\*) Mutual funds sold directly and discretionary accounts, net of duplication.

Source: Prometeia estimates and forecasts using Bank of Italy, Assoreti and Assogestioni data.

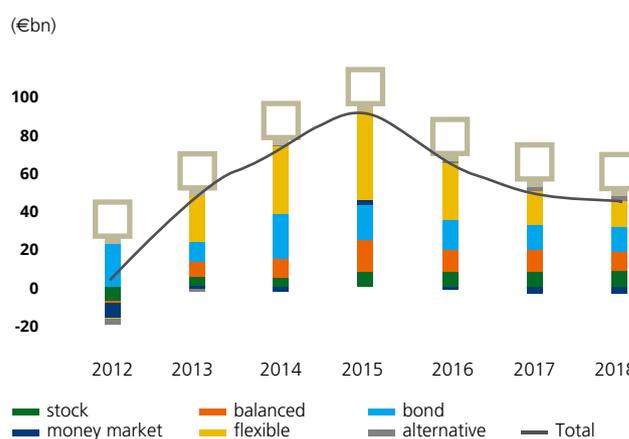
Retail customer managed asset product stocks could, therefore, subsequently increase to comfortably exceed €750bn by the end of 2018.

Institutional demand was substantial in 2015, both for mutual funds, thanks to an acceleration in the sales of unit-linked policies, and for discretionary accounts, thanks to pension products and insurance company mandates for traditional products. Based on these trends, investments in mutual funds and management mandates from insurance companies, pension funds and other institutional investors (principally bank foundations and privatised pension funds) could, buoyed by accelerating unit linked business, average more than €30bn in the forecast period thanks to growth in household pension and insurance products. Asset management product stocks, which were up 10% in 2015, could increase by an average of 7% per year over the next three-year period, rising to approximately €705bn by the end of 2018 to account for 48% of the market (Table 3).

Moving on to consider the evolution of the mutual funds market by asset class, funds diversifying across flexible and balanced stock and bond investments could continue to be the predominant component of net inflows over the next few years, albeit with gradually decreasing volumes due to the slowdown in the banking channel, which has mainly distributed funds in these asset classes in recent years. The demand for stock-based mutual funds will consolidate due to the opportunities in certain markets, and the demand for bond-based mutual funds will remain strong, with a further shift towards products with higher anticipated yields.

The low-interest rate scenario will lead to a net outflow from money market funds, which moved back into positive net inflow territory this year in a context of greater market uncertainty. Net inflows into non-harmonised mutual funds (Alternative Investment Funds or AIFs) could also be positive, although currently difficult to quantify. These funds may bring less-liquid medium-to-long-term investments into institutional customer portfolios but offer greater prospective profitability than traditional asset classes (Fig. 7).

**Net inflows by mutual fund asset class (\*)** (Fig. 7)



(\*) Including estimated funds outside Italy, net of duplication.

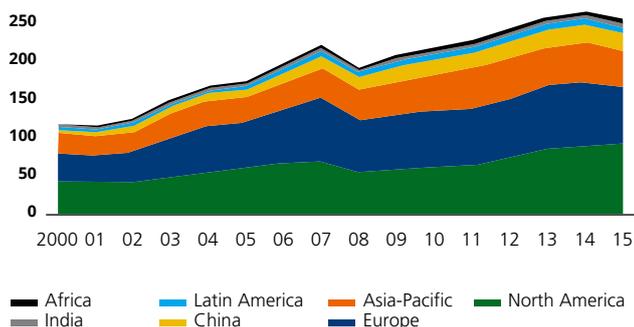
Source: Prometeia estimates using Assogestioni data.

## 5.2 The world market<sup>3</sup>

Global financial wealth was impacted significantly by the recent fluctuations in the U.S. dollar. Global wealth valued at current exchange rates declined by USD12.4tr between mid-2014 and mid-2015 as a result of the rise in value of the dollar against the other major currencies, falling to a total of USD250.1tr. This decrease, which occurred worldwide with the exception of North America and China, was the first since the 2007-2008 financial crisis (Fig. 1). However, a completely different scenario emerges if one uses constant exchange rates to value global financial wealth (Fig. 2), with global wealth increasing USD13tr compared with last year.

### Total global wealth, 2000-2015, current exchange rates (Fig. 1)

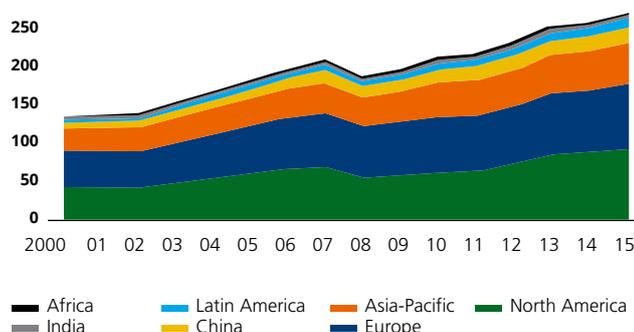
(USD tr)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

### Total global wealth, 2000-2015, constant exchange rates (Fig. 2)

(USD tr)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

From a geographical standpoint, the United States ranked first, showing substantial growth of USD4.6tr in household wealth. China was in second place with annual growth of USD1.5tr. Notwithstanding the slowdown in recent years, it is anticipated that wealth will grow at an annual rate of 6.6% (including inflation), reaching USD345,000bn in 2020 (+38% on 2015).

## DISTRIBUTION BY REGION

### ADVANCED ECONOMIES

The United States will maintain its position as the wealthiest region in the world with financial wealth of approximately USD113,000bn, but will only be in third position for growth. Wealth growth in Europe will exceed that in the United States over the next 5 years, although wealth will remain far lower in absolute terms. Considering individual countries, Switzerland will remain in first place where per-capita wealth is concerned, followed by New Zealand. Sweden could surprise, moving up into third place. New Zealand and Australia will remain in joint-first place in terms of average wealth.

### EMERGING ECONOMIES

Financial wealth in the emerging markets will continue to grow at higher rates than in the developed markets (9.1% compared with 6.1%), exceeding USD24,500bn in 2020. Within these markets, it is anticipated that the countries with the lowest wealth will grow at 10.5% compared with 8.9% for the medium-wealth economies. In percentage terms, these economies could increase their share of total global financial wealth from 16.9% in 2015 to 19.0% in 2020.

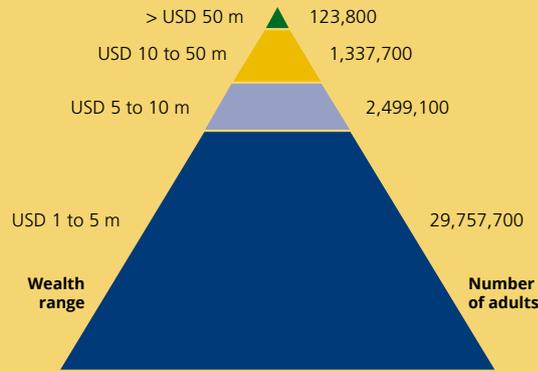
### CHINA AND INDIA

It is anticipated that both economies will grow at 9%. Together, they have more than doubled their share of global wealth, taking it from 5.5% in 2000 to 10.5% in 2015. This could rise further in the next 5 years, reaching 11.9%. India, currently the world's fourteenth economy in terms of household financial wealth, will probably come to rank twelfth by 2020. China has already overtaken Japan and is set to outstrip the financial wealth of Germany and France combined in 2020.

3. The information presented in this section has been obtained from the "Global Wealth Report 2015", published by Credit Suisse in October 2015.

## WEALTH CONCENTRATION

### The top of the pyramid



Source: James Davies, Rodrigo Lluberias and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

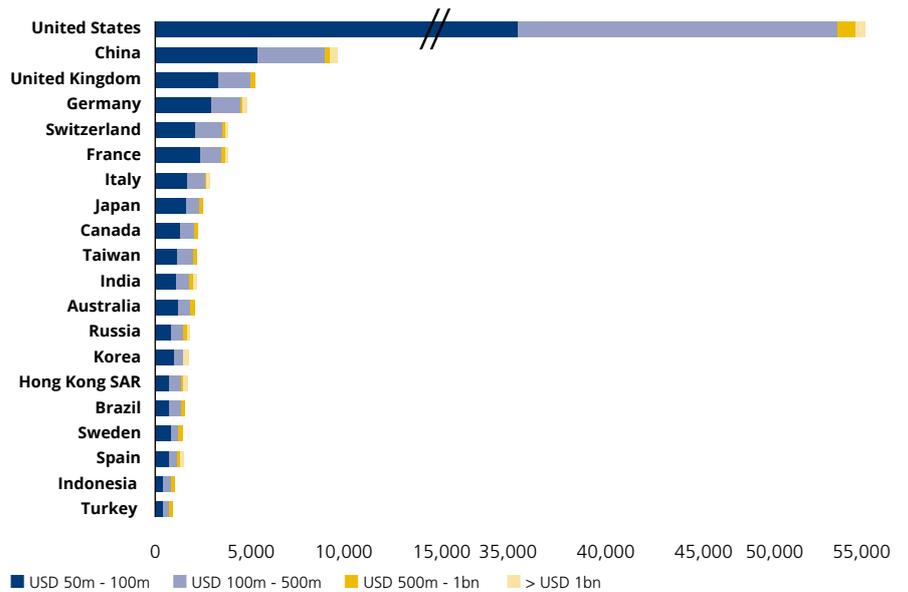
The Credit Suisse Research Institute estimates that there are more than 120,000 ultra-high net worth individuals (UHNWI) worldwide, with this referring to individuals possessing net assets of more than USD50m. Out of this total, 44,900 possess at least USD100m, while 4,500 have assets in excess of USD500m. Analysed on a regional basis, North America heads the ranking with 61,300 UHNWIs (50% of the total), while 29,900 (24%) are resident in Europe and 27,600 (22%) in Asia (including China - 9,600 and India - 2,100).

In Italy, the number of UHNWIs was down 14.1% from the figure for mid-2014, falling from 3,322 individuals to 2,831 in the first half of 2015.

Since 2012, the number of adults with financial assets of between USD10,000 and USD100,000 has declined at an annual rate of 2.1%, while the number of adults at the base of the pyramid has increased by 2.9% per year. This trend could reverse in the next five years, with the number of people in the medium segment increasing at an annual rate of 5.5% and the number of people in the bottom segment contracting at 0.2% per year. The people in the medium segment could consequently rise from 21% of the adult population in 2015 to 25.5% in 2020 (Figure 3).

The number of dollar millionaires worldwide could increase by 46% over the next 5 years, rising to 49.3 million by the end of the first half of 2020.

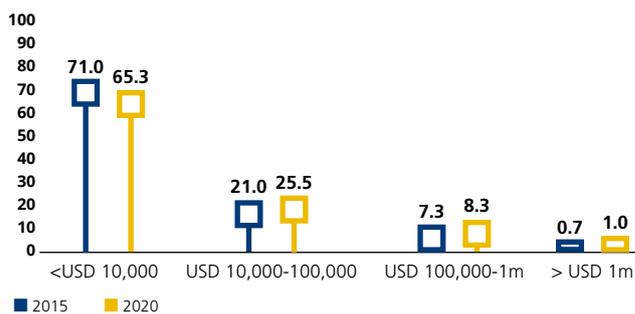
### Ultra high net worth individuals, 2015: Top 20 countries



Source: James Davies, Rodrigo Lluberias and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

### Wealth distribution (Fig. 3)

(% of adults)

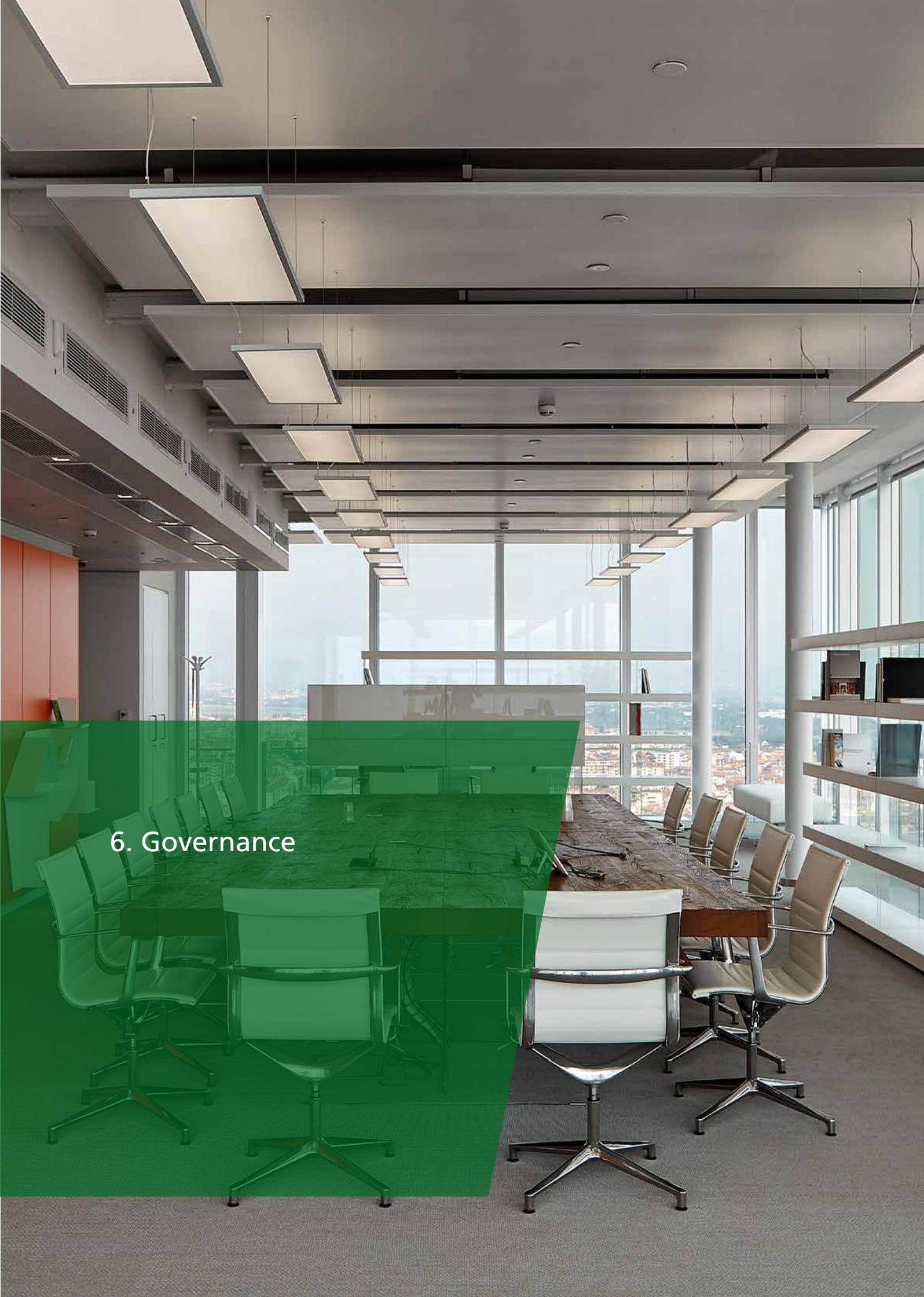


Source: Credit Suisse

- 6.1 The values and history of the Group
- 6.2 Organisational structure
- 6.3 Ownership structure
- 6.4 Role of subholding company
- 6.5 Company management
- 6.6 Remuneration policies
- 6.7 Internal audit system
- 6.8 Insider information
- 6.9 Shareholders' meetings
- 6.10 Board of Statutory Auditors
- 6.11 General Management of Private Banking Division

Fideuram - Intesa Sanpaolo Private Banking is a subholding company of the Intesa Sanpaolo Banking Group

Fideuram heads an **integrated group of companies** that specialise in the **distribution and management of financial and asset management products and services**



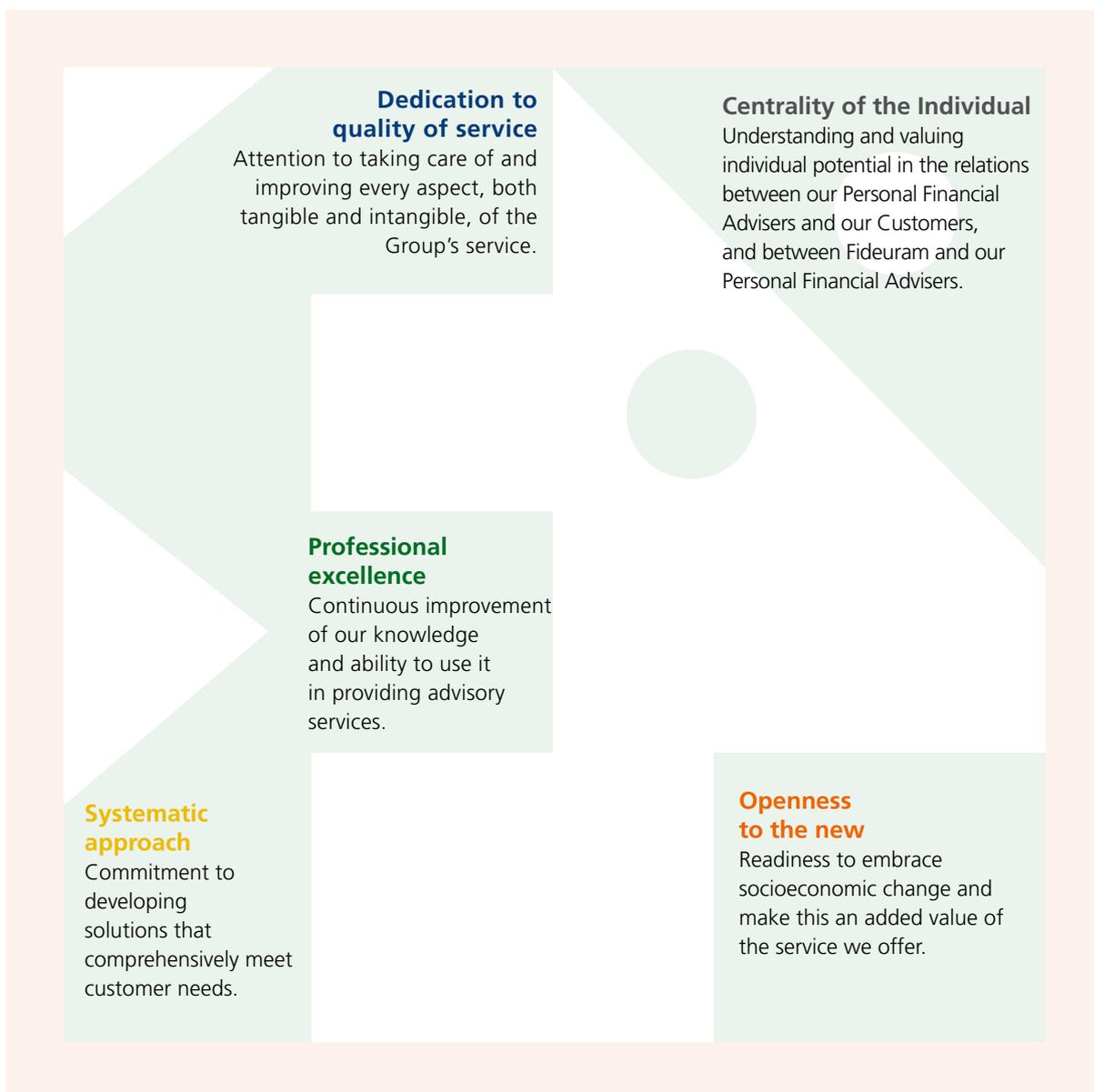
## 6. Governance

## 6.1 The values and history of the Group

Banca Fideuram has adopted the Intesa Sanpaolo Group Code of Ethical Conduct as part of a broad vision of social and environmental responsibility centred on strong relationships with its stakeholders.

The values and principles set out in the Code of Ethical Conduct are an expression of the rich corporate cultures that are the living heritage of the Intesa Sanpaolo Group, and the source of concrete rules of behaviour which guide our relations with each and every stakeholder.

Our growth strategy aims to create value that is solid and sustainable from economic, financial, social and environmental standpoints, built on the trust of our stakeholders and based on the principles of our Code of Ethical Conduct and on the values that have always distinguished Fideuram's culture and tradition.



## Short history

### 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.

### 1997

Banca Fideuram launched a personalised financial planning service benefiting from an advanced technological platform to the advantage of its customers.

Net profit:	€107.4m
Client assets:	€25,440m
Personal Financial Advisers:	2,813 (No.)

### 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.

Fideuram started offering its first Italian mutual funds: Imirend and Imicapital.

Net profit:	€78.0 m
Client assets:	€20,317m
Personal Financial Advisers:	2,729 (No.)

Banca Fideuram was included in the MIB 30 Italian blue-chip index.

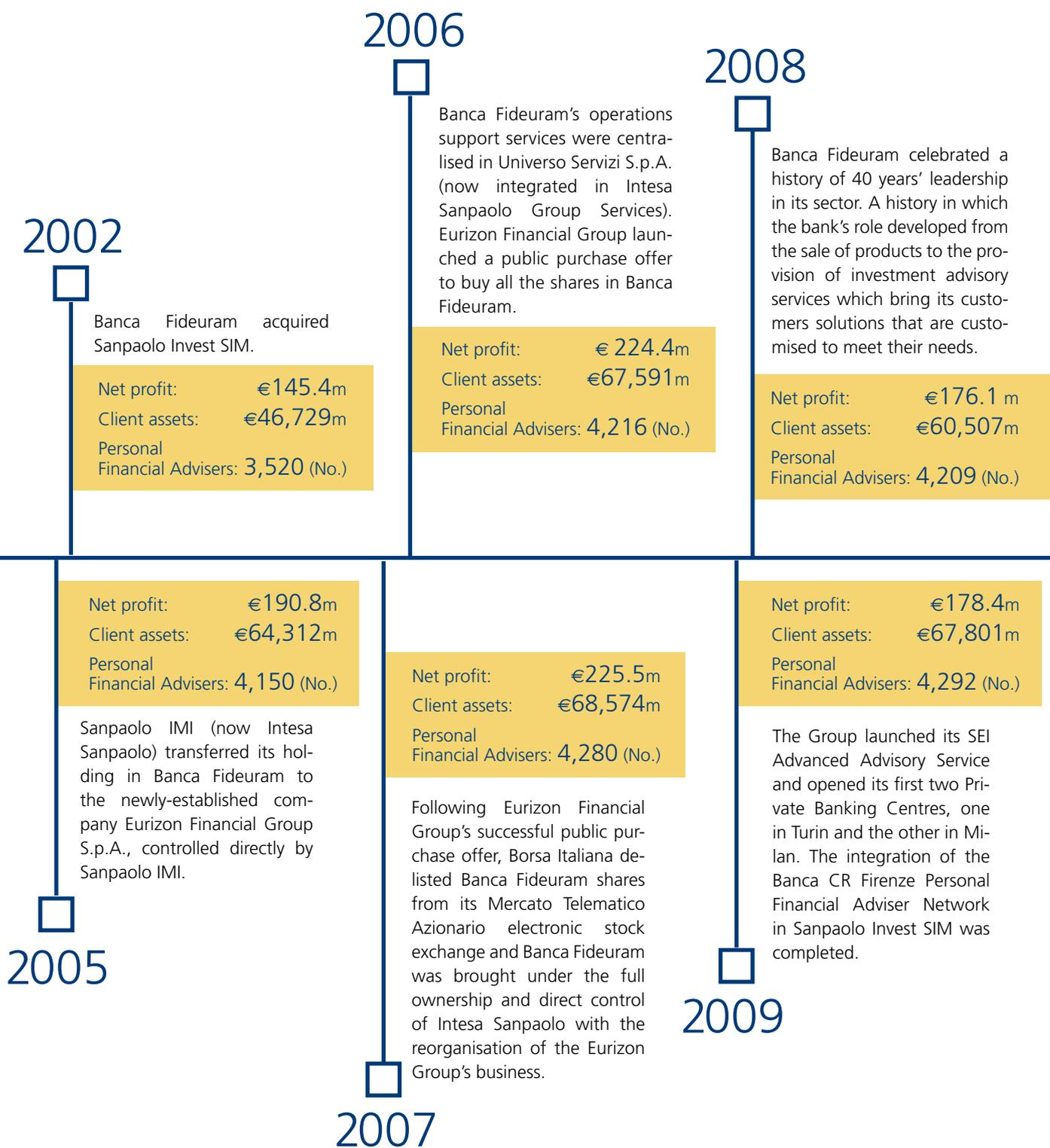
Net profit:	€152.0m
Client assets:	€32,167m
Personal Financial Advisers:	3,168 (No.)

Establishment of the subsidiary Fideuram Bank (Luxembourg).

### 1984

### 1996

### 1998



2010

The Intesa Sanpaolo Group's project to reorganise its insurance and pensions division saw it spin off the Eurizon Vita company division serving the Banca Fideuram and Sanpaolo Invest Personal Financial Adviser Networks to form Fideuram Vita. Banca Fideuram took a 19.99% stake in the share capital of the new life insurance company, while Intesa Sanpaolo held the remaining 80.01%.

Net profit: €216.6 m  
 Client assets: €71,591m  
 Personal Financial Advisers: 4,349 (No.)

2012

Launch of the Fideuram Campus Personal Financial Adviser Training School with the creation of customised training programmes. 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). Fideuram Asset Management (Ireland) Ltd applied for authorisation to act as a management company in accordance with the UCITS IV Directive.

Net profit: €205.1m  
 Client assets: €79,296m  
 Personal Financial Advisers: 5,082 (No.)

2014

The direct management of the Banca Fideuram Group's Luxembourg funds was transferred from Fideuram Gestions to Fideuram Asset Management (Ireland) Ltd, 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 upper affluent customers (Private Banking customers and High Net Worth Individuals).

Net profit: €401.9m  
 Client assets: €90,161m  
 Personal Financial Advisers: 5,044 (No.)

Net profit: €175.1m  
 Client assets: €70,949m  
 Personal Financial Advisers: 4,850 (No.)

Banca Fideuram acquired Banca Sara S.p.A., which was subsequently spun off to Banca Fideuram and Sanpaolo Invest SIM. Banca Fideuram and Fideuram Bank (Luxembourg) signed a contract of sale regarding their holdings in Fideuram Bank (Suisse), transferring total ownership of the latter to Banca Credinvest S.A.. 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.

2011

Net profit: €313.1m  
 Client assets: €83,672m  
 Personal Financial Advisers: 5,140 (No.)

The Banca Fideuram Group's Personal Financial Adviser Networks underwent a series of area and management reorganisation initiatives with the aim of enabling them to respond to market needs even more effectively. Fideuram Asset Management (Ireland) Ltd was authorised to act as a management company in accordance with the UCITS IV Directive and the procedure for winding up Sanpaolo Invest (Ireland) Ltd was approved.

2013

Net profit, including newly-consolidated companies: €747m  
 Client assets: €188.9bn  
 Personal Financial Advisers: 5,846 (No.)

To enable the Division to control and thereby coordinate all the companies necessary to provide outstanding service to Private Banking customers and High Net Worth Individuals, Banca Fideuram acquired controlling stakes in three Intesa Sanpaolo Group companies: Intesa Sanpaolo Private Banking S.p.A., Sirefid S.p.A. and Intesa Sanpaolo Private Bank (Suisse) S.A., becoming the operational subholding 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.

2015

## 6.2 Organisational structure

Fideuram's model of governance provides for the following company bodies:

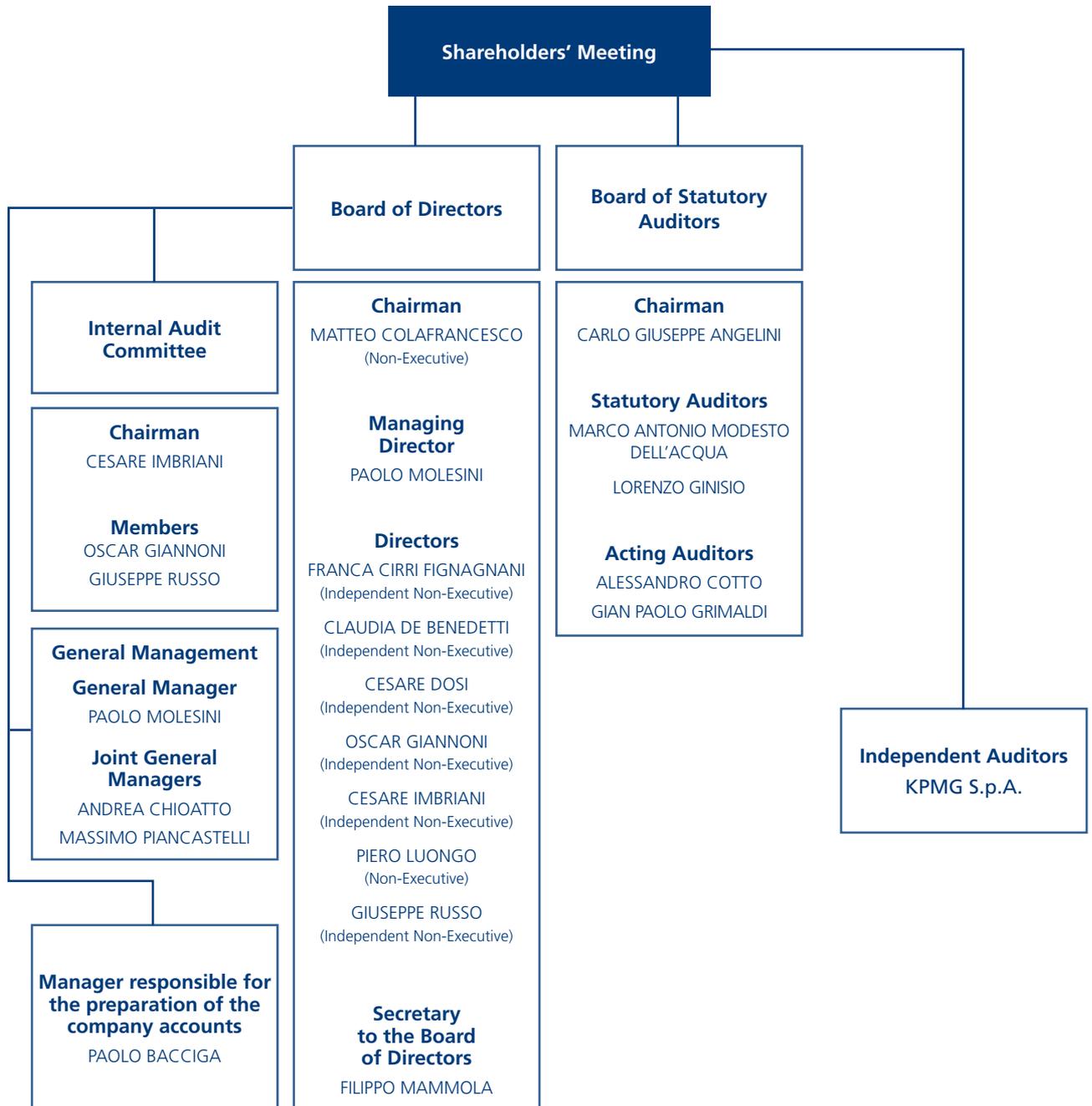
- The Shareholders' Meeting, which expresses the corporate will.
- The Board of Directors, appointed by the Shareholders' Meeting for a period of three financial years and vested with all management powers regarding the bank.
- The Chairman of the Board of Directors – appointed by the Board of Directors from among its members - who is the bank's legal representative in dealings with third parties and in legal proceedings.
- A Managing Director, appointed by the Board of Directors, which determines their powers in accordance with the By-Laws.
- The Internal Audit Committee, established within the Board and made up of three of its independent, non-executive members, which is a technical body that acts in an advisory and investigative capacity.
- Pursuant to the By-Laws, the General Management comprises a General Manager, if appointed, and one or more persons who may be appointed Joint General Manager and Deputy General Manager. They execute, in accordance with the duties and competencies assigned by the Board of Directors, 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 Managing Director) and two Joint General Managers.

- The Board of Statutory Auditors, appointed by the Shareholders' Meeting for a period of three financial years and made up of three Statutory Auditors and two Acting Auditors, which acts in a supervisory role regarding compliance with the law, regulations and by-laws, respect for the principles of good management, and, in particular, regarding the suitability of the organisational, administrative and accounting solutions adopted by the bank and their operation in practice. The Board of Statutory Auditors also performs the duties of a Supervisory Board pursuant to Italian Legislative Decree No. 231/2001.
- The Manager responsible for the preparation of the company accounts, appointed as provided for in the By-Laws, who is in charge of the internal audit system with respect to accounting and financial reporting.

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. In particular, the Board of Directors has approved Fideuram's "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's Supervisory Regulations.

The statutory audit is carried out by an independent auditing company that meets the requirements of Italian law. Fideuram has appointed KPMG S.p.A. as the independent auditors for its separate and consolidated financial statements for the 2013 to 2021 financial years.



## 6.3 Ownership structure

The bank's fully paid-up share capital pursuant to article 5 of the By-Laws is €300,000,000.00 divided into no. 1,500,000,000 ordinary shares with no par value wholly owned by Intesa Sanpaolo S.p.A., which - as the parent company of the banking group of that name - is also responsible for the bank's management and coordination.



Intesa Sanpaolo Private Banking - Turin, HNWI Branch.

## 6.4 Role of subholding 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.

As part of its drive to achieve the objectives of the 2014-2017 Business Plan, Intesa Sanpaolo formed a Private Banking Division within the Group, which brings together the Group companies providing financial advisory, asset management and trust services.

The Division's mission is to serve the upper affluent customer segment, creating value with products and services conceived for excellence, while ensuring the increased profitability of client assets through constant development of our product range and

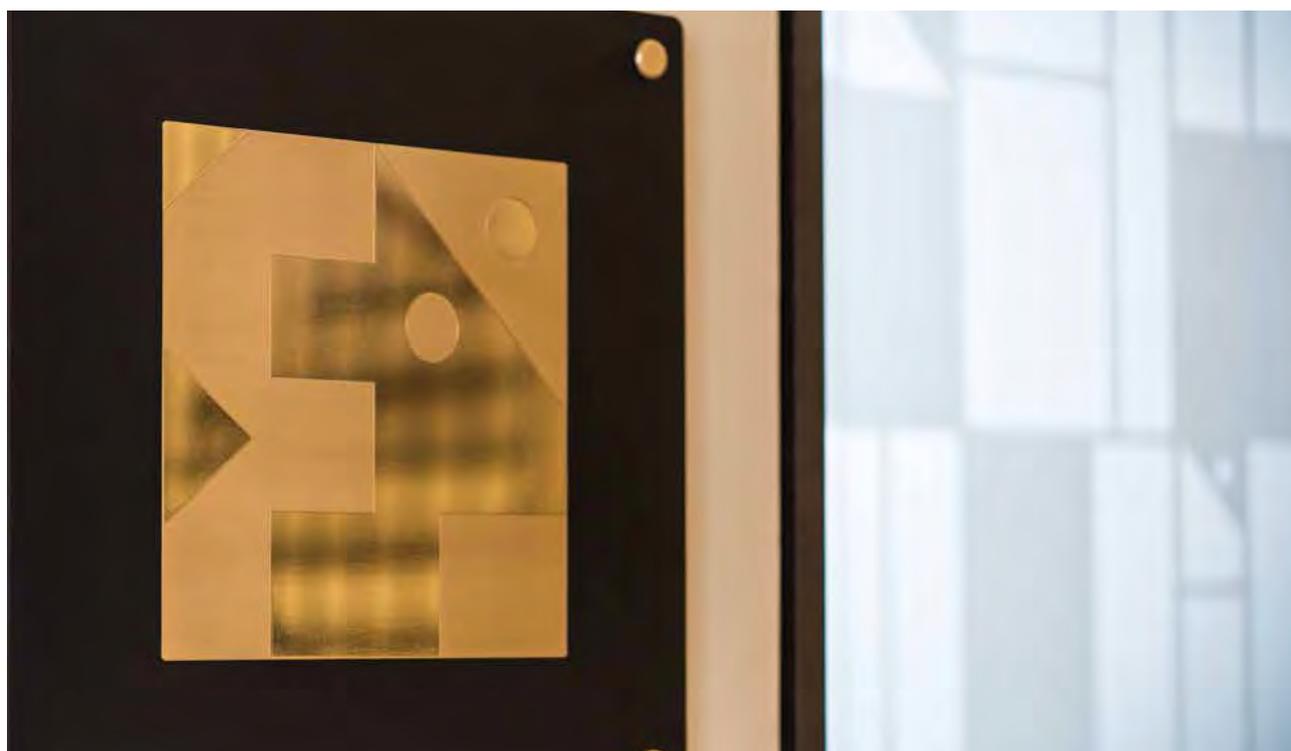
service delivery solutions, focusing on products with a high service content and introducing innovative remuneration schemes.

In line with the mission and objectives Intesa Sanpaolo has assigned the Private Banking Division, Fideuram has been made the subholding 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.

### Equity investments at 31.12.2015

COMPANY	REGISTERED OFFICE	OWNERSHIP		
		% DIRECT	% INDIRECT	TOTAL %
Sanpaolo Invest SIM S.p.A.	Rome	100.000	-	100.000
Intesa Sanpaolo Private Banking S.p.A.	Milan	100.000	-	100.000
Fideuram Investimenti SGR S.p.A.	Milan	99.500	-	99.500
Sirefid S.p.A.	Milan	100.000	-	100.000
Fideuram Fiduciaria S.p.A.	Turin	100.000	-	100.000
Fideuram Asset Management (Ireland) Ltd	Dublin	100.000	-	100.000
Fideuram Bank (Luxembourg) S.A.	Luxembourg	100.000	-	100.000
Financière Fideuram S.A.	Paris	99.999	-	99.999
Euro-Trésorerie S.A.	Paris	-	99.999	99.999
Intesa Sanpaolo Private Bank (Suisse) S.A.	Lugano	100.000	-	100.000



Fideuram Milan Office.

## 6.5 Company management

### Composition and role of the Board of Directors

The bank's current Board of Directors comprises 9 members, appointed by the Ordinary Shareholders' Meeting of 1 July 2015, whose term of office ends with the Shareholders' Meeting called to approve the financial statements for the 2017 financial year.

Within the bank's Board of Directors, the title of Executive Director may only be applied to the Managing Director 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.

Six of the other Directors meet the requirements of independence specified in article 13 of the By-Laws. These directors:

- 1) Are not employed by and do not have ongoing consultancy or remunerated work or other financial relations with the bank or its subsidiaries, parent companies or companies in which it has a joint controlling interest able to compromise their independence.
- 2) Are not Executive Directors of the bank or its subsidiaries, parent companies or companies in which it has a joint controlling interest.
- 3) Are not relatives up to the second degree of consanguinity or affinity of any people in the situations specified in point (2) above.

Pursuant to said article 13 of the By-Laws, the Board of Directors issued a specific regulation setting the maximum number of appointments outside the Intesa Sanpaolo Group that may be held by Directors (five for Executive Directors and ten for Non-Executive Directors).

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 each respectively 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 the laws and regulations in force,
- the establishment and closure of sub-offices,
- reductions in the share capital in cases of the withdrawal of shareholders,
- amendments to the By-Laws in line 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 Managing Director and General Manager.

The Board of Directors also receives and examines the regular information provided by the company audit units, the Group Operational Continuity Plan Manager, the Manager responsible for the preparation of the company accounts and the Supervisory Board established pursuant to Italian Legislative Decree No. 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.

OFFICE	NAME	DATE OF APPOINTMENT	% OF MEETINGS ATTENDED	NUMBER OF OTHER OFFICES HELD IN THE INTESA SANPAOLO GROUP	EXECUTIVE	NON EXECUTIVE	INDEPENDENT AS DEFINED IN THE BY-LAWS
Chairman	Matteo Colafrancesco	01/07/15	100%	3	-	X	-
Deputy Chairman	Franca Cirri Fignagnani	01/07/15	100%	-	-	X	X
Managing Director / General Manager	Paolo Molesini	01/07/15	100%	1	X	-	-
Director	Claudia De Benedetti	01/07/15	100%	-	-	X	X
Director	Cesare Dosi	01/07/15	100%	-	-	X	X
Director	Oscar Giannoni	01/07/15	100%	-	-	X	X
Director	Cesare Imbriani	01/07/15	100%	-	-	X	X
Director	Piero Luongo	01/07/15	53%	1	-	X	-
Director	Giuseppe Russo	01/07/15	93%	-	-	X	X

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 system of corporate governance 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 Managing Director and General Manager, paying particular attention to the internal audit system and management of conflicts of interest.
- Delegating authority to the Managing Director 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.

**15** Meetings in 2015  
**94.7%** average attendance at meetings

## Chairman

In accordance with the provisions of the by-laws, the Chairman is empowered to act as the bank's legal representative. The Board of Directors has in addition assigned the Chairman duties of direction and coordination and non-managerial powers that are instrumental in the operation of the bank, including:

- Supervising the Managing Director 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 Managing Director 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 Managing Director and General Manager, and specifying their duties and responsibilities.
- Formulating and managing media communications, branding and charitable activities in consultation with the Managing Director and General Manager.



### CHAIRMAN

Matteo Colafrancesco

Non-Executive Director

% Board of Directors meetings attended: **100%**

Length of service / first appointed: **29 June 2007**

Other significant offices held:

- Chairman of Sanpaolo Invest SIM S.p.A.
- Chairman of Fideuram Vita S.p.A.
- Deputy Chairman of the Board of Directors of Intesa Sanpaolo Private Banking S.p.A.
- Chairman of the Board of Directors of the Italian Association of Investment Advisory Companies (Assoreti)

## Internal Audit Committee

The Board of Directors is supported in its corporate duties by a Technical Committee, made up of three independent non-executive directors in accordance with the By-Laws, which acts proactively in an advisory and investigative capacity regarding the internal audit system, risk management and the accounting information system. The following participate in the work of the Committee: the Chairman of the Board of Statutory Auditors or another member of the Board of Statutory Auditors appointed by said Chairman, the Managing Director and General Manager, the bank's Internal Audit Managers, as well as the Head of Intesa Sanpaolo's Internal Audit Department or another Director appointed by the latter.

The Internal Audit Committee conducts prior assessments of the action plans and periodic information prepared by the

bank's Internal Audit Managers for the Board, receives the monthly information provided by the Head of the Audit Department, and prepares an annual report on the work carried out for internal audits, the risk management system and the accounting information system.

**13** Meetings in 2015  
**95%** average attendance  
 at meetings

## Managing Director and General Manager

The Managing Director 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 company bodies.



### MANAGING DIRECTOR AND GENERAL MANAGER

Paolo Molesini

Executive Director

% Board of Directors meetings attended: **100%**

Length of service / first appointed: **1 July 2015**

Other significant offices held:

- Director of Intesa Sanpaolo Private Banking S.p.A.
- Member of the Board of Directors of the Italian Private Banking Association (Associazione Italiana Private Banking - AIPB).

## General Management

In line with the delegations of authority assigned to the Managing Director and General Manager, and in line with the broader system of delegations in place in the Private Banking Division, Joint General Manager Andrea Chioatto is Head of Operational and Financial Governance, while Joint General Manager Massimo Piancastelli is Head of Business Coordination.

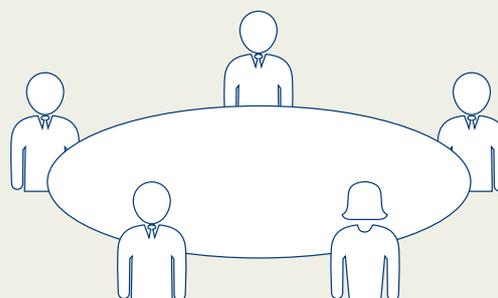
Each Joint General Manager is invested with specific powers to enable them to perform the duties assigned to them in their areas of responsibility and their corporate duties: powers to act proactively in an advisory and investigative capacity, submitting proposals to the Managing Director and General Manager, and executive powers to implement the resolutions of the Board of Directors and the instructions of the Managing Director and General Manager.

### Percentage and number of members of the Board of Directors:

	2015	
	No.	%
Women	2	22
Men	7	78
<b>Total</b>	<b>9</b>	<b>100</b>

### Composition of the Board of Directors by age:

	2015
	No.
Up to 30 years old	-
From 30 to 50 years old	-
Over 50 years old	<b>9</b>



## 6.6 Remuneration policies

Fideuram has adopted a traditional management and auditing 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 (i) approving the remuneration policies for employees and for human resources that are not salaried employees of the company, (ii) approving remuneration schemes based on financial instruments, (iii) approving the criteria for determining the remuneration due in the event of early severance of employment or early termination of office, including the limits established for such remuneration in terms of years of fixed remuneration and the maximum amount payable as a result of their application, in line with current laws and regulations.

In accordance with the Supervisory Regulations, the remuneration policy document is drawn up by our parent company for the entire banking group in order 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 Managing Director, as General Manager, and the Joint General Managers, are entitled to a fixed gross salary and a variable bonus, linked to the achievement of targets set in advance by the Board of Directors, in accordance with the guidelines of parent company Intesa Sanpaolo and the Supervisory Regulations regarding remuneration and bonus policies and practices.

Details of the remuneration paid to the Directors are provided in the Notes to the Financial Statements.

## 6.7 Internal audit system

The internal audit system is an essential core component of the bank's corporate processes, designed to ensure - through managing the related risks - that the bank and its subsidiaries are managed properly with a view to achieving their predetermined objectives and, at the same time, to safeguarding their stakeholders' interests.

Fideuram - Intesa Sanpaolo Private Banking combines profitability with the informed undertaking of risks through the effective monitoring and management of the risks connected with the company's processes and the due and effective management of the bank and its subsidiaries.

The internal audit system operates in accordance with the relevant laws and regulations in force and, in particular, the related provisions of 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 structures 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 usury 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 Supervisory Regulations of the Bank of Italy on internal audits (Bank of Italy Circular No. 263/2006, Title V, Section 7), 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 own operations and that comply with the guidelines and decisions of its parent company.

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.

It in particular 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 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 operational continuity.

The Internal Audit Committee plays a core role in the bank's internal audit system, acting proactively in an advisory and investigative capacity regarding the internal audit system, risk management and the information and accounting system.

From an operational standpoint, the internal audit and risk management system comprises three levels:

- The first level consists of the line audits performed by the operational and business units.
- The second consists of 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

It units include the Risk Management Unit, headed by the Chief Risk Officer, the Compliance Unit, the Anti-Money Laundering Unit headed by the Chief Compliance Officer, and its parent company's Internal Validation Service, which performs the risk management duties specified in the related regulations in its areas of competence.

- The third level ("Level III units") consists of the internal audits 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 Department.

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.

An Audit Coordination Committee was established in 2014 as an advisory body made up of management professionals at the bank with the purpose of strengthening interfunctional cooperation and coordination regarding the Division's internal audit system.

The Committee operates within the guidelines drawn up by the Company Bodies and on the basis of the operational and functional powers assigned to it by the bank's Board of Directors.

## INTERNAL AUDIT COMMITTEE

The Internal Audit Committee has the following duties:

- Assist the Board of Directors in the performance of its duties of establishing guidelines regarding and periodic checks on the suitability and effective operation of the bank's and its subsidiaries' internal audit systems.
- Provide prior evaluation of the action plans and periodic information prepared by the bank's internal audit unit managers for the Board of Directors, and receive the periodic reports prepared for the Committee in accordance with the bank's current internal regulations.
- Evaluate, together with the Manager responsible for the preparation of the company accounts and the Independent Auditors, the suitability and effective operation of the bank's accounting system, and the suitability of the accounting policies used and their compatibility for the purposes of preparing the separate and consolidated financial statements, through prompt examination of the annual and interim accounts, together with the findings presented in the Independent Auditors' reports.
- Maintain close contact with the Board of Statutory Auditors, through the Chairman of the Board of Statutory Auditors' participation in the Committee's meetings, in order to ensure a prompt two-way exchange of information on matters relevant to the internal audit system.
- Report to the Board of Directors upon the approval of the financial statements on the activities carried out and on the suitability of the bank's and its subsidiaries' internal audit systems.
- Perform the duties required by the Bank of Italy's Supervisory Regulations regarding risk assets and conflicts of interest in respect of related parties and of the dedicated decision-making procedures approved by the Board of Directors.
- Evaluate the acceptance and rejection of customer complaints regarding the bonds of corporate issuers in default, examining the investigations carried out by the competent offices of the bank in accordance with the criteria and management approaches specified by the Committee itself.
- Provide prior evaluation of proposals for compensation for damages to customers for any offences committed by Personal Financial Advisers that are to be handled by the Board of Directors.
- Perform any additional duties provided for by current company regulations or assigned by the Board of Directors.

Pursuant to Group Regulations implementing the Bank of Italy's Supervisory Regulations regarding risk assets and conflicts of interest in respect of associated parties, the Internal Audit Committee also performs the duties of a Related Parties Committee.

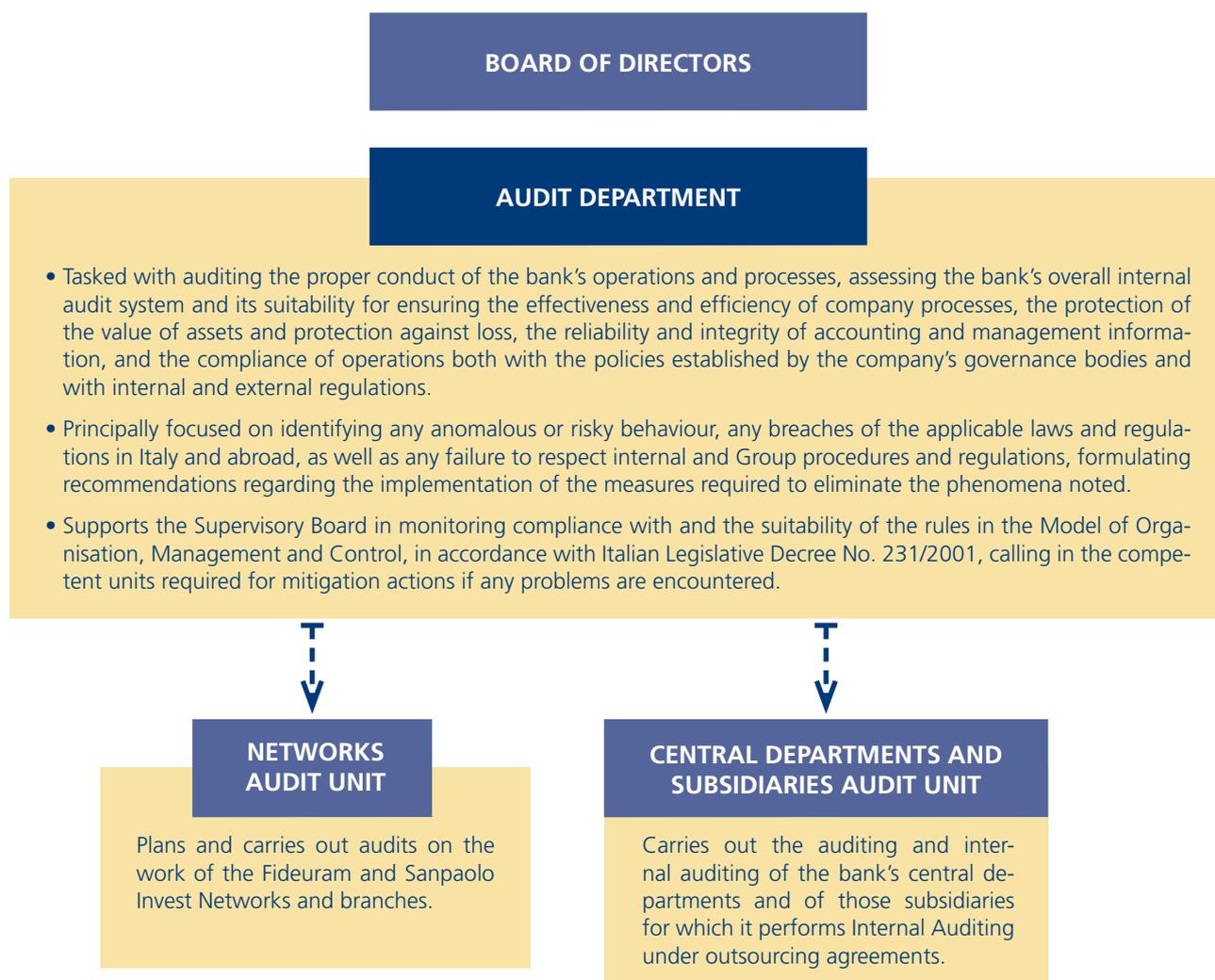
## SUPERVISORY BOARD

Fideuram - Intesa Sanpaolo Private Banking adopted the "Model of organisation, management and control in accordance with Italian Legislative Decree No. 231 of 8 June 2001" (most recently updated as approved at the Board of Directors Meeting of 15 July 2015), designed to prevent the possibility of the offences specified in the Decree being committed and consequently the administrative responsibility of the bank. 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 No. 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 No. 231/2001" as most recently approved by the Supervisory Board on 16 April 2014. The Supervisory Board duties provided for by Italian Legislative Decree No. 231/2001 are

assigned to the Board of Statutory Auditors. This option was chosen by the bank in accordance with the provisions of the law and the Supervisory Authorities, with article 14 of Law No. 183/2011 specifically permitting 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 statutory auditors of the Board of Statutory Auditors are, therefore, also members of the Supervisory Board, which can also include acting auditors, who are permitted to stand in for statutory auditors - solely for performing the duties of members of the Supervisory Board - in those cases provided for by the Model, when there are causes for the suspension of statutory auditors or statutory auditors are temporarily prevented from attending or their term of office has come to an end. No acting auditor has ever needed to stand in for a statutory auditor to date. The Supervisory Board sends a dedicated report at least six-monthly to the Board of Directors on the suitability of and compliance with the related Model of Organisation, Management and Control. The Supervisory Board held 9 meetings in 2015.

## AUDIT DEPARTMENT

The Audit Department reports directly to the Board of Directors.



The Audit Department is responsible for ensuring the constant independent supervision of the internal audit system and of the proper conduct of the bank's operations and processes, aligning its activities with the most commonly accepted professional standards and best practices in Italy and worldwide. Internal auditing operates as an independent information and control tool both for the purposes of appropriate compliance with the provisions of the Supervisory Authorities and for the specific requirements of risk control and ensuring efficient and effective organisation.

The **Audit Department** submits periodic reports to the Company Bodies, which include:

- Monthly, as a rule: a report on the work carried out in the period and on any specific related matters, submitted to the Internal Audit Committee and Board of Statutory Auditors.
- Quarterly: a report on the work carried out in relation to Italian Legislative Decree No. 231, outlining the audits performed, the resultant findings, any weaknesses identified and the interventions proposed for eliminating them, submitted to the Supervisory Board established in accordance with Italian Legislative Decree No. 231/2001.
- Half-yearly: a report on the work carried out, outlining the audits performed, 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 the department's competence. These reports are submitted to the Board of Directors and

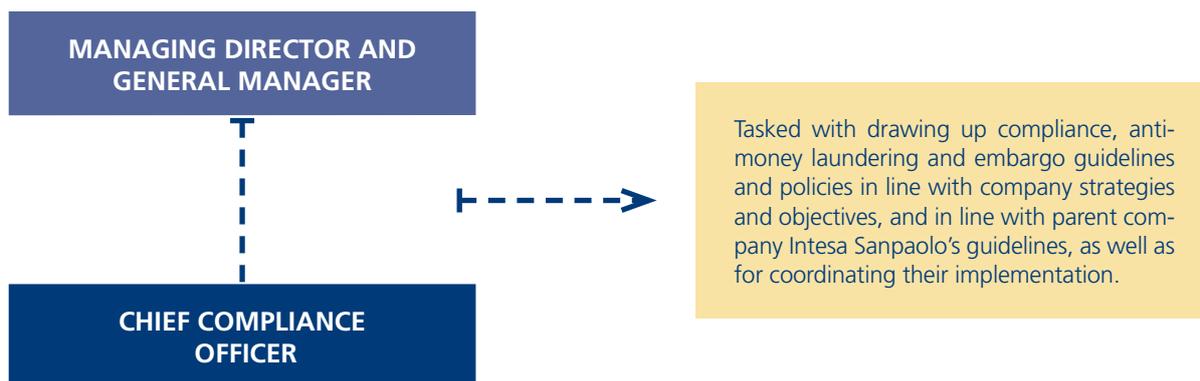
Board of Statutory Auditors, following their prior submission to the Internal Audit Committee.

- Yearly: a Work Plan specifying the auditing work planned, taking the risks associated with the various different activities and company departments into account. This plan also contains a dedicated section on auditing the information system (ICT auditing). Along with this report, the department also submits a long-term plan for its activities, specifying them in relation to the bank's strategic plan, within the framework of the Intesa Sanpaolo Group strategic plan. Both documents are submitted to the Board of Statutory Auditors, following their prior submission to the Internal Audit Committee, and approved by the Board of Directors.
- Yearly: a report on the audits carried out on important operational functions that have been outsourced, submitted to the Internal Audit Committee, Board of Directors and Board of Statutory Auditors.

The Head of the Audit Department provides prompt notification of any significant issues of financial or reputational impact to the Chairman of the Board of Directors, the Managing Director and General Manager, the Chairman of the Internal Audit Committee, the Chairman of the Board of Statutory Auditors and the Internal Audit Department of parent company Intesa Sanpaolo, presenting the related information at the earliest practicable meeting of the Internal Audit Committee and, where necessary, of the Board of Directors.

## CHIEF COMPLIANCE OFFICER

Reports directly to the Managing Director and General Manager



The Chief Compliance Officer manages compliance risk with the support of a **Compliance Unit**, which is autonomous and independent of the operating units, and also organisationally and operationally separate from both the Audit Department and - with effect from July 2015, pursuant to Bank of Italy Circular No. 263 - the Risk Management Unit.

The current compliance risk Model is set out in the "Fideuram Regulations implementing Group Compliance Guidelines", which were approved by the Board of Directors at its meeting of 10 November 2014, and which adapt the guiding principles, organisational architecture and principal macro-processes of compliance management provided for at Intesa Sanpaolo Group level to its own operating context. These Regulations specify the compliance responsibilities and macro-processes with a view to mitigating compliance risk through the synergistic action of all bank staff.

The Chief Compliance Officer, supported by the Compliance Unit, is responsible for continuously identifying the laws and sector regulations which apply to the bank, measuring and evaluating their impact on company processes and procedures, while verifying the suitability and effectiveness of the bank's application of them, in addition to assisting the Supervisory Board in performing the audit and control activities carried out pursuant to Italian Legislative Decree No. 231/2001.

Supported by the Compliance Unit, the Chief Compliance Officer follows a risk-based approach to managing compliance risk where all the laws and regulations applicable to the company's operations are concerned, verifying that suitable internal procedures are in place to prevent this risk, supporting company departments with the ex ante evaluation of the regulatory compliance of innovative projects, and proposing organisational and procedural interventions to ensure the appropriate management and prevention of compliance risks, evaluating the effectiveness of said interventions over time.

The Chief Compliance Officer submits periodic reports to the Company Bodies on the suitability of the compliance management provided, as follows:

- 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. This report is submitted to the Board of Directors and Board of Statutory Auditors, following its prior submission to the Internal Audit Committee.
- Half-yearly: a report on the work carried out in relation to Italian Legislative Decree No. 231/2001, outlining the audits performed, the resultant findings, any weaknesses identified and the interventions proposed for eliminating them, submitted to the Supervisory Board established in accordance with Italian Legislative Decree No. 231/2001.
- Yearly: a Work Plan identifying and evaluating the main risks to which the Bank is exposed, and planning the related management interventions, taking into account any deficiencies noted in the audits and any new risks identified. The Work

Plan is submitted to the Board of Statutory Auditors following its prior submission to the Internal Audit Committee and approved by the Board of Directors.

The Chief Compliance Officer manages compliance risk regarding money laundering, embargoes and the combating of the financing of terrorism with the support of the **Group Anti-Money Laundering and Embargo Unit**, which is autonomous and independent of the operating units, and also organisationally and operationally separate from the Audit Department and the Risk Management Unit.

The Group Anti-Money Laundering and Embargo Unit is responsible for managing compliance risk where money laundering, combating the financing of terrorism and embargo management are concerned, participating in the management of the related operational and reputational risks. It is also responsible for supervising the criteria for the feeding and management of the Single Information Archive, as well as for providing the notifications and communications that current legislation requires of the bank. The Chief Compliance Officer is Head of the Anti-Money Laundering Unit and a Delegated Officer of the bank and its Italian subsidiaries pursuant to article 42 of Italian Legislative Decree No. 231/2007, and reports functionally to the Head of the Anti-Money Laundering Unit of parent company Intesa Sanpaolo.

The Chief Compliance Officer submits periodic reports to the Company Bodies, as follows:

- 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. These reports are submitted to the Board of Directors and Board of Statutory Auditors, following their prior submission to the Internal Audit Committee.
- Half-yearly: a report on the work carried out in relation to Italian Legislative Decree No. 231/2001, outlining the audits performed, the resultant findings, any weaknesses identified and the interventions proposed for eliminating them, submitted to the Supervisory Board established in accordance with Italian Legislative Decree No. 231/2001.
- Yearly: a Work Plan identifying and evaluating the main risks to which the Bank is exposed, and planning the related management interventions, taking into account any deficiencies noted in the audits and any new risks identified. The Work Plan is submitted to the Board of Directors and Board of Statutory Auditors following its prior submission to the Internal Audit Committee.

If any particularly critical issues are identified, a report must be sent promptly to the Managing Director and the General Manager so that they can determine what, if any, management actions need to be taken, and to the Chairman of the Board of Directors, the Chairman of the Internal Audit Committee, the Chairman of the Board of Statutory Auditors and the Internal Audit Department of parent company Intesa Sanpaolo.

## Chief Risk Officer

The **Chief Risk Officer** acts independently of the operating units and separately from the internal audit unit, reporting directly to the Managing Director and functionally to the Chief Risk Officer of parent company Intesa Sanpaolo. The Chief Risk Officer acts independently of the units tasked with the "operational management" of risk, continuously monitoring the suitability of the risk management process and the effectiveness of the measures taken to rectify any deficiencies identified. These duties apply both to the operations of the bank and to those of the other companies in the Private Banking Division.

The Chief Risk Officer's responsibilities cover two areas, one regarding the bank's proprietary risks - and financial, credit, operational and reputational risk in particular - which impact on the capital and other regulatory requirements, while the other regards the risks assumed by customers in respect of their investment portfolios and other services provided by the bank, either directly or through the Personal Financial Adviser network.

The Chief Risk Officer is responsible for auditing risk management, specifying the appropriate methods, criteria and tools for measuring and controlling financial, credit and operational risk in line with the regulatory provisions of the Supervisory Authorities, the guidelines of parent company Intesa Sanpaolo and the instructions of the bank's Company Bodies.

The Chief Risk Officer works with our parent company to develop and implement the Risk Appetite Framework (RAF) and related risk management policies. The Chief Risk Officer is also required to ensure effective current and prospective measurement, management and control of the bank's and its subsidiaries' exposure 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 Unit 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 the parent company's Guidelines and Policies, adapted where necessary to the bank's specific reference context through the issue of company-level Policies and Regulations.

Where credit and counterparty risk are concerned, the Chief Risk Officer is required to provide effective monitoring of the total portfolio exposure and to monitor lending to Private Banking customers and to bank, insurance company and financial institution counterparties through dedicated Level II audits.

Where financial risk is concerned, the Chief Risk Officer periodically measures the bank's and its subsidiaries' exposure to the volatility of market variables (interest rates, exchange rates and prices) and monitors the sustainability of the short and medium-term liquidity position.

Where operational risk is concerned, the bank and its subsidiaries operate in accordance with the "Banca Fideuram Operational Risk Management Regulations" which implement the

"Group Operational Risk Management Guidelines" by adapting the guiding principles, organisational architecture and principal macro-processes provided for Operational Risk Management at Intesa Sanpaolo Group level to its own operating context. Within this context, the Chief Risk Officer is in charge of designing, developing and maintaining the bank's and its subsidiaries' internal operational risk management and measurement system (model, regulations and processes), ensuring it complies with the regulations in force and international best practice, implementing the "Group Operational Risk Management Guidelines".

The Chief Risk Officer submits periodic reports to the Company Bodies, as follows:

- Quarterly: a management report on respect for the limits assigned by the RAF and Internal Policies regarding all the areas of their competence. This report is submitted to the Board of Directors and Board of Statutory Auditors, following its prior submission to the Internal Audit Committee.
- 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. These reports are submitted to the Board of Directors and Board of Statutory Auditors, following their prior submission to the Internal Audit Committee.
- Yearly: a report on the investment services offered to customers that complies with the regulatory provisions issued jointly by the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB) and the Bank of Italy, monitoring the suitability of the products offered to customers with respect to their risk profiles. This report is likewise submitted to the Board of Directors and Board of Statutory Auditors, following its prior submission to the Internal Audit Committee.
- Yearly: a Work Plan identifying and evaluating the main risks to which the Bank is exposed, and planning the related management interventions, taking into account any deficiencies noted in the audits and any new risks identified. The Work Plan is submitted to the Board of Statutory Auditors following its prior submission to the Internal Audit Committee and approved by the Board of Directors.

The Chief Risk Officer also ensures that the risks assumed by customers through the purchase of financial products and services from the Division's Sales Networks are evaluated and monitored, including following fluctuations in the financial markets. The unit also ensures that the metrics and models used comply with the requirements of the law, with Intesa Sanpaolo's guidelines and with the instructions issued and limits specified by the Division's internal investment and management committees.

Lastly, the Chief Risk Officer is responsible for the Level II monitoring and controls on the most important operating areas and processes, interfacing with the units tasked with Level I and III controls and with the Chief Compliance Officer for compliance controls.

## 6.8 Insider information

Pursuant to Italian market abuse law and regulations, the Board of Directors has implemented the Intesa Sanpaolo “Regulations governing the communication of insider information to the market” by issuing its own internal regulations.

## 6.9 Shareholders’ meetings

The practice adopted to date by the Board of Directors has always been as follows:

- To ensure Shareholders are provided with information on the bank at Shareholders’ Meetings.
- To promote the attendance of Shareholders’ Meetings by all the Directors.

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 2015 financial year, Fideuram held the following Shareholders’ Meetings:

- An ordinary general meeting on 16 March 2015 to approve the financial statements, to approve the Remuneration Policies, and to authorise the purchase and sale of ordinary shares in parent company Intesa Sanpaolo S.p.A.
- An extraordinary general meeting on 22 June 2015 to approve an amendment to article 5 of the By-Laws (elimination of the par value of shares), to approve the share capital increase in support of the transfer of the company division

by Intesa Sanpaolo Private Banking S.p.A., to approve the share capital increase in support of the transfer of the shareholding in Intesa Sanpaolo Private Banking S.p.A. by Intesa Sanpaolo S.p.A., to approve the share capital increase in support of the transfer of the shareholding in Sirefid S.p.A. by Intesa Sanpaolo S.p.A., to approve the bonus share issue, and to approve an amendment to article 1 of the By-Laws (change of company name).

- An ordinary general meeting on 1 July 2015 to appoint the Board of Directors for the three-year period 2015 – 2017.
- A general meeting on 22 September 2015, in extraordinary session to amend article 12 of the By-Laws (extension of the powers of the Shareholders’ Meeting regarding remuneration policies) and article 27 of the By-Laws (power of Directors to approve the distribution of interim dividends), and in ordinary session to bring the Legal Reserve to its maximum capacity by drawing upon the Extraordinary Reserve.

**4** Meetings in 2015

## 6.10 Board of Statutory Auditors

The term of the bank's current Board of Statutory Auditors, appointed by the Shareholders' Meeting of 3 April 2014, ends with the Shareholders' Meeting called to approve the 2016 financial statements. As of 20 April 2012, the Board of Statutory Auditors also performs the duties of a Supervisory Board pursuant to Italian Legislative Decree No. 231/2001.

In consideration of these further duties, the Board of Statutory Auditors receives all the information sent to the Board of Directors and Internal Audit Committee as well as that specifically sent to the Board of Statutory Auditors itself. The Board of Statutory Auditors receives suitable flows of periodic information from the other Company Bodies and Departments, including risk management and control audits, in order to perform its duties.

The Board of Statutory Auditors, which has autonomous powers of initiative and supervision, takes part in every meeting of the Board of Directors and is therefore continuously informed about the bank's operations. In accordance with the combined provisions of article 2381 of the Italian Civil Code and article 19 of the By-Laws, and to ensure that the Board of Statutory Auditors possesses every information tool 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 No. 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 in addition required to evaluate the Independent Auditors' proposals, submitted with the aim of gaining appointment, as well as the work plan prepared for the audit and the findings set out in the report and letter of comments.

**18** Meetings in 2015  
**93%** average  
attendance at meetings

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## 6.11 General Management of Private Banking Division

Andrea Chioatto has been Joint General Manager, Head of Operational and Financial Governance, of Fideuram - Intesa Sanpaolo Private Banking S.p.A. since July 2015.

Between 2013 and 2014, he was Head of Product Company Management at the Banca dei Territori area banks division, where he managed the establishment of the Corporate Finance Division (Mediocredito, Leasing and Factoring), launching the merger process that brought Consumer Lending into Intesa Sanpaolo and that spun off Medium - and Long - Term Doubtful Loans to Capital Light Bank.

Prior to that he was the Cost Control, Service Level Agreement and Investments Manager of the Intesa Sanpaolo Group, reporting directly to the Chief Financial Office and involved, inter alia, in the establishment of Intesa Sanpaolo Group Services (ISGS).

Before joining the Intesa Group he occupied a number of positions of responsibility at multinationals Unilever and ICI, where he built on his previous auditing experience.

Born in Milan, he graduated with a first-class degree in Business Economics from Luigi Bocconi University.



**FIDEURAM -  
INTESA SANPAOLO  
PRIVATE BANKING**

**Andrea Chioatto**

**Joint General Manager  
Operational and Financial Governance**

Massimo Piancastelli has been Joint General Manager, Head of Business Coordination, of Fideuram - Intesa Sanpaolo Private Banking S.p.A. since July 2015.

He held the same post at Banca Fideuram S.p.A. from 2014 to June 2015, and was also Head of Network Management and Head of Product, Tool and Private Banking Coordination at Banca Fideuram.

He has been General Manager of Sanpaolo Invest SIM S.p.A. since July 2014.

From 2011 to 2014 he was Managing Director and General Manager of Fideuram Vita S.p.A..

He has held numerous posts in the course of his career, including a long period as Senior Manager at management consultants McKinsey & Co., working mainly in the financial institution sector, and at IBM ITALIA, where he oversaw the completion of major e-business projects, both as Manager and as Principal.

Born in Milan, he gained a first-class degree in Electronic Engineering from Sapienza University in Rome, and a Professional Diploma in Management from the Open University of London.



**FIDEURAM -  
INTESA SANPAOLO  
PRIVATE BANKING**

**Massimo Piancastelli**

**Joint General Manager  
Business Coordination**

Degree in Economics and Business from Ca' Foscari University of Venice. Saverio Perissinotto started his career as a financial analyst in the Research Department of Banque Indosuez in Paris in 1986, where he stayed for three years before moving to become a manager at Banque Indosuez Jakarta until 1991. Back at Banque Indosuez in Paris from 1991 to 1995, he began working in Wealth Management for the International Customers and Wealth Engineering sections.

In 1995, he attended the International Executive Programme (IEP) at INSEAD (Fontainebleau, France), subsequently becoming Managing Director of Fiduciaria Indosuez SIM S.p.A. and Managing Director and General Manager of Crédit Agricole Indosuez Private Banking S.p.A. until 2005. During this period he was also Managing Director of Finanziaria Indosuez International Ltd in Lugano.

From 2005 to 2015 Saverio Perissinotto was Substitute Joint General Manager of Intesa Sanpaolo Private Banking and Managing Director of Sirefid from 2005 to 2010.

He was appointed Chairman of the Board of Directors of Intesa Sanpaolo Private Bank (Suisse) for the two-year period 2011-2012.

He has been General Manager of Intesa Sanpaolo Private Banking S.p.A. since 2015.



**INTESA SANPAOLO  
PRIVATE BANKING**

**Saverio Perissinotto**  
General Manager

Born in Rome and a graduate in Business Economics with a first-class degree from the University of Pavia, Gianluca La Calce went on to gain a Master's in Business Accounting, Financial Reporting and Financial Control in 1992, organised by the Consorzio Pavese per gli Studi Post Universitari.

Following a period of further research at the University of Pavia, he began his professional career at Sige Consulenza, which subsequently became Fideuram Capital, rising through various positions of responsibility in the company until being appointed Stock Markets Manager.

In 1998, he became Investments Director with responsibility for the bond, stock and foreign exchange sectors. In 2005, he was appointed Deputy General Manager of the company, which had in the meantime become a member of the Intesa Sanpaolo Group and taken the name Fideuram Investimenti SGR - Italy's third-largest asset management company by client assets - and Director and General Manager of Fideuram Asset Management (Ireland).

In 2014, he was appointed Managing Director and General Manager of Fideuram Investimenti SGR and Managing Director of Fideuram Asset Management (Ireland).



**FIDEURAM  
INVESTIMENTI SGR;  
FIDEURAM ASSET  
MANAGEMENT  
(IRELAND)**

**Gianluca La Calce**  
Managing Director  
and General Manager



From left to right:

**Andrea Chioatto**

Joint General Manager, Head of Operational and Financial Governance, Fideuram  
Intesa Sanpaolo Private Banking

**Massimo Piancastelli**

Joint General Manager, Head of Business Coordination, Fideuram  
Intesa Sanpaolo Private Banking, General Manager of Sanpaolo Invest

**Paolo Molesini**

Managing Director and General Manager of Fideuram - Intesa Sanpaolo Private Banking

**Gianluca La Calce**

Managing Director and General Manager of Fideuram Investimenti and Fideuram Asset  
Management (Ireland)

**Saverio Perissinotto**

General Manager of Intesa Sanpaolo Private Banking

The Board of Directors  
Turin, 22 February 2016

Consolidated balance sheet  
Consolidated income statement  
Consolidated statement of comprehensive income  
Statement of changes in consolidated equity  
Statement of consolidated cash flows  
Notes to the consolidated financial statements



7. Consolidated  
financial statements

# Consolidated balance sheet

(€m)

	31.12.2015	31.12.2014
<b>ASSETS</b>		
10. Cash and cash equivalents	60	39
20. Financial assets held for trading	45	55
30. Financial assets designated at fair value	168	157
40. Financial assets available for sale	4,459	2,510
50. Held-to-maturity investments	297	333
60. Loans and advances to banks	13,223	3,672
70. Loans and advances to customers	8,973	5,370
80. Hedging derivatives	2	-
90. Adjustments to financial assets subject to macro-hedging	-	-
100. Equity investments	129	119
110. Reinsurers' share of technical reserves	-	-
120. Property and equipment	39	37
130. Intangible assets	175	26
Including: goodwill	140	-
140. Tax assets	217	171
a) Current	63	47
b) Deferred	154	124
Including: convertible to tax credits (Italian law No. 214/2011)	27	-
150. Non-current assets held for sale and disposal groups	-	-
160. Other assets	1,052	733
<b>TOTAL ASSETS</b>	<b>28,839</b>	<b>13,222</b>

Chairman of the  
Board of Directors  
**Matteo Colafrancesco**

Managing Director  
**Paolo Molesini**

Manager Responsible for the  
Preparation of the Company Accounts  
**Paolo Bacciga**

# Consolidated balance sheet

(€m)

	31.12.2015	31.12.2014
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
10. Due to banks	3,110	576
20. Due to customers	21,419	9,164
30. Debt on issue	-	-
40. Financial liabilities held for trading	28	44
50. Financial liabilities designated at fair value	-	-
60. Hedging derivatives	977	1,095
70. Adjustments to financial liabilities subject to macro-hedging	-	-
80. Tax liabilities	80	55
a) Current	24	29
b) Deferred	56	26
90. Liabilities associated with non-current assets held for sale	-	-
100. Other liabilities	865	711
110. Provision for employment termination indemnities	52	27
120. Provisions for risks and charges	431	340
a) Pensions and other commitments	6	1
b) Other provisions	425	339
130. Technical reserves	-	-
140. Valuation reserves	(50)	(130)
150. Redeemable shares	-	-
160. Equity instruments	-	-
170. Reserves	1,328	743
175. Interim dividends (-)	(501)	-
180. Share premium reserve	206	9
190. Share capital	300	186
200. Treasury shares (-)	-	-
210. Equity attributable to non-controlling interests	-	-
220. Net profit (loss) for the year	594	402
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>28,839</b>	<b>13,222</b>

Chairman of the  
Board of Directors  
**Matteo Colafrancesco**

Managing Director  
**Paolo Molesini**

Manager Responsible for the  
Preparation of the Company Accounts  
**Paolo Bacciga**

# Consolidated income statement

(€m)

	2015	2014
10. Interest income and similar income	311	257
20. Interest expense and similar expense	(143)	(121)
<b>30. Net interest income</b>	<b>168</b>	<b>136</b>
40. Fee and commission income	1,881	1,416
50. Fee and commission expense	(746)	(646)
<b>60. Net fee and commission income</b>	<b>1,135</b>	<b>770</b>
70. Dividends and similar income	-	-
80. Net profit (loss) on trading activities	7	4
90. Net profit (loss) on hedging derivatives	3	(10)
100. Net profit (loss) on sale or repurchase of:	(3)	24
a) Loans	(1)	(1)
b) Financial assets available for sale	(2)	25
c) Held-to-maturity investments	-	-
d) Financial liabilities	-	-
110. Net profit (loss) on financial assets and liabilities designated at fair value	7	12
<b>120. Total net interest and trading income</b>	<b>1,317</b>	<b>936</b>
130. Net impairment of:	1	1
a) Loans	1	-
b) Financial assets available for sale	-	-
c) Held-to-maturity investments	-	1
d) Other financial transactions	-	-
<b>140. Operating income</b>	<b>1,318</b>	<b>937</b>
150. Net insurance premiums	-	-
160. Other income/expense from insurance activities	-	-
<b>170. Operating income from financing and insurance activities</b>	<b>1,318</b>	<b>937</b>
180. Administrative expenses:	(599)	(423)
a) Personnel expenses	(209)	(138)
b) Other administrative expenses	(390)	(285)
190. Net provisions for risks and charges	(39)	(83)
200. Depreciation of property and equipment	(3)	(3)
210. Amortisation of intangible assets	(14)	(11)
220. Other income/expense	162	118
<b>230. Operating expenses</b>	<b>(493)</b>	<b>(402)</b>
240. Profit (loss) on equity investments	9	10
250. Net fair value gains (losses) on property and equipment and intangible assets	-	-
260. Goodwill impairment	-	-
270. Gain (loss) on disposal of investments	-	-
<b>280. Profit (loss) before tax</b>	<b>834</b>	<b>545</b>
290. Income taxes	(240)	(143)
<b>300. Profit (loss) after tax</b>	<b>594</b>	<b>402</b>
310. Profit (loss) after tax from discontinued operations	-	-
<b>320. Net profit (loss) for the year</b>	<b>594</b>	<b>402</b>
330. Net profit (loss) for the year attributable to non-controlling interests	-	-
<b>340. Parent company interest in net profit (loss) for the year</b>	<b>594</b>	<b>402</b>

Chairman of the  
Board of Directors  
**Matteo Colafrancesco**

Managing Director  
**Paolo Molesini**

Manager Responsible for the  
Preparation of the Company Accounts  
**Paolo Bacciga**

# Consolidated statement of comprehensive income

(€m)

	31.12.2015	31.12.2014
<b>10. Net profit (loss) for the year</b>	<b>594</b>	<b>402</b>
<b>Other comprehensive income after tax not transferred to income statement</b>	<b>3</b>	<b>(2)</b>
20. Property and equipment	-	-
30. Intangible assets	-	-
40. Defined-benefit plans	3	(2)
50. Non-current assets held for sale	-	-
60. Valuation reserves related to investments carried at equity	-	-
<b>Other comprehensive income after tax that may be transferred to income statement</b>	<b>55</b>	<b>43</b>
70. Hedges of net investments in foreign operations	-	-
80. Exchange rate differences	(2)	-
90. Cash flows hedges	-	-
100. Financial assets available for sale	56	37
110. Non-current assets held for sale	-	-
120. Valuation reserves related to investments carried at equity	1	6
<b>130. Total other comprehensive income after tax</b>	<b>58</b>	<b>41</b>
<b>140. Total comprehensive income</b>	<b>652</b>	<b>443</b>
150. Total comprehensive income attributable to non-controlling interests	-	-
160. Total comprehensive income attributable to parent company	652	443

Chairman of the  
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Manager Responsible for the  
Preparation of the Company Accounts  
**Paolo Bacciga**

## Statement of changes in consolidated equity

(€m)

	BALANCE AT 31.12.2014	CHANGE TO OPENING BALANCE	ALLOCATION OF INCOME FOR THE PREVIOUS YEAR		CHANGES IN THE YEAR										SHAREHOLDERS' EQUITY AT 31.12.2015	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		
			BALANCE AT 1.1.2015	RESERVES	DIVIDENDS AND OTHER	CHANGES IN RESERVES	TRANSACTIONS INVOLVING SHAREHOLDERS' EQUITY												
							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 AT 31.12.2015	
<b>Share capital:</b>	<b>186</b>	-	<b>186</b>	-	-	-	<b>39</b>	-	-	-	-	-	-	-	<b>75</b>	-	<b>300</b>	<b>300</b>	-
a) Ordinary shares	186	-	186	-	-	-	39	-	-	-	-	-	-	-	75	-	300	300	-
b) Other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Share premium reserve</b>	<b>9</b>	-	<b>9</b>	-	-	-	-	-	-	-	-	-	-	-	<b>197</b>	-	<b>206</b>	<b>206</b>	-
<b>Reserves:</b>	<b>743</b>	-	<b>743</b>	<b>360</b>	-	<b>8</b>	<b>(39)</b>	-	-	-	-	-	-	<b>256</b>	-	<b>1,328</b>	<b>1,328</b>	-	
a) From net income	630	-	630	360	-	8	-	-	-	-	-	-	-	256	-	1,254	1,254	-	
b) Other	113	-	113	-	-	(39)	-	-	-	-	-	-	-	-	-	74	74	-	
<b>Valuation reserves</b>	<b>(130)</b>	-	<b>(130)</b>	-	-	-	-	-	-	-	-	-	-	<b>22</b>	<b>58</b>	<b>(50)</b>	<b>(50)</b>	-	
<b>Equity instruments</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Interim dividends</b>	-	-	-	-	-	-	-	-	<b>(501)</b>	-	-	-	-	-	-	-	<b>(501)</b>	<b>(501)</b>	
<b>Treasury shares</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Net profit (loss) for the year</b>	<b>402</b>	-	<b>402</b>	<b>(360)</b>	<b>(42)</b>	-	-	-	-	-	-	-	-	-	<b>594</b>	-	<b>594</b>	<b>594</b>	
<b>Shareholders' equity</b>	<b>1,210</b>	-	<b>1,210</b>	-	<b>(42)</b>	<b>8</b>	-	-	<b>(501)</b>	-	-	-	-	<b>550</b>	<b>652</b>	<b>1,877</b>	<b>1,877</b>	-	
<b>Equity attributable to owners of the parent</b>	<b>1,210</b>	-	<b>1,210</b>	-	<b>(42)</b>	<b>8</b>	-	-	<b>(501)</b>	-	-	-	-	<b>550</b>	<b>652</b>	<b>1,877</b>	-	-	
<b>Equity attributable to non-controlling interests</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

Chairman of the  
Board of Directors  
**Matteo Colafrancesco**

Managing Director  
**Paolo Molesini**

Manager Responsible for the  
Preparation of the Company Accounts  
**Paolo Bacciga**

# Statement of changes in consolidated equity

(€m)

	BALANCE AT 31.12.2013	CHANGE TO OPENING BALANCE	BALANCE AT 1.1.2014	ALLOCATION OF INCOME FOR THE PREVIOUS YEAR		CHANGES IN THE YEAR										SHAREHOLDERS' EQUITY AT 31.12.2014	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	
				RESERVES	DIVIDENDS AND OTHER	CHANGES IN RESERVES	TRANSACTIONS INVOLVING SHAREHOLDERS' EQUITY												
							ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	DISTRIBUTION OF EXTRAORDINARY DIVIDENDS	CHANGE IN EQUITY INSTRUMENTS	DERIVATIVES BASED ON TREASURY SHARES	STOCK OPTIONS	CHANGES IN EQUITY INVESTMENTS	TOTAL COMPREHENSIVE INCOME AT 31.12.2014					
<b>Share capital:</b>	<b>186</b>	-	<b>186</b>	-	-	-	-	-	-	-	-	-	-	-	-	<b>186</b>	<b>186</b>	-	
a) Ordinary shares	186	-	186	-	-	-	-	-	-	-	-	-	-	-	-	186	186	-	
b) Other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Share premium reserve</b>	<b>9</b>	-	<b>9</b>	-	-	-	-	-	-	-	-	-	-	-	-	<b>9</b>	<b>9</b>	-	
<b>Reserves:</b>	<b>875</b>	-	<b>875</b>	<b>116</b>	-	<b>2</b>	-	-	<b>(250)</b>	-	-	-	-	-	-	<b>743</b>	<b>743</b>	-	
a) From net income	762	-	762	116	-	2	-	-	(250)	-	-	-	-	-	-	630	630	-	
b) Other	113	-	113	-	-	-	-	-	-	-	-	-	-	-	-	113	113	-	
<b>Valuation reserves</b>	<b>(171)</b>	-	<b>(171)</b>	-	-	-	-	-	-	-	-	-	-	-	<b>41</b>	<b>(130)</b>	<b>(130)</b>	-	
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Net profit (loss) for the year</b>	<b>313</b>	-	<b>313</b>	<b>(116)</b>	<b>(197)</b>	-	-	-	-	-	-	-	-	-	<b>402</b>	<b>402</b>	<b>402</b>	-	
<b>Shareholders' equity</b>	<b>1,212</b>	-	<b>1,212</b>	-	<b>(197)</b>	<b>2</b>	-	-	<b>(250)</b>	-	-	-	-	-	<b>443</b>	<b>1,210</b>	<b>1,210</b>	-	
<b>Equity attributable to owners of the parent</b>	<b>1,212</b>	-	<b>1,212</b>	-	<b>(197)</b>	<b>2</b>	-	-	<b>(250)</b>	-	-	-	-	-	<b>443</b>	<b>1,210</b>			
<b>Equity attributable to non-controlling interests</b>	<b>-</b>	-	<b>-</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

Chairman of the  
Board of Directors  
**Matteo Colafrancesco**

Managing Director  
**Paolo Molesini**

Manager Responsible for the  
Preparation of the Company Accounts  
**Paolo Bacciga**

# Statement of consolidated cash flows (Indirect method)

(€m)

	31.12.2015	31.12.2014
<b>A. OPERATING ACTIVITIES</b>		
<b>1. Operations</b>	<b>864</b>	<b>626</b>
Net profit	594	402
Net profit (loss) on financial assets held for trading and on assets/liabilities designated at fair value	(12)	(14)
Net profit (loss) on hedging activities	(3)	10
Net impairment	(1)	(1)
Net depreciation and amortisation	16	14
Net provisions for risks and charges and other expense/income	39	83
Uncollected net insurance premiums	-	-
Uncollected other insurance income/expense	-	-
Unpaid taxes and tax credits	240	143
Net adjustments to net value after tax of disposal groups	-	-
Other adjustments	(9)	(11)
<b>2. Cash from/used in financing activities</b>	<b>(3,924)</b>	<b>(845)</b>
Financial assets held for trading	22	(15)
Financial assets designated at fair value	(4)	1
Financial assets available for sale	(1,212)	384
Loans and advances to banks: demand deposits	4,656	97
Loans and advances to banks: other receivables	(6,392)	(591)
Loans and advances to customers	(867)	(564)
Other assets	(127)	(157)
<b>3. Cash from/used in financial liabilities</b>	<b>3,631</b>	<b>527</b>
Due to banks: demand deposits	1,378	17
Due to banks: other debts	(250)	(247)
Due to customers	2,778	842
Debt on issue	-	-
Financial liabilities held for trading	(17)	26
Financial liabilities designated at fair value	-	-
Hedging derivatives	13	10
Other liabilities	(271)	(121)
<b>Net cash from/used in operating activities</b>	<b>571</b>	<b>308</b>
<b>B. INVESTING ACTIVITIES</b>	<b>-</b>	<b>-</b>
<b>Net cash from</b>	<b>36</b>	<b>138</b>
Disposal of equity investments	-	-
Dividend income from equity investments	-	-
Sale of held-to-maturity investments	36	138
Sale of property and equipment	-	-
Sale of intangible assets	-	-
Sale of subsidiaries and company divisions	-	-
<b>Cash used in</b>	<b>(43)</b>	<b>(33)</b>
Acquisition of equity investments	-	-
Purchase of held-to-maturity investments	-	(17)
Acquisition of property and equipment	(4)	(2)
Purchase of intangible assets	(22)	(14)
Acquisition of subsidiaries and company divisions	(17)	-
<b>Net cash from/used in investing activities</b>	<b>(7)</b>	<b>105</b>
<b>C. FUNDING ACTIVITIES</b>	<b>-</b>	<b>-</b>
Issue/purchase of treasury shares	-	-
Issue/purchase of equity instruments	-	-
Distribution of dividends and other	(543)	(447)
<b>Net cash from/used in funding activities</b>	<b>(543)</b>	<b>(447)</b>
<b>NET CASH GENERATED/USED IN THE YEAR</b>	<b>21</b>	<b>(34)</b>
<b>Reconciliation</b>		
Cash and cash equivalents at beginning of year	39	73
Net cash generated/used in the year	21	(34)
Cash and cash equivalents: effect of changes in exchange rates	-	-
Cash and cash equivalents at end of year	60	39

Chairman of the  
Board of Directors  
**Matteo Colafrancesco**

Managing Director  
**Paolo Molesini**

Manager Responsible for the  
Preparation of the Company Accounts  
**Paolo Bacciga**

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## PART A - ACCOUNTING POLICIES

### A.1 - GENERAL

#### SECTION 1 - DECLARATION OF COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING 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 2015, following the procedure provided for by EC Regulation No. 1606/2002. 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 IAS/IFRS.

The Consolidated Financial Statements at 31 December 2015 have been prepared in accordance with Bank of Italy Circular No. 262 of 22 December 2005 and its subsequent amendments and interpretation guidelines. Special attention was focused on the fourth amendment of 15 December 2015, which required the regulation to be reprinted in full.

The main developments in the financial year were the Bank of Italy's amendments to the Supervisory Regulations. The Bank of Italy amended numerous circulars in January 2015 (including Circular No. 272 "Manual for preparing supervisory returns" and No. 115 "Instructions for preparing banks' supervisory reports on a consolidated basis") following the publication of European Union Regulation EU 227/2015 endorsing the European Banking Authority's (EBA) document on non-performing exposures and forbearance practices, forming part of its "Implementing Technical Standards" (ITS) for the Basel III regulations. The amendments principally regarded the disclosure of non-performing loans, applicable as of 1 January 2015. The four categories of non-performing loans current until the 2014 Financial Statements (doubtful loans, impaired loans, restructured loans and loans receivable/past due) have been reduced to three (doubtful loans, debtor unlikely to pay and past due or overdue loans). The category restructured loans has been eliminated and replaced by the prompt identification (in the remaining categories) of forbore exposures in respect of which forbearance measures consisting of concessions have been applied.

The new International Accounting Standards or amendments to existing accounting standards and the related European Commission Regulations endorsing them and effective at 31 December 2015 are listed below:

- Regulation 634/2014: IFRIC Interpretation 21 Levies

- Regulation 1361/2014: Amendments to IFRS 3 Business Combinations, IFRS 13 Fair Value Measurement and IAS 40 Investment Property.

The new International Accounting Standards or amendments to existing accounting standards and the related European Commission Regulations endorsing them, making their application compulsory after 31 December 2015, are likewise listed below:

- Regulation 28/2015: Amendments to IFRS 2 Share-based Payment, IFRS 3 Business Combinations, IFRS 8 Operating Segments, IAS 16 Property, Plant and Equipment, IAS 24 Related Party Disclosures and IAS 38 Intangible Assets
- Regulation 29/2015: Amendments to IAS 19 Employee Benefits
- Regulation 2113/2015: Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture
- Regulation 2173/2015: Amendments to IFRS 11 Joint Arrangements
- Regulation 2231/2015: Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
- Regulation 2343/2015: Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting
- Regulation 2406/2015: Amendments to IAS 1 Presentation of Financial Statements
- Regulation 2441/2015: Amendments to IAS 27 Separate Financial Statements.

The IASB also issued two new financial reporting standards in 2014, namely IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments, both of which are still pending endorsement by the European Commission. IFRS 9 does not cover macro hedging, but otherwise completes the IASB's new financial reporting standard governing financial instruments, which will come into force from 1 January 2018. IFRS 9 is divided into three distinct areas: the classification and measurement of financial instruments, their impairment and hedge accounting. In the first area, IFRS 9 introduces a logical approach to the classification of financial assets which is driven by the contractual cash flow characteristics and the business model in which an asset is managed. Under IFRS 9, financial assets are classified in three categories instead of the current four, using the two aforementioned drivers. The three categories are: financial assets measured at amortised cost, financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. Financial assets can be recognised at amortised cost or at fair value through other comprehensive income (OCI) only if they pass the contractual cash flow characteristics test. Equities are always measured at fair value through profit or loss, unless they are not held for trading and the entity irrevocably elects at

initial recognition to measure them through OCI. Where financial liabilities are concerned, the two current categories (at cost and at fair value) still apply.

As regards impairment, the IASB has replaced the current incurred loss model with an expected loss model for instruments measured at amortised cost (e.g. loans) and at fair value through other comprehensive income that will require earlier recognition of losses. IFRS 9 requires entities to account for expected credit losses from the time financial instruments are initially recognised and, in any event, at the subsequent reporting dates. The time horizon for calculating expected losses is the entire residual life of the asset in question, where credit quality has declined significantly since initial recognition of the instrument; otherwise it is 12 months.

Lastly, the new model for hedge accounting - which does not however cover macro hedging - tends to enhance disclosure of the risk management activities of the entity preparing the financial statements, with a view to aligning the accounting treatment with the risk management activities.

## SECTION 2 - BASIS OF PREPARATION

The Consolidated Financial Statements comprise the compulsory consolidated statements provided for by IAS 1 (namely a balance sheet, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows) and the present Notes to the Consolidated Financial Statements, accompanied by the Directors' Report.

The information specified as compulsory content for "Directors' Report" by Bank of Italy Circular No. 262/2005 is presented in the following sections and paragraphs of the Integrated Financial Report:

- Section 3. Operating and market context.
- Section 4. Performance (paragraphs 4.1 to 4.4, 4.7, 4.8.1 and 4.9).
- Section 5. Growth prospects.
- Section 6. Governance (paragraph 6.2).

The Notes to the Consolidated Financial Statements present all the information provided for by the regulations, together with the additional information considered necessary to provide a faithful and proper representation of the Group's position. These financial statements have been prepared on the assumption of business continuity. There is no uncertainty regarding the Group's ability to continue in business. The compulsory tables and details required by the Bank of Italy are identified separately using the numbering specified by said Supervisory Authority.

The financial statements and Notes to the financial statements present the data for the period together with the corresponding data at 31 December 2014 for the purposes of comparison.

The schedules contain reconciliation statements for the financial statements and restated and reclassified financial statements in paragraph 4.7 of the Integrated Financial Report.

The Financial Statements use the euro as their functional currency. The figures in the Financial Statements and Notes are stated in millions of euro unless specified otherwise.

## SECTION 3 - SCOPE AND METHODS OF CONSOLIDATION

The companies consolidated line by line in the Fideuram - Intesa Sanpaolo Private Banking S.p.A. consolidated financial statements at 31 December 2015 are listed below.

### 1. Equity investments in wholly-owned subsidiaries

NAME	OPERATIONAL HEAD OFFICE	REGISTERED OFFICE	TYPE OF OWNERSHIP (*)	OWNERSHIP		% VOTES (**)
				HELD BY	% OWNED	
1. Fideuram - Intesa Sanpaolo Private Banking S.p.A. Share capital: Eur 300,000,000.00 in shares without nominal value	Rome	Rome				
2. Sanpaolo Invest SIM S.p.A. Share capital: Eur 15,264,760 in shares of Eur 140 each	Rome	Rome	1	FISPB	100.000%	
3. Intesa Sanpaolo Private Banking S.p.A. Share capital: Eur 105,497,424 in shares of Eur 4 each	Milan	Milan	1	FISPB	100.000%	
4. Fideuram Investimenti SGR S.p.A. Share capital: Eur 25,850,000 in share of Eur 517 each	Milan	Milan	1	FISPB	99.500%	
5. Sirefid S.p.A. Share capital: Eur 2,600,000 in share of Eur 0.52 each	Milan	Milan	1	FISPB	100.000%	
6. Fideuram Fiduciaria S.p.A. Share capital: Eur 1,551,000 in share of Eur 517 each	Milan	Turin	1	FISPB	100.000%	
7. Fideuram Asset Management (Ireland) Ltd Share capital: Eur 1,000,000 in share of Eur 1,000	Dublin	Dublin	1	FISPB	100.000%	
8. Fideuram Bank (Luxembourg) S.A. Share capital: Eur 40,000,000 in share without nominal value	Luxembourg	Luxembourg	1	FISPB	100.000%	
9. Financière Fideuram S.A. Share capital: Eur 346,761,600 in share of Eur 25 each	Paris	Paris	1	FISPB	99.999%	
10. Euro-Trésorerie S.A. Share capital: Eur 250,038,322.20 in share of Eur 15.30 each	Paris	Paris	1	FF	99.999%	
11. Intesa Sanpaolo Private Bank (Suisse) S.A. Share capital: CHF 20,000,000 in share of CHF 500 each	Lugano	Lugano	1	FISPB	100.000%	

#### LEGEND

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

Held by: FISPB = Fideuram - Intesa Sanpaolo Private Banking FF = Financière Fideuram

(\*\*) 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 associate companies. 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.

Potential principal-agent relationships are also taken into consideration when assessing whether or not the bank controls an entity. The Group takes the following elements into consideration when assessing whether it acts as a principal or as an agent:

- The decision-making rights over the relevant activities of the entity.
- The significance of rights held by other entities.
- The remuneration to which the Group is entitled.
- The exposure to variable returns from the equity investment.

Relevant activities are those which significantly affect the returns of the associate company.

Generally speaking, when relevant activities are managed through voting rights, the following factors provide evidence of control:

- The possession, directly or indirectly (through subsidiary companies) of more than half the voting rights of an entity.
- The possession of half (or less than half) the general meeting voting rights, and the practical ability to unilaterally manage the relevant activities through:
  - Control of more than half the voting rights through agreement with other investors.
  - The power to determine the financial and operating policies of the equity investment entity through by-law or contractual clauses.
  - The power to appoint or remove the majority of the members of the Board of Directors or equivalent company governing body.

All the subsidiaries were consolidated line-by-line. Since all the assets and liabilities of these subsidiaries are consolidated, their book value is offset by the corresponding share of shareholders' equity held by the Group. The differences resulting from said offsetting at the date of initial consolidation are, 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 the income statement. Goodwill is subject to a periodic test on the appropriateness of its carrying value. If the recoverable value of the goodwill is less than its carrying value, the difference is recognised in the income statement. All relations with respect to assets and liabilities, and all income and expenses between consolidated companies are eliminated.

The financial statements used for the line-by-line consolidation were those at 31 December 2015, as approved by the competent bodies of the subsidiaries, adjusted where necessary to align them with Group accounting policies.

Compared with the situation at 31 December 2014, the consolidation of the Fideuram Group no longer includes Fideuram Gestions S.A., following its merger with Fideuram Bank (Luxembourg) with effect from 1 January 2015, and includes Intesa Sanpaolo Private Banking, Intesa Sanpaolo Private Bank (Suisse) and Sirefid as a result of the company transactions completed with effect from 30 June 2015 as part of the project for restructuring Intesa Sanpaolo's Private Banking Division. The company acquisitions at the end of June were recognised maintaining the financial statement values of the companies involved in the transactions, in that being transactions for reorganisation purposes between companies belonging to the same Group, they fall outside the scope of application of IFRS 3 (Business combinations).

A company is considered to be an associate company if it is subject to significant influence, which is to say if Fideuram 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 by virtue of special legal ties even though it has fewer voting rights. Fideuram Vita S.p.A., in which Fideuram holds a 19.99% equity interest, is considered to be an associate company.

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 carrying value of the equity investment and the interest in the subsidiary's shareholders' equity is recognised as an increase or decrease in the carrying value of the equity investment. The Group interest in the subsidiary's operating profit is recognised in a separate item of the consolidated income statement.

## 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 2015.

## SECTION 5 - OTHER ASPECTS

### TAX REFORMS

Certain tax reforms introduced in 2015 and of relevance to the Group are summarised below.

#### **Deductibility of payroll costs of employees on open-ended contracts for the purposes of regional business tax (IRAP)**

As a result of changes introduced by the 2015 Stability Law, the payroll costs of employees on open-ended contracts became fully deductible for the purposes of regional business tax (IRAP) from 1 January 2015, thus reducing the amount of IRAP relating to payroll costs that is deductible for the purposes of IRES corporate income tax (analytical deduction).

#### **Deductibility of loan impairment for banks and financial institutions**

Italian Decree Law No. 83 of 27/06/2015 (the "Justice for growth decree") made significant changes to the deductibility of loan impairment (recognised as such in the financial statements) for the purposes of calculating both corporate income tax (IRES) and regional business tax (IRAP) for banks and financial institutions. With effect from 2015, the decree makes loan impairment (net of write-backs) fully deductible in the financial year in which they are recognised.

#### **Branch Exemption Regime**

In line with the legislation of other EU member states, Italian Legislative Decree No. 147 of 14/09/2015 (the "Legislative decree for corporate growth and internationalisation") introduced a major derogation from the so-called "worldwide principle" that applies to taxpaying entities resident in Italy. The decree entitles parent companies to opt out of Italian taxation on income from foreign subsidiaries, which therefore pay tax only in the country in which they are based. The option, which can be exercised as of 2016, is irrevocable and required to extend to all foreign branches and subsidiaries.

### Reduction in IRES corporate income tax, additional rate for banks and financial institutions, and deductibility of interest expense.

With effect from the 2017 financial year, the 2016 Stability Law will:

- Reduce the rate of corporate income tax (IRES) from 27.5% to 24%.
- Introduce an additional corporate income tax rate of 3.5% for banks and financial institutions only, thus keeping the tax burden for these entities unchanged.
- Increase the deductibility of interest expense incurred by banks and financial institutions. Specifically, the current rate of deductibility of 96% will be increased, making interest expense fully deductible for the purposes both of corporate income tax (IRES) and of regional business tax (IRAP).

### OTHER ASPECTS

The Fideuram - Intesa Sanpaolo Private Banking Group's Consolidated Financial Statements are audited by KPMG S.p.A.. The table below provides detailed information on the remuneration that the Fideuram Group paid KPMG in the 2015 financial year, in accordance with article 2427 of the Italian Civil Code and article 149 duodecies of the Regulations for Listed Companies Issuing Financial Statements (No. 11971) issued by the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB).

(€m)

TYPE OF SERVICES	KPMG S.P.A.
Independent statutory audit (*)	2
Other services	-
<b>Total</b>	<b>2</b>

(\*) This figure includes €101k remuneration paid for auditing the mutual funds managed by Group companies. These costs are borne directly by the funds. 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 2015.

### SECTION 1 - FINANCIAL ASSETS HELD FOR TRADING

Financial assets held for trading include the following:

- Debt securities and equities purchased principally to obtain short-term profit.
- Derivatives with positive values, except for those designated as hedging instruments.

Transfers to other categories of financial assets are not permissible except in exceptional circumstances that are difficult to account for in the short term. In these cases, debt securities and equities that are no longer held for trading may be transferred to the other categories provided for by IAS 39 when the conditions for such transfers occur. The transfer value is the fair value at the moment of transfer.

The initial recognition of these financial assets is at the settlement date for debt securities and equities, and at the subscription date for derivatives. Financial assets held for trading are initially recognised in the balance sheet at fair value, without taking the transaction costs or income directly attributable to the instrument itself into account.

After their initial recognition, financial assets held for trading are measured at fair value with a balancing entry in the income statement. The fair value of financial instruments listed on active markets is taken to be their market value. In the absence of an active market, the fair value is determined on the basis of the prices of recent transactions and the market values of similar financial instruments, as well as taking the results of measurement models (mainly based on objective financial variables) into account.

Derivatives are treated as assets in the financial statements if their fair value is positive and as liabilities if their fair value is negative.

### SECTION 2 - FINANCIAL ASSETS AVAILABLE FOR SALE

These include financial assets that are not classified as loans, held-to-maturity investments, financial assets held for trading or financial assets designated at fair value. It is permissible to transfer debt securities to Held-to-maturity investments or Loans (providing it is intended to hold them for the foreseeable future). The transfer value is the fair value at the moment of transfer.

The initial recognition of these financial assets is at the settlement date for debt securities and equities. Available-for-sale financial assets are initially recognised in the balance sheet at their fair value, which is usually their purchase price plus any transaction costs, if material and determinable, directly attributable to them.

After their initial recognition, available-for-sale financial assets are measured at fair value with a balancing entry in a specific reserve in shareholders' equity, and any changes in the year are recognised in the statement of comprehensive income. The amortised cost of debt securities is always recognised in the income statement. Certain unlisted equities, the fair value of which cannot be determined in a reliable or verifiable manner, are carried in the financial statements at cost and written down in those cases where impairment is verified. The valuations recorded in the shareholders' equity reserve are recognised in the income statement upon disposal or when impairment is verified. In the event of impairment losses, the loss is measured as the difference between the book value and fair value of the asset. If the reasons for any impairment cease to apply, write-backs are recorded in the income statement for debt securities and in shareholders' equity for equities. The value of the write-backs may never exceed the amortised cost that the financial instrument would have had if it had not previously been written down.

### SECTION 3 - HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments are quoted non-derivative financial instruments that have fixed or determinable payments and fixed maturities, which the Group intends and has the ability to hold

until maturity. The only transfers permitted are to Financial assets available for sale. Whenever a significant sum of investments in this category is sold or transferred prior to maturity in the course of a financial year, the remaining held-to-maturity investments must be transferred to Financial assets available for sale and the portfolio in question cannot be used for the subsequent two financial years unless the sales or transfers:

- were so close to maturity that fluctuations in market interest rates would not have had a significant effect on the fair value of the assets,
- occurred after practically all the principal of the investment had been repaid,
- were attributable to an isolated uncontrollable non-recurring event that could not, therefore, reasonably have been foreseen.

The initial recognition of these investments is at their settlement date. When initially recognised, held-to-maturity investments are recorded in the balance sheet at their fair value, which is usually their purchase price plus any transaction costs directly attributable to their purchase.

They are subsequently measured at amortised cost, using the effective interest method. Gains and losses on held-to-maturity investments are recognised in the income statement when these assets are written off or when their value declines, as well as through the amortisation of the difference between book value and maturity value.

Held-to-maturity investments are monitored for any objective signs of impairment. Impairment losses are recognised in the income statement and calculated as the difference between the asset's book value and the present value of estimated future cash flows, discounted at the original effective interest rate. If the reasons for any impairment cease to apply as a result of events subsequent to the write-downs, write-backs are recorded in the income statement. The write-backs may not exceed the amortised cost that the financial instrument would have had if it had not previously been written down.

## SECTION 4 - LOANS

Loans include non-derivative financial assets, including debt securities, that provide for fixed or determinable payments and do not have a quoted price on an active market and were not designated at purchase as financial assets available for sale. This item also includes business loans. Transfers to other categories of financial assets provided for by IAS 39 are not permitted.

The loans are recognised in the financial statements at the time the contract is signed, which is generally the disbursement date. When initially recognised, loans are recorded in the balance sheet at their fair value, which is usually their purchase price plus any transaction costs, if material and determinable, directly attributable to their disbursement.

They are subsequently valued at amortised cost, using the effective interest method. The amortised cost method is not used for loans with such a short duration that the impact of discounting may be deemed negligible. Such loans are measured at historical cost. The same measurement criterion is adopted for loans without a specified maturity and for revocable loans.

Loans are assessed to identify any that show objective evidence of potential impairment as a result of events subsequent to their initial recognition. This includes loans that have been classified as doubtful loans, debtor unlikely to pay loans or past due or overdue loans in accordance with the Bank of Italy rules and in line with the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and European supervisory regulations.

Restructured loans are classified in three categories:

- forbore exposures (as defined by Bank of Italy circular 272).
- renegotiated for commercial reasons/practices.
- debt settled by substitution of the debtor or by debt to equity swap.

Under Bank of Italy regulations, a "forborne exposure" is a debt contract to which forbearance measures have been extended. Forbearance measures consist in granting concessions to a debtor in or about to be in financial difficulties that take the form of modifications to the terms and conditions and/or the refinancing of an existing debt contract.

The renegotiation of performing loans to customers basically constitutes the opening of a new position only when granted for primarily commercial reasons other than financial difficulties facing the debtor (and which are not therefore within the scope of forbore exposures), provided that the interest rate applied is a market rate on the date of renegotiation.

As an alternative to the above cases (renegotiation due to financial difficulties of the debtor and renegotiation for commercial reasons/practices), the original debt can be settled by:

- novation or substituting the original debtor with another debtor,
- substantively amending the contract to provide for a debt to equity swap.

Since these alternatives involve substantive amendment of the contractual terms and conditions, from an accounting standpoint they extinguish the existing debt and replace it with a new debt recognised at fair value, entailing the recognition of a profit or loss in the income statement that is equal to the difference between the book value of the old loan and the fair value of the assets received.

Loans which have been individually assessed for impairment and found not to be individually impaired are collectively evaluated for impairment. This evaluation is performed on groups of loans with similar credit risk characteristics and the related loss rates are estimated taking historical loss rates into account and other observable data available at the evaluation date, which enable the impairment of each group of loans to be estimated. The evaluations take the country risk of the counterparties into account. Collectively determined write-downs are recorded in the income statement.

The method used for estimating the realisable value of non-performing loans, which is formalised in decisions by senior management and other administrative bodies that have been conferred with specific decision-making powers, is based on the present value of the expected cash flows of the principal and interest of the loans. The core elements used to calculate

the present value of the flows are the estimated collections (expected financial flows) and related due dates, together with the discount rate to apply.

The write-downs, which are analytical and collective, are write-downs to the amount recorded under balance sheet assets in accordance with the above principles, and are reinstated by write-backs relating to the income statement item for net write-downs to loans if the reasons for the write-downs cease to apply or the amounts recovered exceed the original write-downs.

## SECTION 5 - FINANCIAL ASSETS DESIGNATED AT FAIR VALUE

This category includes financial instruments designated at fair value with a balancing entry in the income statement, classified as such in accordance with the applicable legislation. Transfers to other categories of financial assets are not permitted.

The Fideuram Group has adopted the Fair Value Option for the insurance policies taken out to insure the market yields of the Personal Financial Adviser Networks' Loyalty Schemes and the Intesa Sanpaolo shares purchased under the bonus schemes for Group management.

The recognition and measurement methods adopted are the same as those set out in Section 1 regarding financial assets held for trading.

## SECTION 6 - HEDGING TRANSACTIONS

The Group uses derivative contracts to hedge the interest rate risk of certain of its fixed-rate securities. These hedging transactions aim to neutralise any potential losses from changes in the fair value of financial instruments recorded in the financial statements with the potential income obtained from the 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 the income statement. Any difference, indicating the extent to which the hedge is only partially effective, is the net financial effect.

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 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 7 - EQUITY INVESTMENTS

This item includes interests in companies over which the Group exercises significant influence.

A company is considered to be subject to significant influence when the Group is able to participate in deciding its administrative, financial and management choices by virtue of legal and de facto ties, and this is presumed to be the case when the Group holds 20% or more of the 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 carrying value of the equity investment. The Group interest in the subsidiary's operating profit is recognised in the consolidated income statement. If there is evidence of the impairment of an equity investment, the recoverable value of the equity investment is estimated. If the recoverable value is less than the book value, the difference is recognised in the income statement. If the reasons for any impairment cease to apply as a result of events subsequent to the write-downs, write-backs are recorded in the income statement.

## SECTION 8 - PROPERTY AND EQUIPMENT

Property and equipment includes land, immovable property used for operating purposes, technical plant and equipment, furniture and furnishings, machinery, equipment and works of art.

Immovable property used for operating purposes is defined as buildings owned (or leased under financial leasing contracts) that are used for the production and supply of services or for administrative purposes, and which have a useful life that is longer than one year.

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. Any expenses subsequent to purchase increase the book value of the asset or are recorded as separate assets only when they lead to an increase in the future economic benefits deriving from use of the investments. Other expenses incurred subsequent to purchase are recorded in the income statement for the financial year when they are incurred.

Subsequent to their initial recognition, property and equipment are measured at cost, deducting any depreciation and impairment.

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.

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 accounting 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 the income statement. Should the reasons for the impairment cease to apply, a write-back is recorded that cannot, however, exceed the value the asset would have had, net of any depreciation calculated, had there not been any previous impairment.

Tangible fixed assets are 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 9 - INTANGIBLE ASSETS

Intangible assets are identifiable non-monetary assets without physical substance, possessed for long-term use. They include software developed in-house or purchased from third parties, and goodwill.

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 the income statement 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 carrying value. If there is evidence of the impairment of an asset, the asset's recoverable value is estimated. The impairment is recognised in the income statement as the difference between the asset's book value and recoverable value.

Expenses regarding 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 the income statement.

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 represen-

tative 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 the income statement. 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 carrying 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 the income statement.

## SECTION 11 - CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES

Income taxes, calculated in accordance with national tax legislation, are recognised as costs on an accruals 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' tax positions with the inland revenues in and outside Italy. More specifically, they are the net balance of the 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 tax payments and other tax credits for withholding taxes paid, as well as other tax credits from prior years which Group companies have requested be offset against taxes for subsequent years.

Current tax assets also include tax credits for which Group companies have requested rebates from the competent tax authorities.

The Italian companies in the Fideuram Group avail themselves of the "Istituto del Consolidato Fiscale Nazionale" tax consolidation regime introduced by Italian Legislative Decree No. 344 of 12.12.2003 as subsidiaries 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 Parent 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. When the deferred tax assets and liabilities refer

to components recognised in the income statement, they are recorded in a balancing entry under income taxes. Whereas when the deferred tax assets and liabilities regard transactions that have had a direct effect on shareholders' equity without impacting the income statement (such as, for example, the valuation of available-for-sale financial instruments), they are recorded as a balancing entry under shareholders' equity, in respect of the related reserves, if any.

## SECTION 12 - PROVISIONS FOR RISKS AND CHARGES

### 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 and 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 provisions

The other provisions for risks and charges are provisions for liabilities of uncertain amount or due date that are recognised in the financial statements for the following reasons:

- 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 commitment.
- It is possible to make a reliable estimate of the probable future disbursement.

When the effect of deferring meeting 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. In those cases where the provisions are discounted, the total amount of the provisions recorded in the financial statements increases in each financial year to reflect the passing of time. The provisions set aside are reassessed at every accounting reference date and adjusted to reflect the best current estimate.

These provisions include the provisions set aside to cover potential losses on legal disputes, including claims from receivers, estimated disbursements arising from customer complaints regarding the brokerage of securities, the provisions for the reserve for the termination of Personal Financial Adviser agency agreements, the provisions set aside for employee expenses, the provisions set aside for the Network Loyalty Schemes and the provisions for losses connected with ongoing tax disputes.

The reserve for the termination of agency agreements, which is determined using actuarial methods, includes the provisions for Personal Financial Adviser termination indemnities and the "meritocratic bonus".

The Network Loyalty Schemes - long-term incentive schemes which entitle the Personal Financial Advisers to a bonus that is linked to the stock of financial assets under their management - involve setting aside provisions that are the best estimate of the amounts due to the Personal Financial Advisers calculated using actuarial valuations.

The provision for personnel expenses includes the variable component of employee remuneration, early retirement incentives and the provisions set aside to pay seniority bonuses to employees, determined on the basis of an independent actuary's report, using the methods specified in IAS 19.

The provision is reversed with a balancing entry in the income statement when it becomes unlikely that it will be necessary to use resources to fulfil the obligation.

## SECTION 13 - DEBTS AND DEBT ON ISSUE

The items Due to banks and Due to customers cover all the technical forms of borrowing from said counterparties. 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. 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 the income statement.

## SECTION 14 - FINANCIAL LIABILITIES HELD FOR TRADING

Financial liabilities held for trading include any negative valuations of derivative contracts held for trading and liabilities regarding technical short positions generated by dealing in securities. The same accounting treatment as for financial assets held for trading are used.

## SECTION 16 - 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 accounting date:

- Monetary items are converted using the exchange rate at the accounting 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 accounting date.

Exchange rate differences arising from the settlement of monetary items or from the conversion of monetary items at a

different rate from the initial conversion (or conversion from the preceding financial statements) are recognised in the income statement for the period in which they arise.

When a profit or loss relating to a non-monetary item is recognised in shareholders' equity, the exchange rate difference of this item is likewise recognised in shareholders' equity. Whereas when a profit or loss is recognised in the income statement, the related exchange rate difference is also recognised in the income statement.

## SECTION 18 - OTHER INFORMATION

### Provision for employment termination indemnities

Following the coming into force of the complementary social security reform provided for by Italian Legislative Decree No. 252/2005, the provision for employment termination indemnities only regards contributions accrued up until 31.12.2006. The provision for employment termination indemnities accrued up until 31.12.2006 therefore continues to be considered a "defined benefit" scheme, consequently making it necessary to perform an actuarial valuation which, however, differs from the calculation method adopted up until 31 December 2006 in no longer making the benefit proportional to the period of employment. This is because the employment period of the measurement is considered to have been accrued in full as a result of the change to the accounting treatment of the provision from 1 January 2007.

The Provision for employment termination indemnities thus constitutes a "post-employment benefit" classified as:

- A "defined contribution scheme" for the employment termination indemnity contributions accrued from 1 January 2007 (which is to say after 1 January 2007, the date when the complementary social security reform provided for by Italian Decree Law No. 252 of 5 December 2005 came into force), irrespective of whether the employee opts for complementary social security or for the contributions to be paid to the Treasury fund managed by Italy's Department of Social Security (INPS). The value of these contributions, which is recorded under personnel expenses, is calculated on the basis of the contributions due without applying actuarial calculation methods.
- A "defined benefit scheme" and therefore recognised on the basis of its actuarial value calculated using the Projected Unit Credit method for the employment termination indemnity contributions accrued up until 31 December 2006. These contributions are recognised on the basis of their actuarial value without pro-rating for length of service since the current service cost of the Provision for employment termination indemnities has almost been accrued in full, and it is considered that its revaluation for future years would not generate significant benefits for the employees. The discount rate used is set with reference to market yield, taking into account the average residual maturity of the liability, weighted in relation to the percentage of the amount paid and advanced, for each maturity, with respect to the total amount to be paid and advanced for the entire obligation to be discharged in full. The service costs of the scheme are recognised under personnel expenses and the actuarial gains and losses are recognised in the valuation reserves, with the effects for the year being recorded in the Statement of Comprehensive Income.

### Securities lending transactions

The Securities Lending service is an ancillary banking service available only to customers resident in Italy for tax purposes. Under securities lending agreements, customers transfer ownership of a certain number of securities of a given type (i.e. the securities in their dossier 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 one 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, and juridically 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.

Securities lending transactions without collateral, or with collateral in the form of other securities, which do not pass the derecognition test provided for in IAS 39, are accounted for by the loaned security and the security provided as collateral continuing 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. Whereas if the security is used in repurchase lending agreements, the borrower records a debt to the counterparty to the agreement. The lender is required to record their remuneration for the transaction under item 40 "Fee and commission income" in the income statement. Conversely, the borrower is required to record the cost of the transaction under item 50 "Fee and commission expense" in the income statement.

The securities lending transactions in question involve two separate components of remuneration, which are, from the borrower's standpoint:

- A positive component for the remuneration of the balance in hand paid to the lender, normally remunerated at the EONIA rate, in line with market practice.
- A negative component for the service received in the form of a lending fee.

The aforementioned income components are recognised in the income statement as follows:

- Under items 20 "Interest expense and similar expense" and 40 "Fee and commission income" respectively, by the lender.
- Under items 10 "Interest income and similar income" and 50 "Fee and commission expense" respectively by the borrower.

**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.

**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.

**Provisions for guarantees and commitments**

The individual and collective provisions set aside to cover the estimated possible disbursements connected with the credit risk of guarantees and commitments, determined adopting the same accounting treatment as for loans above, are stated under Other liabilities.

**Valuation reserves**

This item includes the valuation reserves regarding financial assets available for sale, the revaluation reserves stated in accordance with special laws, and the revaluation reserves for the net liabilities (assets) for defined-benefit personnel schemes.

**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 designated at fair value. 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 remuneration scheme for employees refers to a financial-instrument based investment plan named the Leveraged Employee Co-Investment Plan (LECOIP). The LECOIP is an employee stock ownership plan that the Intesa Sanpaolo Group offered all employees concomitantly with the launch of its 2014-2017 Business Plan. Having allocated Intesa Sanpaolo ordinary shares acquired on the market to each employee free of charge (free shares), the employees were given the opportunity of a long-term Investment Plan, the term of which is aligned with the Group Business Plan, involving the subscription of certain financial instruments (Certificates) issued by Credit Suisse. The employees could, as an alternative to this opportunity, sell the free shares allocated. Those that opted to join the Investment Plan, were allocated additional Intesa Sanpaolo ordinary shares directly by the parent company (matching shares), and subscribed new-issue Intesa Sanpaolo ordinary shares in a cash capital increase reserved for employees in which the shares were discounted from their market value (discounted shares). The cost of the plan is being systematically recognised in the income statement from 1 December 2014 (the date the shares were allocated) until the Certificates mature. The portion of the cost attributable to the free shares is recorded as a balancing entry in prepaid expenses, whereas the portion attributable to the matching

and discounted shares (being borne by Intesa Sanpaolo) is recorded as a balancing entry in a shareholders' equity reserve. The shares acquired for the plan that remained after the allocation of shares to employees are recognised as financial assets available for sale.

**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 the income statement during the term of the contract.

If securities designated as available for sale are protected by financial guarantees, the accounting treatment of the financial instruments remains unchanged and the securities are measured at fair value without taking the guarantees into account.

**Recognition of costs and income**

Costs are recognised in the income statement in the periods in which the related income is recognised. If the association of costs and income can only be made in a generic and indirect manner, the costs are recognised in more than one period following rational, systematic procedures. Costs that cannot be associated with related income are recognised in the income statement immediately.

Income is recognised at the time it becomes receivable, and services at the time they are provided.

Specifically:

- Interest income and expense are 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 at the time of collection.
- Dividends are recognised in the income statement during the year their distribution is decided.
- Fee and commission income on services is recorded, on the basis of contractual agreements, in the period when the services are provided.
- For transactions in financial instruments, the difference between the fair value of the instruments and the amount paid or received is recognised in the income statement only in cases where the fair value can be reliably determined.
- Profit and loss on trading in financial instruments are recognised in the income statement 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.

**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.

**Write-off policy**

Financial assets are written off in the financial statements 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 written off 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.

IFRS 3 is the reference accounting standard for business combinations and 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 potential 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 date of acquisition, 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 the income statement.

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 date of acquisition.

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 IFRS 3. 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 IAS 8 - 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).

**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. The preparation of these estimates involves using the information available and adopting subjective valuations, which are also based on historical experience, to formulate reasonable assumptions for reporting management performance. The estimates and assumptions used may by their nature vary from year to year, such that one cannot rule out the possibility of the values currently stated in the financial statements differing, even significantly, in subsequent years as a result of changes in the subjective valuations used.

Subjective valuations by company directors are mainly required for:

- Quantifying impairment losses on loans and, as a rule, other financial assets.
- The valuation models used for the fair value measurement of financial instruments not listed on active markets.
- Quantifying staff provisions and provisions for risks and charges.
- Making estimates and assumptions regarding the recoverability of deferred tax assets.
- Calculating the prepaid expenses regarding the Personal Financial Adviser Network bonuses linked to specified inflow targets.

**Fair value measurements**

The fair value of an asset or liability is 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 financial instruments is measured using a hierarchy of criteria based on the origin, type and quality of

information used. This hierarchy assigns the highest priority to quoted prices (unadjusted) in active markets and less importance to unobservable inputs.

Three different levels of inputs are identified:

- Level 1: The inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability being measured, either directly or indirectly.
- Level 3: Unobservable inputs.

A market is considered to be active when the quoted prices representing effective, standard market transactions that have occurred over an appropriate reference period are readily and regularly available through stock exchanges, dealers, brokers, sector companies, 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 must be significant with respect to the overall fair value measurement.

If the instrument is not quoted on 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 measurement techniques that aim to establish the price at which the asset would be sold or the liability transferred in an ordinary 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).
- 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).

The following are considered to be Level 1 financial instruments: quoted shares, bonds quoted on the EuroMTS platforms and bonds for which major international pricing services have provided executable quotes continuously. Conversely, any financial instruments which do not belong to the above categories cannot be considered Level 1 instruments.

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 reference 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 reference period as above) instead of the bid price or ask price.

If the prices of the financial instruments are not quoted on active markets, the fair value is established using measurement models that use market parameters or inputs, other than quoted prices included within Level 1, that are directly or indirectly observable (Level 2). In these cases, the valuations are not based on the prices of the financial instrument being valued, but on prices or credit spreads obtained from the quoted prices of instruments that are broadly similar in terms of risk, using a given pricing model. This approach consists in researching transactions on active markets in instruments which are comparable in terms of risk with the instrument being valued. The Level 2 measurement methods allow one to use the prices of financial instruments quoted on active markets (model calibration) without including subjective parameters - which is to say parameters whose value cannot be obtained from the prices of financial instruments quoted on active markets or cannot be set at levels replicating quoted prices on active markets - able to substantially impact the final measurement price.

The fair value of non-quoted bonds is established using an appropriate credit spread, identified from quoted and liquid financial instruments with similar characteristics. The sources of the credit spread are quoted and liquid securities of the same issuer, credit default swaps relating to the same reference entity, and quoted and liquid securities issued by issuers with the same rating and in the same sector.

For short-term assets and liabilities, the book value is considered to equate reasonably well to the fair value.

Interest rate and exchange rate 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 in determining the fair value. This risk includes 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 ex-

posure 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.

### 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. 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 yield rate 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 the income statement.

Amortised cost measurements are used for loans, held-to-maturity investments, available-for-sale debt securities and debts.

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.

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

#### Financial assets

At every accounting date, financial assets that are not classified as Financial assets held for trading or Financial assets designated at fair value undergo an impairment test to check for any objective evidence that their recoverable value is less than their carrying value.

The assets are considered non-performing if there is objective evidence that their future cash flows will be lower than originally estimated as a result of specific events. It must be possible to quantify the impairment reliably and it must be related to actual and not merely anticipated events.

The impairment is evaluated individually for financial assets that show specific evidence of impairment, or collectively for financial assets that do not require individual evaluation or which have been individually evaluated for impairment and found not to be individually impaired.

Where Loans and advances to customers and Loans and advances to banks are concerned, individual assessments for impairment are performed for loans classified as doubtful loans, debtor unlikely to pay loans or past due or overdue loans in accordance with the Bank of Italy rules, in line with the International Accounting Standards and International Financial Reporting Standards. Non-performing loans are individually assessed for impairment and each loan is written down by the difference between its carrying value at the time of the impairment assessment (amortised cost) and the present value of estimated future cash payments, calculated using the original effective interest rate.

These estimated future cash payments take the anticipated payback period and the estimated realisable values of any guarantees into account, together with the estimated cost of securing repayment of the loan. Cash payments regarding loans that are expected to be repaid in the short term are not discounted since the financial factor is deemed negligible. Loans which have been individually assessed for impairment and found not to be individually impaired are collectively evaluated for impairment. This evaluation is performed on groups of loans with similar credit risk characteristics and the related loss rates are estimated taking historical loss rates into account that are based on observable data available at the evaluation date, which enable the impairment inherent in each group of loans to be evaluated.

The impairment is measured in relation to the fair value of the financial asset.

#### Other non-financial assets

Property and equipment and Intangible assets with a finite useful life undergo impairment tests if there is evidence that the carrying value can no longer be recovered. The recoverable value is calculated in relation to the fair value of the pro-

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.

For buildings, fair value is mainly determined on the basis of an independent expert's valuation, which is updated periodically whenever a change in property market trends means that previous valuations may no longer be valid and under all circumstances every three years. Any impairment is only recognised when the fair value less costs to sell or the value

in use is less than the carrying value for a continuous period of three years.

For other property and equipment and intangible assets (other than those recognised following business combination transactions), the carrying 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.

### A.3. - TRANSFERS OF FINANCIAL ASSETS DISCLOSURES

In accordance with the related compulsory disclosure requirements, the Group states that it availed itself of the amendment to IAS 39 introduced by EC Regulation 1004/2008 and reclassified €593.3m available-for-sale bonds as Loans & Receivables in the third quarter of 2008. If the Group had not availed itself

of the option to reclassify these bonds, they would have suffered a further loss of approximately €136.3m as the difference between the theoretical total negative reserve at 31 December 2015 (€176.2m) and the total negative reserve recorded under shareholders' equity at the reclassification date (€39.9m).

#### A.3.1 Reclassified financial assets: book value, fair value and effect on total comprehensive income

(€m)

TYPE OF FINANCIAL INSTRUMENT	SOURCE CATEGORY	DESTINATION CATEGORY	BOOK VALUE AT 31.12.2015	FAIR VALUE AT 31.12.2015	COMPREHENSIVE INCOME WITHOUT TRANSFER (BEFORE TAX)		COMPREHENSIVE INCOME FOR THE YEAR (BEFORE TAX)	
					ESTIMATIONS	OTHER	ESTIMATIONS (*)	OTHER
Debt securities	Financial assets available for sale	Loans and advances to customers	1,489	1,352	163	44	(76)	46

(\*) Includes changes in fair value attributable to interest-rate hedging.

#### A.3.4 Effective interest rate and anticipated financial flows of reclassified assets

TYPE OF FINANCIAL INSTRUMENT	SOURCE CATEGORY	DESTINATION CATEGORY	EFFECTIVE INTEREST RATE	ANTICIPATED FINANCIAL FLOWS (€m)
Debt securities	Financial assets available for sale	Loans and advances to customers	5.6%	1,883

## A.4 - FAIR VALUE DISCLOSURES

### QUALITATIVE INFORMATION

#### A.4.1 - Fair value levels 2 and 3: measurement techniques and inputs used

The Group has developed a pricing methodology for the measurement of financial instruments which implements the provisions of the IAS/IFRS international accounting standards. EU regulation No. 1255/2012, which endorses International Financial Reporting Standard 13 (IFRS 13), defines 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 at the measurement date. This introduced a market-based measurement criterion that is not specific to the entity holding the asset or liability. In addition, the fair value measurement must incorporate a counterparty risk premium in the form of a Credit Value Adjustment (CVA) for the assets and a Debit Value Adjustment (DVA) for the liabilities.

The Group consistently determines the fair value of financial instruments directly from their market value. Wherever possible, the official prices on an active market are always 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 the absence of an active market, the fair value is determined using valuation 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).

Which of these different measurement methods is chosen is not arbitrary, since they have to be applied in hierarchical order and presented 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 portfolio of Level 2 Financial assets designated at fair value consisted of the insurance policies that the Group took out to insure the market yields of 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 of the average present values of the contractual commitments of the insurer and the average present values contracted by the policyholder/contracting party. The fair value of Class III policies is calculated as the value of the units at the accounting date plus any pure premiums not yet invested at the valuation date.

A mark-to-model approach is used for the valuation of derivatives, 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 measured using special pricing models. A new method for determining the fair value of these derivatives has steadily become consolidated practice in recent years, both among the main brokers of OTC derivatives and on regulated markets (central counterparties), which is based on the Eonia rate instead of the traditional Euribor rate. During the financial crisis there was an appreciable widening of the Euribor/Eonia spread (historically narrow and very stable). In consideration of the increasing consensus among operators on the use of the Eonia curve (benchmark rate for transaction agreements with a Credit Support Annex - CSA), the Fideuram Group decided to use two different curves for pricing derivatives from December 2012, choosing between them depending on whether the transaction has a CSA or not. In the former case the fair value is determined using the Eonia rate (risk-free rate), while in the latter case it is determined using the Euribor rate (which is considered to take counterparty risk into account). Fideuram played an active role in the Intesa Sanpaolo project to implement the new Eonia discounting method across the entire Group, involving the full implementation of CSAs and the payment of collateral between companies included in the scope of consolidation. The derivatives in the bank portfolio consisted principally of Interest Rate Swaps. The Group as a rule uses fair value hedge derivatives to reduce its exposure to adverse fair value movements due to interest rate risk. 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 prospective tests when the hedges are taken out, followed by retrospective tests at monthly intervals.

## 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

FINANCIAL ASSETS/LIABILITIES DESIGNATED AT FAIR VALUE	31.12.2015			31.12.2014		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Financial assets held for trading	17	28	-	15	40	-
2. Financial assets designated at fair value	3	165	-	3	154	-
3. Financial assets available for sale	3,874	585	-	2,510	-	-
4. Hedging derivatives	-	2	-	-	-	-
5. Property and equipment	-	-	-	-	-	-
6. Intangible assets	-	-	-	-	-	-
<b>Total</b>	<b>3,894</b>	<b>780</b>	<b>-</b>	<b>2,528</b>	<b>194</b>	<b>-</b>
1. Financial liabilities held for trading	-	28	-	-	44	-
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	977	-	-	1,095	-
<b>Total</b>	<b>-</b>	<b>1,005</b>	<b>-</b>	<b>-</b>	<b>1,139</b>	<b>-</b>

#### A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: analysis by fair value level

ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED AT FAIR VALUE ON A NON-RECURRING BASIS	BOOK VALUE	31.12.2015			BOOK VALUE	31.12.2014		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
1. Held-to-maturity investments	297	297	-	-	333	333	-	-
2. Loans and advances to banks	13,223	-	5,901	7,453	3,672	-	3,328	520
3. Loans and advances to customers	8,973	-	3,341	5,497	5,370	-	2,368	2,704
4. Investment property and equipment	-	-	-	-	-	-	-	-
5. Non-current assets held for sale and disposal groups	-	-	-	-	-	-	-	-
<b>Total</b>	<b>22,493</b>	<b>297</b>	<b>9,242</b>	<b>12,950</b>	<b>9,375</b>	<b>333</b>	<b>5,696</b>	<b>3,224</b>
1. Due to banks	3,110	-	704	2,406	576	-	120	608
2. Due to customers	21,419	-	18,224	3,195	9,164	-	9,069	95
3. Debt on issue	-	-	-	-	-	-	-	-
4. Liabilities associated with non-current assets held for sale and discontinued operations	-	-	-	-	-	-	-	-
<b>Total</b>	<b>24,529</b>	<b>-</b>	<b>18,928</b>	<b>5,601</b>	<b>9,740</b>	<b>-</b>	<b>9,189</b>	<b>703</b>

## PART B - NOTES TO THE CONSOLIDATED BALANCE SHEET

## ASSETS

## SECTION 1 - CASH AND CASH EQUIVALENTS - ITEM 10

## 1.1 Cash and cash equivalents: analysis

	31.12.2015	31.12.2014
a) Cash	38	39
b) Demand deposits with Central Banks	22	-
<b>Total</b>	<b>60</b>	<b>39</b>

## SECTION 2 - FINANCIAL ASSETS HELD FOR TRADING - ITEM 20

## 2.1 Financial assets held for trading: analysis

	31.12.2015			31.12.2014		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
<b>A. Cash assets</b>						
1. Debt securities	17	-	-	15	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	17	-	-	15	-	-
2. Equities	-	-	-	-	-	-
3. Units in mutual funds	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreement assets	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
<b>Total A</b>	<b>17</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>-</b>	<b>-</b>
<b>B. Derivatives</b>						
1. Financial derivatives	-	28	-	-	40	-
1.1 Held for trading	-	28	-	-	40	-
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	-	-	-	-	-	-
<b>Total B</b>	<b>-</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>40</b>	<b>-</b>
<b>Total (A+B)</b>	<b>17</b>	<b>28</b>	<b>-</b>	<b>15</b>	<b>40</b>	<b>-</b>

## 2.2 Financial assets held for trading: analysis by debtor/issuer

	31.12.2015	31.12.2014
<b>A. Cash assets</b>		
<b>1. Debt securities</b>	<b>17</b>	<b>15</b>
a) Governments and Central Banks	14	15
b) Other public entities	-	-
c) Banks	3	-
d) Other issuers	-	-
<b>2. Equities</b>	-	-
a) Banks	-	-
b) Other issuers:	-	-
- Insurance companies	-	-
- Financial Institutions	-	-
- Non-financial companies	-	-
- Other	-	-
<b>3. Units in mutual funds</b>	-	-
<b>4. Loans</b>	-	-
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other parties	-	-
<b>Total A</b>	<b>17</b>	<b>15</b>
<b>B. Derivatives</b>		
a) Banks	12	1
- fair value	12	1
b) Customers	16	39
- fair value	16	39
<b>Total B</b>	<b>28</b>	<b>40</b>
<b>Total (A+B)</b>	<b>45</b>	<b>55</b>

## SECTION 3 - FINANCIAL ASSETS DESIGNATED AT FAIR VALUE - ITEM 30

### 3.1 Financial assets designated at fair value: analysis

	31.12.2015			31.12.2014		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	-	164	-	-	154	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities (*)	-	164	-	-	154	-
2. Equities	3	-	-	3	-	-
3. Units in mutual funds	-	-	-	-	-	-
4. Loans	-	1	-	-	-	-
4.1 Structured	-	-	-	-	-	-
4.2 Other	-	1	-	-	-	-
<b>Total</b>	<b>3</b>	<b>165</b>	<b>-</b>	<b>3</b>	<b>154</b>	<b>-</b>
<b>Cost</b>	<b>2</b>	<b>119</b>	<b>-</b>	<b>2</b>	<b>108</b>	<b>-</b>

(\*) 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.

### 3.2 Financial assets designated at fair value: analysis by debtor/issuer

	31.12.2015	31.12.2014
<b>1. Debt securities</b>	<b>164</b>	<b>154</b>
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Others issuers	164	154
<b>2. Equities</b>	<b>3</b>	<b>3</b>
a) Banks	3	3
b) Other issuers:	-	-
- Insurance companies	-	-
- Financial Institutions	-	-
- Non-financial companies	-	-
- Other	-	-
<b>3. Units in mutual funds</b>	<b>-</b>	<b>-</b>
<b>4. Loans</b>	<b>1</b>	<b>-</b>
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	1	-
d) Other parties	-	-
<b>Total</b>	<b>168</b>	<b>157</b>

## SECTION 4 - FINANCIAL ASSETS AVAILABLE FOR SALE - ITEM 40

## 4.1 Financial assets available for sale: analysis

	31.12.2015			31.12.2014		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities						
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	3,678	585	-	2,312	-	-
2. Equities	1	-	-	1	-	-
2.1 Valued at fair value	1	-	-	1	-	-
2.2 Valued at cost	-	-	-	-	-	-
3. Units in mutual funds	195	-	-	197	-	-
4. Loans	-	-	-	-	-	-
<b>Total</b>	<b>3,874</b>	<b>585</b>	<b>-</b>	<b>2,510</b>	<b>-</b>	<b>-</b>

## 4.2 Financial assets available for sale: analysis by debtor/issuer

	31.12.2015	31.12.2014
<b>1. Debt securities</b>	<b>4,263</b>	<b>2,312</b>
a) Governments and Central Banks	1,484	1,212
b) Other public entities	-	-
c) Banks	2,223	729
d) Other issuers	556	371
<b>2. Equities</b>	<b>1</b>	<b>1</b>
a) Banks	1	1
b) Other issuers:	-	-
- Insurance companies	-	-
- Financial Institutions	-	-
- Non-financial companies	-	-
- Other	-	-
<b>3. Units in mutual funds (*)</b>	<b>195</b>	<b>197</b>
<b>4. Loans</b>	<b>-</b>	<b>-</b>
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other parties	-	-
<b>Total</b>	<b>4,459</b>	<b>2,510</b>

(\*) Principally bond funds.

## 4.3 Financial assets available for sale hedged with micro-hedging

	31.12.2015	31.12.2014
<b>1. Financial assets hedged with fair value micro-hedging</b>	<b>1,652</b>	<b>1,290</b>
a) Interest rate risk	1,524	1,173
b) Price risk	-	-
c) Exchange rate risk	-	-
d) Credit risk	-	-
e) Other risks	128	117
<b>2. Financial assets hedged with micro-hedging of financial flows</b>	<b>-</b>	<b>-</b>
a) Interest rate risk	-	-
b) Exchange rate risk	-	-
c) Other	-	-
<b>Total</b>	<b>1,652</b>	<b>1,290</b>

## SECTION 5 - HELD-TO-MATURITY INVESTMENTS - ITEM 50

### 5.1 Held-to-maturity investments: analysis

	BOOK VALUE	TOTAL 31.12.2015			BOOK VALUE	TOTAL 31.12.2014		
		FAIR VALUE				FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
<b>1. Debts securities (*)</b>	<b>297</b>	<b>297</b>	-	-	<b>333</b>	<b>333</b>	-	-
- Structured securities	-	-	-	-	-	-	-	-
- Other debt securities	297	297	-	-	333	333	-	-
<b>2. Loans</b>	-	-	-	-	-	-	-	-

(\*) Includes bonds totalling €257m which were previously in the available-for-sale portfolio and reclassified in the first quarter of 2008.

A €0.6m negative reserve has been recorded under shareholders' equity in respect of these bonds, which is being amortised to profit or loss over the residual life of each bond.

### 5.2 Held-to-maturity investments: analysis by debtor/issuer

	31.12.2015	31.12.2014
<b>1. Debt securities</b>	<b>297</b>	<b>333</b>
a) Governments and Central Banks	-	17
b) Other public entities	-	-
c) Banks	257	276
d) Other issuers	40	40
<b>2. Loans</b>	-	-
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other parties	-	-
<b>Total</b>	<b>297</b>	<b>333</b>
<b>Total fair value</b>	<b>297</b>	<b>333</b>

## SECTION 6 - LOANS AND ADVANCES TO BANKS - ITEM 60

## 6.1 Loans and advances to banks: analysis

	TOTAL 31.12.2015				TOTAL 31.12.2014			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
<b>A. Due from Central Banks</b>	<b>107</b>	-	-	<b>107</b>	<b>113</b>	-	-	<b>113</b>
1. Term deposits	-	X	X	X	-	X	X	X
2. Statutory reserve	107	X	X	X	113	X	X	X
3. Repurchase agreement assets	-	X	X	X	-	X	X	X
4. Other	-	X	X	X	-	X	X	X
<b>B. Loans and advances to banks</b>	<b>13,116</b>	-	<b>5,901</b>	<b>7,346</b>	<b>3,559</b>	-	<b>3,328</b>	<b>407</b>
1. Loans	9,045	-	1,699	7,346	1,627	-	1,220	407
1.1 Current accounts and demand deposits	4,446	X	X	X	406	X	X	X
1.2 Term deposits	4,585	X	X	X	817	X	X	X
1.3 Other loans:	14	X	X	X	404	X	X	X
- Repurchase agreement assets	-	X	X	X	401	X	X	X
- Finance leases	-	X	X	X	-	X	X	X
- Other	14	X	X	X	3	X	X	X
2. Debt securities	4,071	-	4,202	-	1,932	-	2,108	-
2.1 Structured securities	-	X	X	X	-	X	X	X
2.2 Other debt securities	4,071	X	X	X	1,932	X	X	X
<b>Total</b>	<b>13,223</b>	-	<b>5,901</b>	<b>7,453</b>	<b>3,672</b>	-	<b>3,328</b>	<b>520</b>

Fair Value - Level 3 includes the statutory reserve, current accounts and term deposits maturing in more than one year.

## 6.2 Loans and advances to banks hedged with micro-hedging

	31.12.2015	31.12.2014
<b>1. Loans hedged with fair value micro-hedging</b>	<b>382</b>	<b>398</b>
a) Interest rate risk	382	398
b) Exchange rate risk	-	-
c) Credit risk	-	-
d) Other risks	-	-
<b>2. Loans hedged with micro-hedging of financial flows</b>	-	-
a) Interest rate	-	-
b) Exchange rate	-	-
c) Other	-	-
<b>Total</b>	<b>382</b>	<b>398</b>

## SECTION 7 - LOANS AND ADVANCES TO CUSTOMERS - ITEM 70

## 7.1 Loans and advances to customers: analysis

	TOTAL 31.12.2015						TOTAL 31.12.2014					
	BOOK VALUE			FAIR VALUE			BOOK VALUE			FAIR VALUE		
	PERFORMING	NON-PERFORMING (*)		LEVEL 1	LEVEL 2	LEVEL 3	PERFORMING	NON-PERFORMING (*)		LEVEL 1	LEVEL 2	LEVEL 3
		PURCHASED	OTHER					PURCHASED	OTHER			
<b>Loans</b>	<b>7,437</b>	<b>1</b>	<b>10</b>	-	<b>1,951</b>	<b>5,497</b>	<b>3,805</b>	-	<b>9</b>	-	<b>1,110</b>	<b>2,704</b>
1. Current accounts	5,078	1	9	X	X	X	2,515	-	8	X	X	X
2. Repurchase agreement assets	966	-	-	X	X	X	652	-	-	X	X	X
3. Loans	380	-	1	X	X	X	223	-	1	X	X	X
4. Credit cards, personal loans and loans with repayments deducted directly from wages	90	-	-	X	X	X	68	-	-	X	X	X
5. Finance leases	-	-	-	X	X	X	-	-	-	X	X	X
6. Factoring	-	-	-	X	X	X	-	-	-	X	X	X
7. Other transactions	923	-	-	X	X	X	347	-	-	X	X	X
<b>Debt securities</b>	<b>1,525</b>	-	-	-	<b>1,390</b>	-	<b>1,556</b>	-	-	-	<b>1,258</b>	-
8. Structured securities	-	-	-	X	X	X	-	-	-	X	X	X
9. Other debt securities	1,525	-	-	X	X	X	1,556	-	-	X	X	X
<b>Total</b>	<b>8,962</b>	<b>1</b>	<b>10</b>	-	<b>3,341</b>	<b>5,497</b>	<b>5,361</b>	-	<b>9</b>	-	<b>2,368</b>	<b>2,704</b>

(\*) Non-performing assets comprised doubtful loans totalling €1m, debtor unlikely to pay loans totalling €7m and past due or overdue loans totalling €3m. Fair Value - Level 3 includes current accounts, repurchase agreements maturing in more than one year and non-performing loans.

## 7.2 Loans and advances to customers: analysis by debtor/issuer

	TOTAL 31.12.2015				TOTAL 31.12.2014			
	PERFORMING	NON-PERFORMING			PERFORMING	NON-PERFORMING		
		PURCHASED	OTHER			PURCHASED	OTHER	
<b>1. Debt securities</b>	<b>1,526</b>	-	-	-	<b>1,556</b>	-	-	-
a) Governments	1,488	-	-	-	1,518	-	-	-
b) Other public entities	-	-	-	-	8	-	-	-
c) Other issuers	38	-	-	-	30	-	-	-
- Non-financial companies	-	-	-	-	-	-	-	-
- Financial institutions	38	-	-	-	30	-	-	-
- Insurance companies	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
<b>2. Loans to</b>	<b>7,436</b>	<b>1</b>	<b>10</b>	-	<b>3,805</b>	-	<b>9</b>	-
a) Governments	-	-	-	-	-	-	-	-
b) Other public entities	-	-	-	-	-	-	-	-
c) Other parties	7,436	1	10	-	3,805	-	9	-
- Non-financial companies	1,882	-	5	-	808	-	4	-
- Financial companies	1,335	1	-	-	862	-	-	-
- Insurance companies	124	-	-	-	83	-	-	-
- Other	4,095	-	5	-	2,052	-	5	-
<b>Total</b>	<b>8,962</b>	<b>1</b>	<b>10</b>	-	<b>5,361</b>	-	<b>9</b>	-

## 7.3 Loans and advances to customers hedged with micro-hedging

	31.12.2015	31.12.2014
<b>1. Loans hedged with fair value micro-hedging</b>	<b>1,488</b>	<b>1,518</b>
a) Interest rate risk	1,488	1,518
b) Exchange rate risk	-	-
c) Credit risk	-	-
d) Other risks	-	-
<b>2. Loans hedged with micro-hedging of financial flows</b>	-	-
a) Interest rate	-	-
b) Exchange rate	-	-
c) Other	-	-
<b>Total</b>	<b>1,488</b>	<b>1,518</b>

## SECTION 8 - HEDGING DERIVATIVES - ITEM 80

## 8.1 Hedging derivatives: analysis by type of hedge and level

	31.12.2015				31.12.2014			
	FAIR VALUE			NOMINAL VALUE	FAIR VALUE			NOMINAL VALUE
	LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3	
<b>A. Financial derivatives</b>	-	2	-	239	-	-	-	-
1. Fair value	-	2	-	239	-	-	-	-
2. Financial flows	-	-	-	-	-	-	-	-
3. Investments outside Italy	-	-	-	-	-	-	-	-
<b>B. Credit derivatives</b>	-	-	-	-	-	-	-	-
1. Fair value	-	-	-	-	-	-	-	-
2. Financial flows	-	-	-	-	-	-	-	-
<b>Total</b>	-	2	-	239	-	-	-	-

## 8.2 Hedging derivatives: analysis by portfolio hedged and type of hedging (book value)

	FAIR VALUE					MACRO-HEDGING	FINANCIAL FLOWS		INVESTMENTS OUTSIDE ITALY
	MICRO-HEDGING						MICRO-HEDGING	MACRO-HEDGING	
	INTEREST RATE RISK	EXCHANGE RATE RISK	CREDIT RISK	PRICE RISK	OTHER RISKS				
1. Financial assets available for sale	2	-	-	-	-	X	-	X	X
2. Loans	-	-	-	X	-	X	-	X	X
3. Held-to-maturity investments	X	-	-	X	-	X	-	X	X
4. Portfolio	X	X	X	X	X	-	X	-	X
5. Other transactions	-	-	-	-	-	X	-	X	-
<b>Total assets</b>	<b>2</b>	-	-	-	-	-	-	-	-
1. Financial liabilities	-	-	-	X	-	X	-	X	X
2. Portfolio	X	X	X	X	X	-	X	-	X
<b>Total liabilities</b>	-	-	-	-	-	-	-	-	-
1. Anticipated transactions	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	-	X	-	-

## SECTION 10 - EQUITY INVESTMENTS - ITEM 100

## 10.1 Equity investments: information on equity relationships

NAME	REGISTERED OFFICE	OPERATIONAL HEAD OFFICE	TYPE OF RELATIONSHIP	OWNERSHIP		% VOTES
				ASSOCIATE COMPANY	% OWNED	
<b>B. Companies subject to significant influence</b>						
1. Fideuram Vita S.p.A.	Rome	Rome	1	Fideuram - Intesa Sanpaolo Private Banking	19.990	
2. Consorzio Studi e Ricerche Fiscali	Rome	Rome	1	Fideuram - Intesa Sanpaolo Private Banking	7.500	
3. SMIA S.p.A.	Rome	Rome	1	Fideuram - Intesa Sanpaolo Private Banking	0.634	
4. Intesa Sanpaolo Group Services S.C.p.A.	Turin	Turin	1	Fideuram - Intesa Sanpaolo Private Banking	0.007	
				Intesa Sanpaolo Private Banking	0.004	
				Sanpaolo Invest	0.001	
				Fideuram Investimenti	0.001	
5. Infogroup S.C.p.A.	Florence	Florence	1	Fideuram - Intesa Sanpaolo Private Banking	0.002	

Type of relationship:

1. Companies subject to significant influence.

## 10.2 Significant equity investments: book value, fair value and dividends received

NAME	BOOK VALUE	FAIR VALUE	DIVIDENDS RECEIVED
<b>B. Companies subject to significant influence</b>			
1. Fideuram Vita S.p.A.	129		-

## 10.3 Significant equity investments: accounting information

COMPANY	CASH AND CASH EQUIVALENTS	FINANCIAL ASSETS	NON-FINANCIAL ASSETS	FINANCIAL LIABILITIES	NON-FINANCIAL LIABILITIES	TOTAL REVENUES	NET INTEREST INCOME	DEPRECIATION AND AMORTISATION	PROFIT (LOSS) BEFORE TAX	NET PROFIT (LOSS) AFTER TAX	NET PROFIT (LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS	NET PROFIT (LOSS) FOR THE YEAR	OTHER COMPREHENSIVE INCOME AFTER TAX	TOTAL COMPREHENSIVE INCOME
<b>B. Companies subject to significant influence</b>														
Fideuram Vita	X	28,331	702	27,707	684	2,106	X	X	63	46	-	46	3	49

## Reconciliation of financial statement data and book value of the equity investment

Shareholders' equity of Fideuram Vita S.p.A.	642
Interest held by Fideuram	19.99%
Consolidated book value of the equity investment	129

## 10.5 Equity investments: changes in the year

	31.12.2015	31.12.2014
<b>A. Opening balance</b>	<b>119</b>	<b>103</b>
<b>B. Increases</b>	<b>10</b>	<b>16</b>
B.1 Purchases	-	-
B.2 Write-backs	-	-
B.3 Revaluations	-	-
B.4 Other increases (*)	10	16
<b>C. Decreases</b>	<b>-</b>	<b>-</b>
C.1 Sales	-	-
C.2 Write-downs	-	-
C.3 Other decreases	-	-
<b>D. Closing balance</b>	<b>129</b>	<b>119</b>
<b>E. Total revaluations</b>	<b>-</b>	<b>-</b>
<b>F. Total adjustments</b>	<b>-</b>	<b>-</b>

(\*) Includes the effect of adjusting the value of the equity investment in Fideuram Vita to bring it into line with the subsidiary's shareholders' equity.

## 10.6 Significant judgements and assumptions made in determining joint control or significant influence

A company is considered subject to significant influence if Fideuram - Intesa Sanpaolo Private Banking 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.

## 10.8 Commitments regarding equity investments in entities subject to significant influence

These commitments included approximately €363m put options that Fideuram issued to Intesa Sanpaolo under the

agreement between them regarding the latter's holding in Fideuram Vita (amounting to 80.01% of the share capital).

## SECTION 12 - PROPERTY AND EQUIPMENT - ITEM 120

### 12.1 Functional property and equipment: analysis of assets measured at cost

	31.12.2015	31.12.2014
<b>1. Owned assets</b>	<b>39</b>	<b>37</b>
a) land	21	21
b) buildings	9	9
c) furniture	6	4
d) electronic equipment	1	1
e) other	2	2
<b>2. Assets purchased under financial leasing agreements</b>	<b>-</b>	<b>-</b>
a) land	-	-
b) buildings	-	-
c) furniture	-	-
d) electronic equipment	-	-
e) other	-	-
<b>Total</b>	<b>39</b>	<b>37</b>

## 12.5 Functional property and equipment: changes in the year

	LAND	BUILDINGS	FURNITURE	ELECTRONIC EQUIPMENT	OTHER	TOTAL
<b>A. Gross opening balance</b>	<b>21</b>	<b>76</b>	<b>37</b>	<b>44</b>	<b>43</b>	<b>221</b>
A.1 Total net depreciation	-	(67)	(33)	(43)	(41)	(184)
<b>A.2 Net opening balance</b>	<b>21</b>	<b>9</b>	<b>4</b>	<b>1</b>	<b>2</b>	<b>37</b>
<b>B. Increases</b>	-	<b>1</b>	<b>4</b>	-	-	<b>5</b>
B.1 Purchases	-	-	4	-	-	4
of which business combination transactions	-	-	1	-	-	1
B.2 Expenditures for capitalised improvements	-	1	-	-	-	1
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	-	-	-	-	-	-
B.7 Other increases	-	-	-	-	-	-
<b>C. Decreases</b>	-	<b>1</b>	<b>2</b>	-	-	<b>3</b>
C.1 Sales	-	-	-	-	-	-
C.2 Amortization	-	1	2	-	-	3
C.3 Impairment write-downs 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 tangible assets	-	-	-	-	-	-
b) assets held for sale	-	-	-	-	-	-
C.7 Other decreases	-	-	-	-	-	-
<b>D. Net closing balance</b>	<b>21</b>	<b>9</b>	<b>6</b>	<b>1</b>	<b>2</b>	<b>39</b>
D.1 Total net depreciation	-	68	35	43	41	187
<b>D.2 Gross closing balance</b>	<b>21</b>	<b>77</b>	<b>41</b>	<b>44</b>	<b>43</b>	<b>226</b>
<b>E. Valuation at cost</b>	-	-	-	-	-	-

The depreciation rates applied to property and equipment were as follows (% range):

Buildings: 3%

Furniture: between 12% and 15%

Electronic equipment: between 20% and 40%

Other: between 7.5% and 30%

## SECTION 13 - INTANGIBLE ASSETS - ITEM 130

## 13.1 Intangible assets: analysis by type of asset

	31.12.2015		31.12.2014	
	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE
<b>A.1 Goodwill</b>	<b>X</b>	<b>140</b>	<b>X</b>	-
A.1.1 Group interests	X	140	X	-
A.1.2 Third party interests	X	-	X	-
<b>A.2 Other intangible assets</b>	<b>35</b>	-	<b>26</b>	-
A.2.1 Assets valued at cost:	35	-	26	-
a) Internally generated intangible assets	-	-	-	-
b) Other assets	35	-	26	-
A.2.2 Assets valued at fair value:	-	-	-	-
a) Internally generated intangible assets	-	-	-	-
b) Other assets	-	-	-	-
<b>Total</b>	<b>35</b>	<b>140</b>	<b>26</b>	-

## 13.2 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	
<b>A. Gross opening balance</b>	-	-	-	100	-	100
A.1 Total net adjustments	-	-	-	(74)	-	(74)
<b>A.2 Net opening balance</b>	-	-	-	26	-	26
<b>B. Increases</b>	140	-	-	23	-	163
B.1 Purchases	140	-	-	23	-	163
of which business combination transactions	140	-	-	1	-	141
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	-	-	-	-	-	-
B.6 Other increases	-	-	-	-	-	-
<b>C. Decreases</b>	-	-	-	14	-	14
C.1 Sales	-	-	-	-	-	-
C.2 Write-downs	-	-	-	14	-	14
- Depreciation and amortization	X	-	-	14	-	14
- Write-downs	-	-	-	-	-	-
+ shareholders' equity	X	-	-	-	-	-
+ income statement	-	-	-	-	-	-
C.3 Decreases in fair value recognised in:	-	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
C.4 Transfers to non-current assets held for sale	-	-	-	-	-	-
C.5 Negative exchange rate differences	-	-	-	-	-	-
C.6 Other decreases	-	-	-	-	-	-
<b>D. Net closing balance</b>	140	-	-	35	-	175
D.1 Total net adjustments	-	-	-	88	-	88
<b>E. Gross closing balance</b>	140	-	-	123	-	263
<b>F. Valuation at cost</b>	-	-	-	-	-	-

The amortisation rate applied to intangible assets, mainly software, was 33.33%.

## SECTION 14 - TAX ASSETS AND TAX LIABILITIES - ASSETS ITEM 140 AND LIABILITIES ITEM 80

### 14.1 Deferred tax assets: analysis

	31.12.2015	31.12.2014
<b>Breakdown of deferred tax assets:</b>		
- Provisions for future charges	69	47
- Goodwill	25	-
- Financial assets available for sale (*)	21	46
- Incentive payments to Personal Financial Adviser Networks	16	11
- Losses carried forward (**)	8	13
- Other	15	7
<b>Total</b>	<b>154</b>	<b>124</b>

(\*) The decrease in this item was due to fair value losses on financial assets available for sale.

(\*\*) Deferred tax assets in respect of losses carried forward regarded the tax benefit of the losses accrued in prior years by the Group's French subsidiaries.

### 14.2 Deferred tax liabilities: analysis

	31.12.2015	31.12.2014
<b>Breakdown of deferred tax liabilities:</b>		
- Financial assets available for sale	23	11
- Future dividends	25	12
- Goodwill	3	-
- Other	5	3
<b>Total</b>	<b>56</b>	<b>26</b>

### 14.3 Changes in deferred tax assets (balancing entry in income statement)

	31.12.2015	31.12.2014
<b>1. Opening balance</b>	<b>78</b>	<b>91</b>
<b>2. Increases</b>	<b>73</b>	<b>20</b>
2.1 Deferred tax assets recognised in the year	17	20
a) from prior years	-	-
b) due to changes in accounting policies	-	-
c) write-backs	-	-
d) other	17	20
2.2 New taxes or increases in tax rates	1	-
2.3 Other increases	-	-
2.4 Business combination transactions	55	-
<b>3. Decreases</b>	<b>20</b>	<b>33</b>
3.1 Deferred tax assets reversed in the year	15	32
a) reversals	15	32
b) write-downs for uncollectibility	-	-
c) changes in accounting policies	-	-
d) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	5	1
a) conversion to tax credits in accordance with Italian law No. 214/2011	-	-
b) other	5	1
3.4 Business combination transactions	-	-
<b>4. Closing balance</b>	<b>131</b>	<b>78</b>

## 14.3.1 Changes in deferred tax assets pursuant to law 214/2011 (balancing entry in income statement)

	31.12.2015	31.12.2014
<b>1. Opening balance</b>	-	1
<b>2. Increases</b>	29	-
of which business combination transactions	29	-
<b>3. Decreases</b>	2	1
3.1 Reversals	2	1
3.2 Conversion to tax credits	-	-
a) from operating losses	-	-
b) from tax losses	-	-
3.3 Other decreases	-	-
<b>4. Closing balance</b>	27	-

## 14.4 Changes in deferred tax liabilities (balancing entry in income statement)

	31.12.2015	31.12.2014
<b>1. Opening balance</b>	15	14
<b>2. Increases</b>	30	12
2.1 Deferred tax liabilities recognised in the year	26	12
a) from prior years	-	-
b) due to changes in accounting policies	-	-
c) other	26	12
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
2.4 Business combination transactions	4	-
<b>3. Decreases</b>	12	11
3.1 Deferred tax liabilities reversed in the year	-	-
a) reversals	-	-
b) due to changes in accounting policies	-	-
c) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	12	11
<b>4. Closing balance</b>	33	15

## 14.5 Changes in deferred tax assets (balancing entry in shareholders' equity)

	31.12.2015	31.12.2014
<b>1. Opening balance</b>	46	54
<b>2. Increases</b>	5	2
2.1 Deferred tax assets recognised in the year	3	2
a) from prior years	-	-
b) due to changes in accounting policies	-	-
c) other	3	2
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	1	-
2.4 Business combination transactions	1	-
<b>3. Decreases</b>	28	10
3.1 Deferred tax assets reversed in the year	28	9
a) reversals	-	-
b) write-downs for uncollectibility	-	-
c) due to changes in accounting policies	-	-
d) other	28	9
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	1
<b>4. Closing balance (*)</b>	23	46

(\*) Principally deferred tax assets regarding losses on debt securities in the available-for sale portfolio.

## 14.6 Changes in deferred tax liabilities (balancing entry in shareholders' equity)

	31.12.2015	31.12.2014
<b>1. Opening balance</b>	<b>11</b>	<b>8</b>
<b>2. Increases</b>	<b>14</b>	<b>5</b>
2.1 Deferred tax liabilities recognised in the year	4	5
a) from prior years	-	-
b) due to changes in accounting policies	-	-
c) other	4	5
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
2.4 Business combination transactions	10	-
<b>3. Decreases</b>	<b>2</b>	<b>2</b>
3.1 Deferred tax liabilities reversed in the year	2	2
a) reversals	2	2
b) due to changes in accounting policies	-	-
c) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	-
<b>4. Closing balance (*)</b>	<b>23</b>	<b>11</b>

(\*) Principally deferred tax liabilities regarding gains on debt securities in the available-for sale portfolio.

## 14.7 Other information

The Italian companies in the Fideuram Group availed themselves of the "Istituto del Consolidato Fiscale Nazionale" tax consolidation regime for the 2013-2015 three-year period 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.

## SECTION 16 - OTHER ASSETS - ITEM 160

### 16.1 Other assets: analysis

	31.12.2015	31.12.2014
Due from tax authorities (*)	325	145
Clearing accounts and other receivables (**)	309	211
Due from Personal Financial Advisers (***)	191	191
Prepaid expenses relating to Network incentives (****)	156	151
Other accrued income and prepaid expenses	22	13
Due from Intesa Sanpaolo under Italy's tax consolidation regime	18	12
Other	31	10
<b>Total</b>	<b>1,052</b>	<b>733</b>

(\*) Includes €213m advance stamp duty on non-managed financial products in accordance with art. 13, subparagraph 2-ter of the table of rates annexed to Italian Presidential Decree No. 642/72 and €86m advance substitute tax regarding non-managed assets.

(\*\*) Includes €68m unprocessed transactions relating to securities transactions, €95m loans and advances to customers for recovery of stamp duty on non-managed financial products, €35m substitute tax due in accordance with Italian Legislative Decree 461/97 to be charged to customers, and €66m floating accounts awaiting settlement.

(\*\*\*) Mainly advances on 2013-2014 bonuses already accrued but subject to verification of continued attainment of inflow targets. Also includes advances on indemnities, loyalty schemes and other lesser items.

(\*\*\*\*) Prepaid expenses regarding the bonuses for meeting net inflow targets set in the 2009-2015 schemes, linked to the duration of contractual relationships with customers.

## LIABILITIES

### SECTION 1 - DUE TO BANKS - ITEM 10

#### 1.1 Due to banks: analysis

	31.12.2015	31.12.2014
<b>1. Due to Central Banks</b>	-	-
<b>2. Due to banks</b>	<b>3,110</b>	<b>576</b>
2.1 Current accounts and demand deposits	121	120
2.2 Term deposits	25	-
2.3 Loans	2,957	455
2.3.1 Repurchase agreement liabilities (*)	2,957	455
2.3.2 Other	-	-
2.4 Debts from commitments to repurchase own equity instruments	-	-
2.5 Other debts	7	1
<b>Total</b>	<b>3,110</b>	<b>576</b>
Fair value - Level 1	-	-
Fair value - Level 2	704	120
Fair value - Level 3	2,406	608
<b>Total Fair value</b>	<b>3,110</b>	<b>728</b>

(\*) Mainly repurchase agreements with Intesa Sanpaolo Group companies.

Fair Value - Level 3 includes repurchase agreements maturing in more than one year.

### SECTION 2 - DUE TO CUSTOMERS - ITEM 20

#### 2.1 Due to customers: analysis

	31.12.2015	31.12.2014
1. Current accounts and demand deposits	17,097	8,831
2. Term deposits	3,633	213
3. Loans	566	29
3.1 Repurchase agreement liabilities	566	29
3.2 Other	-	-
4. Debts from commitments to repurchase own equity instruments	-	-
5. Other debts	123	91
<b>Total</b>	<b>21,419</b>	<b>9,164</b>
Fair value - Level 1	-	-
Fair value - Level 2	18,224	9,069
Fair value - Level 3	3,195	95
<b>Total Fair value</b>	<b>21,419</b>	<b>9,164</b>

Fair Value - Level 3 includes term deposits maturing in more than one year.

## SECTION 4 - FINANCIAL LIABILITIES HELD FOR TRADING - ITEM 40

### 4.1 Financial liabilities held for trading: analysis

	31.12.2015					31.12.2014				
	NOMINAL VALUE	FAIR VALUE			FV*	NOMINAL VALUE	FAIR VALUE			FV*
		LEVEL 1	LEVEL 2	LEVEL 3			LEVEL 1	LEVEL 2	LEVEL 3	
<b>A. Cash Liabilities</b>										
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
<b>Total A</b>	-	-	-	-	-	-	-	-	-	-
<b>B. Derivatives</b>										
1. Financial derivatives	-	-	28	-	-	-	-	44	-	-
1.1 Held for trading	X	-	28	-	X	X	-	44	-	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
<b>Total B</b>	<b>X</b>	-	<b>28</b>	-	<b>X</b>	<b>X</b>	-	<b>44</b>	-	<b>X</b>
<b>Total (A+B)</b>	<b>X</b>	-	<b>28</b>	-	<b>X</b>	<b>X</b>	-	<b>44</b>	-	<b>X</b>

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 6 - HEDGING DERIVATES - ITEM 60

### 6.1 Hedging derivatives: analysis by type of hedge and level

	31.12.2015				31.12.2014			
	FAIR VALUE			NOMINAL VALUE	FAIR VALUE			NOMINAL VALUE
	LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3	
<b>A. Financial derivatives</b>								
1. Fair value	-	977	-	3,304	-	1,095	-	3,227
2. Financial flows	-	-	-	-	-	-	-	-
3. Investments outside Italy	-	-	-	-	-	-	-	-
<b>B. Credit derivatives</b>								
1. Fair value	-	-	-	-	-	-	-	-
2. Financial flows	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>977</b>	-	<b>3,304</b>	-	<b>1,095</b>	-	<b>3,227</b>

## 6.2 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
	INTEREST RATE RISK	EXCHANGE RATE RISK	CREDIT RISK	PRICE RISK	OTHER RISKS				
1. Financial assets available for sale	320	-	-	-	32	X	-	X	X
2. Loans	625	-	-	X	-	X	-	X	X
3. Held-to-maturity investments	X	-	-	X	-	X	-	X	X
4. Portfolio	X	X	X	X	X	-	X	-	X
5. Other transactions	-	-	-	-	-	X	-	X	-
<b>Total assets</b>	<b>945</b>	-	-	-	<b>32</b>	-	-	-	-
1. Financial liabilities	-	-	-	X	-	X	-	X	X
2. Portfolio	X	X	X	X	X	-	X	-	X
<b>Total liabilities</b>	-	-	-	-	-	-	-	-	-
1. Anticipated transactions	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	-	X	-	-

## SECTION 10 - OTHER LIABILITIES - ITEM 100

## 10.1 Other liabilities: analysis

	31.12.2015	31.12.2014
Due to Personal Financial Advisers	381	351
Clearing accounts and other payables	113	91
Due under past Loyalty Schemes	71	71
Due to Intesa Sanpaolo under Italy's tax consolidation regime	70	10
Due to tax authorities	64	41
Due to suppliers	64	34
Amounts to be collected by customers	52	61
Payroll and social security payables	27	32
Due to pension and social security institutions	15	13
Other	8	7
<b>Total</b>	<b>865</b>	<b>711</b>

**SECTION 11 - PROVISION FOR EMPLOYMENT TERMINATION INDEMNITIES - ITEM 110**

## 11.1 Provision for employment termination indemnities: changes in the year

	31.12.2015	31.12.2014
<b>A. Opening balance</b>	27	25
<b>B. Increases</b>	29	4
B.1 Provision for the year	-	1
B.2 Other increases	29	3
of which business combination transactions	28	-
<b>C. Decreases</b>	4	2
C.1 Indemnities paid	2	1
C.2 Other decreases	2	1
<b>D. Closing balance</b>	52	27

The main actuarial criteria and reference rates used to determine the provision for employment termination indemnities were as follows:

- Discount rate: 1.79%
- Anticipated rate of increase in remuneration: 2.68%
- Annual inflation rate: 1.5%

**SECTION 12 - PROVISIONS FOR RISKS AND CHARGES - ITEM 120**

## 12.1 Provisions for risks and charges: analysis

	31.12.2015	31.12.2014
<b>1. Company pension funds</b>	6	1
<b>2. Other provisions for risks and charges</b>	425	339
2.1 Litigation	95	77
2.2 Personnel expenses	54	8
2.3 Reserve for the termination of PFA agency agreements	184	174
2.4 Network loyalty schemes	73	68
2.5 Other provisions	19	12
<b>Total</b>	431	340

The main actuarial assumptions and reference rates used to determine the provision for company pension funds were as follows:

- Discount rate: 2.7%
- Anticipated rate of increase in remuneration: 2.6%
- Annual inflation rate: 1.5%

## 12.2 Provisions for risks and charges: changes in the year

	TOTAL	
	PENSION FUNDS	OTHER PROVISIONS
<b>A. Opening balance</b>	<b>1</b>	<b>339</b>
<b>B. Increases</b>	<b>6</b>	<b>123</b>
B.1 Provisions for the year	-	61
B.2 Changes due to the passage of time	-	-
B.3 Changes due to changes in the discount rate	-	1
B.4 Other increases	6	61
of which business combination transactions	6	59
<b>C. Decreases</b>	<b>1</b>	<b>37</b>
C.1 Utilisation in the year	-	25
C.2 Changes due to changes in the discount rate	-	-
C.3 Other decreases	1	12
<b>D. Closing balance</b>	<b>6</b>	<b>425</b>

## 12.3 Defined-benefit company pension funds

The actuarial values required by IAS 19 "Employee benefits" for the defined-benefit complementary social security funds were calculated by an Independent Actuary using the projected unit credit method.

The Group is a joint obligor in the external fund "Cassa di Previdenza Integrativa per il Personale dell'Istituto Bancario San Paolo di Torino", a fund which has legal personality together with complete financial and asset management independence, and in the fund "Fondo di Previdenza Complementare per il Personale del Banco di Napoli", which also has legal personality and asset management independence.

## 12.4 Provisions for risks and charges - other provisions

Other provisions for risks and charges comprised the following:

- The Provisions for litigation, which comprised the provisions set aside to cover potential losses on litigation, including claims from receivers and the provisions con-

nected with the Group policy regarding corporate securities in default.

- The Provisions for personnel expenses, which comprised the variable component of the remuneration of employees (including the Sales Network of subsidiary Intesa Sanpaolo Private Banking) and the provisions set aside to pay seniority bonuses to employees.
- The Reserve for the termination of Personal Financial Adviser agency agreements determined using actuarial valuations that take the indemnities actually accrued into account, together with the composition of the Networks and the indemnities paid to Personal Financial Advisers.
- The Provisions for the Network Loyalty Schemes, which represent the best estimate of the amount required to discharge the obligation at the accounting reference date, calculated using actuarial valuations.
- Other provisions principally concerned expenses that the Group could incur to settle a dispute with the Italian Inland Revenue regarding the tax deduction of the Fideuram - Intesa Sanpaolo Private Banking Personal Financial Adviser Network's Loyalty Schemes, and a potential dispute regarding a tax inspectorate report received by subsidiary Fideuram Investimenti.

## Other provisions for risks and charges: changes in the year

	LITIGATION	PERSONNEL EXPENSES	RESERVE FOR THE TERMINATION OF PERSONAL FINANCIAL ADVISER AGENCY AGREEMENTS	NETWORK LOYALTY SCHEMES	OTHER PROVISIONS
<b>A. Opening balance</b>	<b>77</b>	<b>8</b>	<b>174</b>	<b>68</b>	<b>12</b>
<b>B. Increases</b>	<b>40</b>	<b>50</b>	<b>17</b>	<b>6</b>	<b>10</b>
B.1 Provisions for the year	23	15	14	6	3
B.2 Changes due to the passage of time	-	-	-	-	-
B.3 Changes due to fluctuations in the discount rate	-	1	-	-	-
B.4 Other increases	17	34	3	-	7
of which business combination transactions	16	34	3	-	6
<b>C. Decreases</b>	<b>22</b>	<b>4</b>	<b>7</b>	<b>1</b>	<b>3</b>
C.1 Utilisation in the year	16	3	5	1	-
C.2 Changes due to fluctuations in the discount rate	-	-	-	-	-
C.3 Other decreases	6	1	2	-	3
<b>D. Closing balance</b>	<b>95</b>	<b>54</b>	<b>184</b>	<b>73</b>	<b>19</b>

## SECTION 15 - EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY - ITEMS 140, 160, 170, 180, 190, 200 AND 220

## 15.1 "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.

At 31 December 2015, the share capital totalled €300,000,000 divided into 1,500,000,000 no-par ordinary shares. The Group did not hold any treasury shares at 31 December 2015.

## 15.2 Share capital - Number of shares held by parent company: changes in the year

	ORDINARY	OTHER
<b>A. Shares at beginning of financial year</b>	<b>980,290,564</b>	<b>-</b>
- full paid-up	980,290,564	-
- partially paid-up	-	-
A.1 Treasury shares (-)	-	-
<b>A.2 Outstanding shares: opening balance</b>	<b>980,290,564</b>	<b>-</b>
<b>B. Increases</b>	<b>519,709,436</b>	<b>-</b>
B.1. New issues	519,709,436	-
- Cash issues:	392,840,497	-
- business combination transactions	392,840,497	-
- conversion of bonds	-	-
- exercise of warrants	-	-
- other	-	-
- Free issues:	126,868,939	-
- for employees	-	-
- for directors	-	-
- other	126,868,939	-
B.2 Sale of treasury shares	-	-
B.3 Other increases	-	-
<b>C. Decreases</b>	<b>-</b>	<b>-</b>
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	-	-
C.3 Company sale transactions	-	-
C.4 Other decreases	-	-
<b>D. Outstanding shares: closing balance</b>	<b>1,500,000,000</b>	<b>-</b>
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	-	-

## 15.4 Reserves: other information

The reserves totalled €1,328m 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.

The Group's valuation reserves were negative to the tune of €50m and comprised the valuation reserves for available-for-sale assets, which were negative to the tune of €67m, the valuation reserve for actuarial gains and losses on defined benefit plans, which was negative to the tune of €6m, the foreign exchange valuation reserve, which was positive at €4m, and the reserves in compliance with special revaluation laws, which were also positive, totalling €19m.

## OTHER INFORMATION

### 1. Guarantees and commitments

	31.12.2015	31.12.2014
<b>1. Financial guarantees</b>	<b>114</b>	<b>77</b>
a) Banks	1	18
b) Customers	113	59
<b>2. Commercial guarantees</b>	<b>35</b>	<b>5</b>
a) Banks	-	-
b) Customers	35	5
<b>3. Commitments to grant finance</b>	<b>819</b>	<b>1</b>
a) Banks	3	1
i) certain to be called on	3	1
ii) not certain to be called on	-	-
b) Customers	816	-
i) certain to be called on	815	-
ii) not certain to be called on	1	-
<b>4. Commitments underlying credit derivatives: protection sales</b>	-	-
<b>5. Assets pledged as security for third-party liabilities</b>	-	-
<b>6. Other commitments</b>	<b>363</b>	<b>363</b>
<b>Total</b>	<b>1,331</b>	<b>446</b>

### 2. Assets pledged as security for own liabilities and commitments

	31.12.2015	31.12.2014
1. Financial assets held for trading	-	-
2. Financial assets designated at fair value	-	-
3. Financial assets available for sale	1,874	1,445
4. Held-to-maturity investments	45	-
5. Loans and advances to banks	4,135	707
6. Loans and advances to customers	424	1,082
7. Property and equipment	-	-

## 5. Administration and trading on behalf of third parties

	31.12.2015
<b>1. Execution of customer instructions</b>	
a) Purchases	924
1. Settled	924
2. Not settled	-
b) Sales	676
1. Settled	676
2. Not settled	-
<b>2. Portfolio management</b>	
a) Individual	42,905
b) Collective	44,183
<b>3. Custody and administration of securities</b>	
a) Third-party securities held on deposit: connected with activities as depository bank (excluding portfolio management)	53,685
1. Securities issued by companies included in the consolidation	-
2. Other securities	53,685
b) Third-party securities held on deposit (excluding portfolio management): other	39,022
1. Securities issued by companies included in the consolidation	-
2. Other securities	39,022
c) Third-party securities deposited with third parties	60,524
d) Portfolio securities deposited with third parties	9,646
<b>4. Other transactions</b>	<b>48,551</b>

## 6. Financial assets subject to offsetting, enforceable 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 31.12.2015	NET AMOUNT AT 31.12.2014
				FINANCIAL INSTRUMENTS	CASH DEPOSITS HELD AS COLLATERAL		
1. Derivatives	9	-	9	2	-	7	-
2. Repurchase agreements	966	-	966	963	-	3	1
3. Securities lending	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-
<b>Total at 31.12.2015</b>	<b>975</b>	<b>-</b>	<b>975</b>	<b>965</b>	<b>-</b>	<b>10</b>	<b>X</b>
<b>Total at 31.12.2014</b>	<b>1,053</b>	<b>-</b>	<b>1,053</b>	<b>1,052</b>	<b>-</b>	<b>X</b>	<b>1</b>

## 7. Financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

	GROSS FINANCIAL LIABILITIES	FINANCIAL ASSETS SET OFF IN THE FINANCIAL STATEMENTS	NET FINANCIAL LIABILITIES SET OFF IN THE FINANCIAL STATEMENTS	RELATED AMOUNTS NOT SET OFF IN THE FINANCIAL STATEMENTS		NET AMOUNT AT 31.12.2015	NET AMOUNT AT 31.12.2014
				FINANCIAL INSTRUMENTS	CASH DEPOSITS PLEGGED AS COLLATERAL		
1. Derivatives	987	-	987	235	736	16	59
2. Repurchase agreements	455	-	455	455	-	-	-
3. Securities lending	-	-	-	-	-	-	-
4. Other transactions	-	-	-	-	-	-	-
<b>Total at 31.12.2015</b>	<b>1,442</b>	<b>-</b>	<b>1,442</b>	<b>690</b>	<b>736</b>	<b>16</b>	<b>X</b>
<b>Total at 31.12.2014</b>	<b>1,591</b>	<b>-</b>	<b>1,591</b>	<b>1,267</b>	<b>265</b>	<b>X</b>	<b>59</b>

The Group subordinates Over-The-Counter (OTC) derivatives transactions and most of its repurchase and reverse repurchase agreement transactions to the ISDA Master Agreement 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 through disposal and transfers to third parties as collateral. Information on the measurement criteria adopted for the above financial assets and liabilities is provided in section A of the Accounting Policies.

Schedule 6 presents the financial derivatives subject to netting agreements recognised in balance sheet assets and the repurchase agreements recognised in Loans and advances to banks and customers.

Schedule 7 presents the financial derivatives subject to netting agreements recognised in balance sheet liabilities and the repurchase agreements recognised in Due to banks.

## PART C - NOTES TO THE CONSOLIDATED INCOME STATEMENT

## SECTION 1 - INTEREST - ITEMS 10 AND 20

## 1.1 Interest income and similar income: analysis

	DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	2015 TOTAL	2014 TOTAL
1. Financial assets held for trading	-	-	-	-	-
2. Financial assets designated at fair value	-	-	-	-	-
3. Financial assets available for sale	78	-	-	78	75
4. Held-to-maturity investments	1	-	-	1	2
5. Loans and advances to banks	72	42	-	114	80
6. Loans and advances to customers	46	71	-	117	100
7. Hedging derivatives	X	X	-	-	-
8. Other assets	X	X	1	1	-
<b>Total</b>	<b>197</b>	<b>113</b>	<b>1</b>	<b>311</b>	<b>257</b>

## 1.3 Interest income and similar income: other information

## 1.3.1 Interest income on financial assets denominated in foreign currencies

	2015	2014
On financial assets denominated in foreign currencies	7	5

## 1.4 Interest expense and similar expense: analysis

	DEBTS	SECURITIES	OTHER TRANSACTIONS	2015 TOTAL	2014 TOTAL
1. Due to Central Banks	-	X	-	-	-
2. Due to banks	16	X	-	16	16
3. Due to customers	43	X	-	43	30
4. Debt on issue	X	-	-	-	-
5. Financial liabilities held for trading	-	-	-	-	-
6. Financial liabilities designated at fair value	-	-	-	-	-
7. Other liabilities and provisions	X	X	1	1	-
8. Hedging derivatives	X	X	83	83	75
<b>Total</b>	<b>59</b>	<b>-</b>	<b>84</b>	<b>143</b>	<b>121</b>

## 1.5 Interest expense and similar expense: hedging gains and losses

	2015	2014
A. Hedging gains	18	16
B. Hedging losses	101	91
<b>C. Net gains / losses (A-B)</b>	<b>(83)</b>	<b>(75)</b>

## 1.6 Interest expense and similar expense: other information

## 1.6.1 Interest expenses on liabilities denominated in foreign currencies

	2015	2014
On liabilities denominated in foreign currencies	6	5

## SECTION 2 - FEE AND COMMISSION INCOME AND EXPENSE - ITEMS 40 AND 50

## 2.1 Fee and commission income: analysis

	2015	2014
<b>a) Guarantees given</b>	<b>1</b>	-
<b>b) Credit derivatives</b>	-	-
<b>c) Management, brokerage and advisory services:</b>	<b>1,838</b>	<b>1,382</b>
1. Trading in financial instruments	3	2
2. Currency trading	1	-
3. Portfolio management:	845	659
3.1 Individual	267	145
3.2 Collective	578	514
4. Custody and administration of securities	22	7
5. Depository bank	10	18
6. Placement of securities	10	16
7. Receipt and transmission of instructions	29	20
8. Advisory services	110	106
8.1 Regarding investments	110	106
8.2 Regarding investment structure	-	-
9. Supply of third-party services	808	554
9.1 Portfolio management	377	227
9.1.1 Individual	64	1
9.1.2 Collective	313	226
9.2 Insurance products	426	324
9.3 Other products	5	3
<b>d) Collection and payment services</b>	<b>7</b>	<b>7</b>
<b>e) Securitization services</b>	-	-
<b>f) Factoring services</b>	-	-
<b>g) Tax collection services</b>	-	-
<b>h) Management of multilateral trading systems</b>	-	-
<b>i) Processing and management of current accounts</b>	<b>6</b>	<b>5</b>
<b>j) Other services</b>	<b>18</b>	<b>14</b>
<b>k) Securities lending transactions</b>	<b>11</b>	<b>8</b>
<b>Total</b>	<b>1,881</b>	<b>1,416</b>

## 2.2 Fee and commission expense: analysis

	2015	2014
<b>a) Guarantees received</b>	<b>15</b>	<b>15</b>
<b>b) Credit derivatives</b>	-	-
<b>c) Management and brokerage services:</b>	<b>713</b>	<b>622</b>
1. Trading in financial instrument	3	3
2. Currency trading	-	-
3. Portfolio management:	47	31
3.1 Owned	47	31
3.2 On behalf of third parties	-	-
4. Custody and administration of securities	10	7
5. Placement of financial instruments	15	-
6. Sales of financial products, products and services through non-branch channels	638	581
<b>d) Collection and payment services</b>	<b>5</b>	<b>3</b>
<b>e) Other services</b>	<b>5</b>	<b>1</b>
<b>f) Securities lending transactions</b>	<b>8</b>	<b>5</b>
<b>Total</b>	<b>746</b>	<b>646</b>

## SECTION 4 - NET PROFIT (LOSS) ON TRADING ACTIVITIES - ITEM 80

### 4.1 Net profit (loss) on trading activities: analysis

	PROFITS	TRADING PROFITS	LOSSES	TRADING LOSSES	NET PROFITS OR LOSSES
<b>1. Financial assets held for trading</b>	-	<b>1</b>	-	-	<b>1</b>
1.1 Debt securities	-	1	-	-	1
1.2 Equities	-	-	-	-	-
1.3 Units in mutual funds	-	-	-	-	-
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
<b>2. Financial liabilities held for trading</b>	-	-	-	-	-
2.1 Debt securities	-	-	-	-	-
2.2 Debts	-	-	-	-	-
2.3 Other	-	-	-	-	-
<b>3. Other financial assets and liabilities: exchange rate differences</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>5</b>
<b>4. Derivatives:</b>	-	-	-	-	<b>1</b>
4.1 Financial derivatives:	-	-	-	-	1
- Debt derivatives and interest rate derivatives	-	-	-	-	-
- Equity derivatives and index derivatives	-	-	-	-	-
- Currencies and gold	X	X	X	X	1
- Other	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
<b>Total</b>	-	<b>1</b>	-	-	<b>7</b>

**SECTION 5 - NET PROFIT (LOSS) ON HEDGING DERIVATIVES - ITEM 90**

## 5.1 Net profit (loss) on hedging derivatives: analysis

	2015	2014
<b>A. Profit on:</b>		
A.1 Fair value hedge derivatives	137	4
A.2 Hedged financial assets (fair value)	3	476
A.3 Hedged financial liabilities (fair value)	-	-
A.4 Financial derivatives hedging financial flows	-	-
A.5 Assets and liabilities denominated in foreign currencies	-	-
<b>Total profit on hedging derivatives (A)</b>	<b>140</b>	<b>480</b>
<b>B. Loss on:</b>		
B.1 Fair value hedge derivatives	(4)	(486)
B.2 Hedged financial assets (fair value)	(133)	(4)
B.3 Hedged financial liabilities (fair value)	-	-
B.4 Financial derivatives hedging financial flows	-	-
B.5 Assets and liabilities denominated in foreign currencies	-	-
<b>Total loss on hedging derivatives (B)</b>	<b>(137)</b>	<b>(490)</b>
<b>C. Net profit (loss) on hedging derivatives (A-B)</b>	<b>3</b>	<b>(10)</b>

**SECTION 6 - NET PROFIT (LOSS) ON SALES / REPURCHASES - ITEM 100**

## 6.1 Net profit (loss) on sales/repurchases: analysis

	2015			2014		
	PROFIT	LOSS	NET PROFIT/ LOSS	PROFIT	LOSS	NET PROFIT/ LOSS
<b>Financial assets</b>						
1. Loans and advances to banks	-	(1)	(1)	-	-	-
2. Loans and advances to customers	-	-	-	-	(1)	(1)
3. Financial assets available for sale	1	(3)	(2)	26	(1)	25
3.1 Debt securities	1	(3)	(2)	26	(1)	25
3.2 Equity	-	-	-	-	-	-
3.3 Units in mutual funds	-	-	-	-	-	-
3.4 Loans	-	-	-	-	-	-
4. Held-to-maturity investments	-	-	-	-	-	-
<b>Total assets</b>	<b>1</b>	<b>(4)</b>	<b>(3)</b>	<b>26</b>	<b>(2)</b>	<b>24</b>
<b>Financial liabilities</b>						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Debt on issue	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## SECTION 7 - NET PROFIT (LOSS) ON FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE - ITEM 110

### 7.1 Net profit (loss) on financial assets and liabilities designated at fair value: analysis

	PROFIT	PROFIT ON DISPOSAL	LOSS	LOSS ON DISPOSAL	NET PROFIT OR LOSS
<b>1. Financial assets</b>	<b>6</b>	<b>1</b>	-	-	<b>7</b>
1.1 Debt securities (*)	6	-	-	-	6
1.2 Equities	-	1	-	-	1
1.3 Units in mutual funds	-	-	-	-	-
1.4 Loans	-	-	-	-	-
<b>2. Financial liabilities</b>	-	-	-	-	-
2.1 Debt securities	-	-	-	-	-
2.2 Due to banks	-	-	-	-	-
2.3 Due to customers	-	-	-	-	-
<b>3. Financial assets and liabilities denominated in foreign currencies: exchange rate differences</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	-
<b>4. Credit and financial derivatives</b>	-	-	-	-	-
<b>Total</b>	<b>6</b>	<b>1</b>	-	-	<b>7</b>

(\*) The profit regarded the insurance policies taken out as part of the Personal Financial Adviser loyalty schemes.

## SECTION 8 - NET IMPAIRMENT OF FINANCIAL ASSETS - ITEM 130

### 8.1 Net impairment of loans: analysis

	WRITE-DOWNS			WRITE-BACKS				2015 TOTAL	2014 TOTAL
	SPECIFIC		PORTFOLIO	SPECIFIC		PORTFOLIO			
	WRITE-OFFS	OTHER		INTEREST	OTHER WRITE-BACKS	INTEREST	OTHER WRITE-BACKS		
<b>A. Loans and advances to banks</b>	-	-	-	-	-	-	-	-	-
- Loans	-	-	-	-	-	-	-	-	-
- Debt securities	-	-	-	-	-	-	-	-	-
<b>B. Loans and advances to customers</b>	-	<b>(1)</b>	-	-	<b>2</b>	-	-	<b>1</b>	-
Purchased impaired loans	-	-	-	-	-	-	-	-	-
- Loans	-	-	X	-	-	-	X	-	-
- Debt securities	-	-	X	-	-	-	X	-	-
Other receivables	-	(1)	-	-	2	-	-	1	-
- Loans	-	(1)	-	-	2	-	-	1	-
- Debt securities	-	-	-	-	-	-	-	-	-
<b>C. Total</b>	-	<b>(1)</b>	-	-	<b>2</b>	-	-	<b>1</b>	-

## 8.3 Net impairment of held-to-maturity investments: analysis

	WRITE-DOWNS			WRITE-BACKS				2015 TOTAL	2014 TOTAL
	SPECIFIC		PORTFOLIO	SPECIFIC		PORTFOLIO			
	WRITE-OFFS	OTHER		INTEREST	OTHER WRITE- BACKS	INTEREST	OTHER WRITE- BACKS		
A. Debt securities	-	-	-	-	-	-	-	1	
B. Loans to banks	-	-	-	-	-	-	-	-	
C. Loans to customers	-	-	-	-	-	-	-	-	
<b>D. Total</b>	-	-	-	-	-	-	-	<b>1</b>	

## SECTION 11 - ADMINISTRATIVE EXPENSES - ITEM 180

## 11.1 Personnel expenses: analysis

	2015	2014
<b>1) Employees</b>	<b>206</b>	<b>136</b>
a) Wages and salaries	139	92
b) Social security contributions	35	22
c) Termination indemnities	1	1
d) Pension costs	-	-
e) Provision for employee termination indemnities	-	1
f) Provision for retirement benefits and similar obligations:	-	-
- defined contribution	-	-
- defined benefit	-	-
g) Payments to external supplementary pension funds:	9	6
- defined contribution	9	6
- defined benefit	-	-
h) Costs arising from payment agreement based on own equity instruments	-	-
i) Other employee benefits	22	14
<b>2) Other staff</b>	<b>1</b>	-
<b>3) Directors and statutory auditors</b>	<b>2</b>	<b>2</b>
<b>4) Retired staff</b>	-	-
<b>Total</b>	<b>209</b>	<b>138</b>

## 11.2 Average number of employees by category

	2015
<b>Employees:</b>	<b>2,721</b>
a) Directors	68
b) Executive Management	1,693
c) Other employees	960
<b>Other staff</b>	<b>16</b>

## 11.3 Defined-benefit company pension funds: expenses and income

Actuarial expenses of €191k on external funds were recognised in the year.

## 11.4 Other employee benefits

These mainly comprised the variable component of the remuneration of employees (including the sales network of subsidiary Intesa Sanpaolo Private Banking).

## 11.5 Other administrative expenses: analysis

	2015	2014
<b>IT costs</b>	<b>21</b>	<b>15</b>
- Software maintenance and upgrades	14	8
- Maintenance and rental of electronic equipment	2	1
- Data transmission	-	1
- Rental of office equipment	4	4
- Telephone	1	1
- Recovery of IT costs	-	-
<b>Property management costs</b>	<b>49</b>	<b>43</b>
- Property rent	35	31
- Maintenance of rented property	2	1
- Maintenance of own property	-	-
- Security	1	1
- Cleaning	2	2
- Power	5	4
- Miscellaneous building costs	4	5
- Recovery of property management costs	-	(1)
<b>General expenses</b>	<b>33</b>	<b>17</b>
- Postage and telegraphic expenses	3	4
- Office supplies	3	2
- Transport and counting of valuables	1	-
- Couriers and transport	3	2
- Search and information services	5	4
- Other expenses	18	5
- Recovery of general expenses	-	-
<b>Professional and insurance costs</b>	<b>14</b>	<b>15</b>
- Professional fees	5	6
- Legal advice and court fees	4	4
- Bank and customer insurance premiums	5	5
- Recovery of professional and insurance costs	-	-
<b>Promotional and advertising expenses</b>	<b>7</b>	<b>4</b>
- Advertising and entertainment	7	4
- Recovery of promotional and advertising expenses	-	-
<b>Indirect personnel expenses</b>	<b>5</b>	<b>4</b>
- Indirect personnel expenses	5	4
- Recovery of indirect personnel expenses	-	-
<b>Services by third parties</b>	<b>93</b>	<b>66</b>
- Expenses for services by third parties	29	24
- Expenses for outsourcing within the Group	64	42
- Recovery of services by third parties	-	-
<b>Total other administrative costs net of indirect taxes</b>	<b>222</b>	<b>164</b>
<b>Indirect taxes</b>		
- Stamp duty	167	119
- Substitute tax (Italian Presidential Decree 601/73)	-	-
- Local council property tax	1	1
- Other indirect taxes	2	2
- Recovery of indirect taxes	(2)	(1)
<b>Total Indirect taxes</b>	<b>168</b>	<b>121</b>
<b>Total other administrative expenses</b>	<b>390</b>	<b>285</b>

**SECTION 12 - NET PROVISIONS FOR RISKS AND CHARGES - ITEM 190**

## 12.1 Net provisions for risks and charges: analysis

	PROVISIONS	UTILISATION	TOTAL
Litigation and claims from receivers	23	6	17
Termination of Personal Financial Adviser agency agreements	14	2	12
Costs relating to the Personal Financial Adviser Networks' Loyalty Schemes (*)	6	-	6
Other	5	1	4
<b>Total</b>	<b>48</b>	<b>9</b>	<b>39</b>

(\*) Includes €4m gains on the insurance policies taken out under the Personal Financial Adviser Loyalty schemes.

**SECTION 13 - DEPRECIATION OF PROPERTY AND EQUIPMENT - ITEM 200**

## 13.1 Depreciation of property and equipment: analysis

	DEPRECIATION	NET ADJUSTMENTS FOR IMPAIRMENT LOSSES	WRITE-BACKS	NET ADJUSTMENTS
<b>A. Property and equipment</b>				
A.1 Owned	3	-	-	3
- Functional property and equipment	3	-	-	3
- Investment property and equipment	-	-	-	-
A.2 Purchased under finance lease arrangements	-	-	-	-
- Functional property and equipment	-	-	-	-
- Investment property and equipment	-	-	-	-
<b>Total</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>3</b>

**SECTION 14 - AMORTISATION OF INTANGIBLE ASSETS - ITEM 210**

## 14.1 Amortisation of intangible assets: analysis

	AMORTISATION	NET ADJUSTMENTS FOR IMPAIRMENT LOSSES	WRITE-BACKS	NET ADJUSTMENTS
<b>A. Intangible assets</b>				
A.1 Owned	14	-	-	14
- Generated internally	-	-	-	-
- Other	14	-	-	14
A.2 Purchased under finance lease arrangements	-	-	-	-
<b>Total</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>14</b>

**SECTION 15 - OTHER INCOME (EXPENSE) - ITEM 220**

## 15.1 Other expense: analysis

	2015	2014
Personal Financial Advisers - related expenses	4	1
Settlement of litigation	3	1
Depreciation of leasehold improvements	2	2
<b>Total</b>	<b>9</b>	<b>4</b>

## 15.2 Other income: analysis

	2015	2014
Recovery of indirect taxes	167	120
Other income	4	2
<b>Total</b>	<b>171</b>	<b>122</b>

**SECTION 16 - PROFIT (LOSS) ON EQUITY INVESTMENTS - ITEM 240**

## 16.1 Profit (loss) on equity investments: analysis

	2015	2014
<b>1) Jointly-controlled entities</b>		
A. Income	-	-
1. Revaluations	-	-
2. Profit from sales	-	-
3. Write-backs	-	-
4. Other income	-	-
B. Expenses	-	-
1. Write-downs	-	-
2. Impairment	-	-
3. Losses from sales	-	-
4. Other	-	-
<b>Net profit (loss)</b>	<b>-</b>	<b>-</b>
<b>2) Entities subject to significant influence</b>		
A. Income	9	10
1. Revaluations (*)	9	10
2. Profit on sales	-	-
3. Write-backs	-	-
4. Other income	-	-
B. Expenses	-	-
1. Write-downs	-	-
2. Impairment	-	-
3. Losses from sales	-	-
4. Other	-	-
<b>Net profit (loss)</b>	<b>9</b>	<b>10</b>
<b>Total</b>	<b>9</b>	<b>10</b>

(\*) Regards the holding in Fideuram Vita S.p.A. carried at equity.

**SECTION 20 - INCOME TAXES - ITEM 290**

## 20.1 Income taxes: analysis

	2015	2014
1. Current taxes (-)	(225)	(119)
2. Changes to current taxes for prior years (+/-)	8	-
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 (+/-)	3	(12)
5. Change in deferred tax liabilities (+/-)	(26)	(12)
<b>6. Taxes for the year (-)</b>	<b>(240)</b>	<b>(143)</b>

## 20.2 Reconciliation of theoretical tax burden and actual financial statement tax burden

	2015
<b>Taxable income</b>	<b>834</b>
Standard tax rate applicable	33%
Theoretical tax burden	275
<b>Tax impact with respect to:</b>	
Different tax rates applying to foreign subsidiaries	(60)
Consolidation adjustments	7
Changes to current taxes for prior years	8
Non-deductible costs	5
IRAP regional business tax and minor effects	5
<b>Actual tax burden</b>	<b>240</b>

**SECTION 24 - EARNINGS PER SHARE**

## 24.1 Average number of diluted capital ordinary shares

	2015		2014	
	ORDINARY SHARES	SAVINGS SHARES	ORDINARY SHARES	SAVINGS SHARES
Weighted average shares (number)	1,240,131,783	-	980,290,564	-
Income attributable to different share classes (€m)	594	-	402	-
Basic earnings per share (€)	0.479	-	0.410	-
Diluted earnings per share (€)	0.479	-	0.410	-

## PART D - TOTAL COMPREHENSIVE INCOME

## COMPONENTS OF TOTAL COMPREHENSIVE INCOME

	GROSS AMOUNT	INCOME TAX	NET AMOUNT
<b>10. Net profit (Loss) for the year</b>	<b>X</b>	<b>X</b>	<b>594</b>
<b>Other comprehensive income not transferred to the income statement:</b>	<b>4</b>	<b>(1)</b>	<b>3</b>
20. Property and equipment	-	-	-
30. Intangible assets	-	-	-
40. Defined-benefit plans	4	(1)	3
50. Non-current assets held for sale	-	-	-
60. Valuation reserves related to investments carried at equity	-	-	-
<b>Other comprehensive income that may be transferred to the income statement:</b>	<b>81</b>	<b>(26)</b>	<b>55</b>
<b>70. Hedging of net investments in foreign operations</b>	<b>-</b>	<b>-</b>	<b>-</b>
a) Changes in fair value	-	-	-
b) Transfers to income statement	-	-	-
c) Other changes	-	-	-
<b>80. Exchange rate differences</b>	<b>(2)</b>	<b>-</b>	<b>(2)</b>
a) Changes in value	-	-	-
b) Transfers to income statement	-	-	-
c) Other changes	(2)	-	(2)
<b>90. Cash flows hedges</b>	<b>-</b>	<b>-</b>	<b>-</b>
a) Changes in fair value	-	-	-
b) Transfers to income statement	-	-	-
c) Other changes	-	-	-
<b>100. Financial assets available for sale</b>	<b>82</b>	<b>(26)</b>	<b>56</b>
a) Changes in fair value	82	(26)	56
b) Transfers to income statement	1	-	1
- Adjustments for impairment losses	-	-	-
- Income/losses on disposal	1	-	1
c) Other changes	(1)	-	(1)
<b>110. Non-current assets held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>
a) Changes in fair value	-	-	-
b) Transfers to income statement	-	-	-
c) Other changes	-	-	-
<b>120. Valuation reserves related to investments carried at equity</b>	<b>1</b>	<b>-</b>	<b>1</b>
a) Changes in fair value	3	(1)	2
b) Transfers to income statement	(1)	-	(1)
- Adjustments for impairment losses	-	-	-
- Income/losses on disposal	(1)	-	(1)
c) Other changes	(1)	1	-
<b>130. Total other comprehensive income</b>	<b>85</b>	<b>(27)</b>	<b>58</b>
<b>140. Total comprehensive income (Items 10+130)</b>	<b>X</b>	<b>X</b>	<b>652</b>
<b>150. Total comprehensive income attributable to non-controlling interests</b>	<b>X</b>	<b>X</b>	<b>-</b>
<b>160. Total comprehensive income attributable to parent company</b>	<b>X</b>	<b>X</b>	<b>652</b>

## PART E - INFORMATION ON RISK AND RELATED HEDGING POLICIES

### INTRODUCTION

The Fideuram - Intesa Sanpaolo Private Banking 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 capital adequacy, stable profits, substantial liquidity and a strong reputation represent the foundation stones for preserving 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 Fideuram Group, stimulating the growth of risk culture and strengthening our transparent presentation of portfolio risk.

The underlying principles of risk management and control organisation are as follows:

- Clearly identify the responsibilities pertaining to the assumption of risks.
- Implement measurement and control systems aligned with international best practice.
- Maintain organisational separation of the departments responsible for management and the departments responsible for control.

The Fideuram Group has formulated Risk Management Guidelines which implement the Guidelines issued by Intesa Sanpaolo. These documents specify the roles and responsibilities of the Company Bodies, departments and units, together with the methods and procedures required to ensure prudent corporate risk management.

The Company Bodies play a core role in the Group's risk management and control, each of which has specified competencies for ensuring appropriate risk management, identifying strategic and management policies, continuously verifying their effectiveness and specifying the duties and responsibilities of the departments and units involved in the processes.

The following are involved in this work:

- The Company Bodies (Board of Directors and Board of Statutory Auditors).
- The Managing Director and General Manager.
- The Internal Audit Department.
- The Banking Services, Management Planning and Control, Administration and Reporting, and 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 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 Managing Director and functionally to the Intesa Sanpaolo 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.

### 1.1 CREDIT RISK

#### QUALITATIVE INFORMATION

##### 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 consisted of repayable-upon-demand current account overdrafts to counterparties who also receive investment services. Loans are mainly granted in the technical form of agreeing a current account overdraft facility and are linked directly to the bank's private banking business. Lines of credit granted are normally supported by collateral in the form of products distributed by the Fideuram Group (mutual funds and discretionary accounts), 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 by the Group.

Loans and advances to banks are predominantly short-term interbank loans, principally to leading banks in the euro area.

##### CREDIT RISK MANAGEMENT POLICIES

###### Organisational aspects

The Group's credit risk policies are formulated by the Board of Directors and governed by internal lending regulations following guidelines issued by Intesa Sanpaolo. 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.

### 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 always 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 all the relevant indicators and the periodic review of every position. 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.

### Credit risk mitigation techniques

In order to mitigate the credit risk of loans and advances to customers, the Group normally obtains collateral, bank guarantees or irrevocable mandates to sell financial instruments. Loans secured by collateral accounted for 76% of total loans and advances to customers at 31 December 2015, net of exposure to securities.

The types of collateral obtained are principally products distributed by the Fideuram Group (mutual funds and discretionary accounts) or financial instruments listed on the main regulated markets. Bonds are only accepted as collateral if the issuer or loan has an appropriate rating (by leading rating agencies). The value of the financial instruments obtained as collateral is discounted differentially in relation to the type of product and technical form concerned as a precautionary measure when calculating the credit limit to be granted, with a view to protecting the Group against

any fluctuations in market value. The concentration of collateral in issuers is very low, excepting 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 used bilateral netting agreements, which offset creditor and debtor positions in the event of the default of one counterparty, to mitigate counterparty risk regarding Over the Counter derivatives (unregulated) and Security Financing Transactions (SFT), specifically securities issued and repurchase agreements. ISDA and ISMA/TBMA agreements were used to this end, which also enable one to reduce the regulatory capital allocation while operating in accordance with supervisory regulations.

### Non-performing financial assets

The potential impairment of financial assets undergoes detailed ongoing monitoring, examining positions due/past due and carefully analysing all the other indicators available. Loans assessed as high risk, confirmed over time, are identified and allocated to other classes appropriate to their risk profile. These loans are classified as doubtful loans when the borrower is insolvent or in a substantially equivalent situation. Loans where the borrower is assessed as being unlikely to meet their payment obligations in full (principal and/or interest) are classified as "Debtor unlikely to pay". Lastly, loans that are due and/or past due which have exceeded the objective overdue payment conditions specified by the Bank of Italy are also considered problem loans. The 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 write-downs accounted for a very small percentage of total loans (0.01% of loans and advances to customers). Loss forecasts are formulated analytically for each individual loan on the basis of 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. The impairment of performing loans and past due or overdue loans is determined on a collective basis, adopting a historical/statistical approach to estimate the impairment losses that are deemed to have effectively been incurred at the reference date without the amounts yet being known at the time of valuation.

## Loans and advances to customers: loan quality

(€m)

	31.12.2015		31.12.2014		CHANGE
	NET EXPOSURE	%	NET EXPOSURE	%	NET EXPOSURE
Doubtful loans	1	-	-	-	1
Unlikely to pay	7	-	7	-	-
Past due or overdue loans	3	-	2	-	1
<b>Non-performing assets</b>	<b>11</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>2</b>
Performing loans	7,437	83	3,805	71	3,632
Debt instruments	1,525	17	1,556	29	(31)
<b>Loans and advances to customers</b>	<b>8,973</b>	<b>100</b>	<b>5,370</b>	<b>100</b>	<b>3,603</b>

## QUANTITATIVE INFORMATION

### A. CREDIT QUALITY

#### A.1 Non-performing and performing exposures: amounts, adjustments, changes, financial and geographical 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	OTHER NON-PERFORMING EXPOSURES	PERFORMING EXPOSURES	TOTAL
1. Financial assets available for sale	-	-	-	-	4,263	4,263
2. Held-to-maturity investments	-	-	-	-	297	297
3. Loans and advances to banks	-	-	-	-	13,223	13,223
4. Loans and advances to customers	1	7	3	-	8,962	8,973
5. Financial assets designated at fair value	-	-	-	-	165	165
6. Financial assets held for sale	-	-	-	-	-	-
<b>Total at 31.12.2015</b>	<b>1</b>	<b>7</b>	<b>3</b>	<b>-</b>	<b>26,910</b>	<b>26,921</b>

Performing loans included:

- Loans not past due subject to renegotiation totalling €5.5m.
- Loan repayment instalments past due with a repayment plan or bullet repayment of the entire amount due totalling €54m (comprised of €50m less than three months past due, €1m between three and six months past due and €3m between six months and one year past due).
- Residual debts with payment plans totalling €2.5m (including €1m less than three months past due and €1m between three and six months past due).

##### A.1.2 Analysis of loan exposures by asset class and credit quality (gross and net)

ASSET CLASS/QUALITY	NON-PERFORMING ASSETS			PERFORMING ASSETS			TOTAL (NET EXPOSURE)
	GROSS EXPOSURE	SPECIFIC ADJUSTMENTS	NET EXPOSURE	GROSS EXPOSURE	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	
<b>A. Banking Group</b>							
1. Financial assets available for sale	-	-	-	4,263	-	4,263	4,263
2. Held-to-maturity investments	-	-	-	297	-	297	297
3. Loans and advances to banks	-	-	-	13,224	(1)	13,223	13,223
4. Loans and advances to customers	21	(10)	11	8,969	(7)	8,962	8,973
5. Financial assets designated at fair value	-	-	-	X	X	165	165
6. Financial assets held for sale	-	-	-	-	-	-	-
<b>Total at 31.12.2015</b>	<b>21</b>	<b>(10)</b>	<b>11</b>	<b>26,918</b>	<b>(8)</b>	<b>26,910</b>	<b>26,921</b>

ASSET CLASS/QUALITY	ASSETS WITH LOW CREDIT QUALITY		OTHER ASSETS
	ACCRUED LOSSES	NET EXPOSURE	NET EXPOSURE
1. Financial assets held for trading	-	-	45
2. Hedging derivatives	-	-	2
<b>Total at 31.12.2015</b>	<b>-</b>	<b>-</b>	<b>47</b>

### A.1.3 Banking Group - Cash and off-balance-sheet exposure of loans and advances to banks: gross and net values, and past-due bands

TYPE OF EXPOSURE/ VALUE	GROSS VALUE				SPECIFIC ADJUSTMENTS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	
	NON-PERFORMING ASSETS			PERFORMING ASSETS				
	UP TO 3 MONTHS	BETWEEN MORE THAN 3 MONTHS AND 6 MONTHS	BETWEEN MORE THAN 6 MONTHS AND 1 YEAR					OVER 1 YEAR
<b>A. Cash exposures</b>								
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	X	X	10	X	-	10
- of which: forborne exposures	X	X	X	X	-	X	-	-
e) Other performing exposures	X	X	X	X	15,697	X	-	15,697
- of which: forborne exposures	X	X	X	X	-	X	-	-
<b>Total A</b>	-	-	-	-	<b>15,707</b>	-	-	<b>15,707</b>
<b>B. Off-balance-sheet exposures</b>								
a) Non-performing	-	-	-	-	X	-	X	-
b) Performing	X	X	X	X	628	X	-	628
<b>Total B</b>	-	-	-	-	<b>628</b>	-	-	<b>628</b>
<b>Total (A+B)</b>	-	-	-	-	<b>16,335</b>	-	-	<b>16,335</b>

## A.1.6 Banking Group - Cash and off-balance-sheet exposure of loans and advances to customers: gross and net values, and past-due bands

TYPE OF EXPOSURE/VALUE	GROSS VALUE				PERFORMING ASSETS	SPECIFIC ADJUSTMENTS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE
	NON-PERFORMING ASSETS			OVER 1 YEAR				
	UP TO 3 MONTHS	BETWEEN MORE THAN 3 MONTHS AND 6 MONTHS	BETWEEN MORE THAN 6 MONTHS AND 1 YEAR					
<b>A. Cash exposures</b>								
a) Doubtful loans	-	-	-	9	X	(8)	X	1
- of which: forborne exposures	-	-	-	-	X	-	X	-
b) Unlikely to pay	7	-	-	2	X	(2)	X	7
- of which: forborne exposures	-	-	-	-	X	-	X	-
c) Non-performing past due exposures	1	1	1	-	X	-	X	3
- of which: forborne exposures	-	-	-	-	X	-	X	-
d) Performing past due exposures	X	X	X	X	61	X	-	61
- of which: forborne exposures	X	X	X	X	-	X	-	-
e) Other performing exposures	X	X	X	X	11,166	X	(7)	11,159
- of which: forborne exposures	X	X	X	X	1	X	-	1
<b>Total A</b>	<b>8</b>	<b>1</b>	<b>1</b>	<b>11</b>	<b>11,227</b>	<b>(10)</b>	<b>(7)</b>	<b>11,231</b>
<b>B. Off-balance-sheet exposures</b>								
a) Non-performing	1	-	-	-	X	-	X	1
b) Performing	X	X	X	X	1,084	X	-	1,084
<b>Total B</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,084</b>	<b>-</b>	<b>-</b>	<b>1,085</b>
<b>Total (A+B)</b>	<b>9</b>	<b>1</b>	<b>1</b>	<b>11</b>	<b>12,311</b>	<b>(10)</b>	<b>(7)</b>	<b>12,316</b>

## A.1.7 Banking Group - Cash exposure of loans and advances to customers: changes in gross non-performing loans

ITEM / CATEGORY	DOUBTFUL LOANS	UNLIKELY TO PAY	NON-PERFORMING PAST DUE EXPOSURES
<b>A. Gross exposure at beginning of period</b>	<b>5</b>	<b>9</b>	<b>2</b>
- of which: loans disposed of but not written off	-	-	-
<b>B. Increases</b>	<b>5</b>	<b>8</b>	<b>4</b>
B.1 Transfers from performing assets	-	7	4
B.2 Transfers from other categories of non-performing exposures	-	-	-
B.3 Other increases	5	1	-
<b>C. Decreases</b>	<b>(1)</b>	<b>(8)</b>	<b>(3)</b>
C.1 Transfers to performing assets	-	-	(1)
C.2 Write-offs	-	-	-
C.3 Collections	(1)	(8)	(2)
C.4 Disposals	-	-	-
C.5 Losses on sales	-	-	-
C.6 Transfers to other categories of non-performing exposures	-	-	-
C.7 Other decreases	-	-	-
<b>D. Gross exposure at end of period</b>	<b>9</b>	<b>9</b>	<b>3</b>
- of which: loans disposed of but not written off	-	-	-

### A.1.8 Banking Group - Cash exposure of loans and advances to customers: changes in total adjustments

	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
<b>A. Total adjustments at beginning of period</b>	<b>4</b>	-	<b>2</b>	-	-	-
- of which: loans disposed of but not written off	-	-	-	-	-	-
<b>B. Increases</b>	<b>5</b>		<b>1</b>		-	
B.1 Adjustments	-	-	1	-	-	-
B.2 Losses on sales	-	-	-	-	-	-
B.3 Transfers from other categories of non-performing exposures	-	-	-	-	-	-
B.4 Other increases	5	-	-	-	-	-
<b>C. Decreases</b>	<b>(1)</b>		<b>(1)</b>		-	
C.1 Write-backs from year-end valuations	-	-	(1)	-	-	-
C.2 Write-backs following collections	(1)	-	-	-	-	-
C.3 Profit on sales	-	-	-	-	-	-
C.4 Write-offs	-	-	-	-	-	-
C.5 Transfers to other categories of non-performing exposures	-	-	-	-	-	-
C.6 Other decreases	-	-	-	-	-	-
<b>D. Total adjustments at end of period</b>	<b>8</b>		<b>2</b>		-	
- of which: loans disposed of but not written off	-	-	-	-	-	-

## A.2 Classification of exposures by external and internal rating

### A.2.1 Banking Group - Analysis of cash and off-balance-sheet loan exposures by external rating

EXPOSURES	EXTERNAL RATING CLASS						NO RATING	TOTAL
	CLASS 1	CLASS 2	CLASS 3	CLASS 4	CLASS 5	CLASS 6		
<b>A. Cash exposures</b>	<b>211</b>	<b>2,208</b>	<b>17,154</b>	<b>83</b>	-	<b>12</b>	<b>7,465</b>	<b>27,133</b>
<b>B. Derivatives</b>	<b>1</b>	<b>5</b>	<b>6</b>	-	-	-	<b>16</b>	<b>28</b>
B.1 Financial derivatives	1	5	6	-	-	-	16	28
B.2 Credit derivatives	-	-	-	-	-	-	-	-
<b>C. Guarantees issued</b>	-	-	<b>1</b>	-	-	<b>1</b>	<b>147</b>	<b>149</b>
<b>D. Commitments to grant finance</b>	-	-	-	-	-	-	<b>819</b>	<b>819</b>
<b>E. Other</b>	-	-	<b>268</b>	-	-	-	<b>449</b>	<b>717</b>
<b>Total</b>	<b>212</b>	<b>2,213</b>	<b>17,429</b>	<b>83</b>	-	<b>13</b>	<b>8,896</b>	<b>28,846</b>

		CREDIT RATING					
		CLASS 1	CLASS 2	CLASS 3	CLASS 4	CLASS 5	CLASS 6
Rating agency (ECAI)	Standard & Poor's	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.3.2 Banking Group - Exposure of secured loans and advances to customers

	NET EXPOSURE	COLLATERAL			
		BUILDINGS - MORTGAGES	BUILDINGS - FINANCIAL LEASING	SECURITIES	OTHER COLLATERAL
<b>1. Cash exposure of secured loans</b>	<b>6,259</b>	<b>266</b>	-	<b>5,327</b>	<b>396</b>
1.1 Fully secured	5,227	266	-	4,439	327
- including impaired	4	1	-	3	-
1.2 Partially secured	1,032	-	-	888	69
- including impaired	5	-	-	4	-
<b>2. Off-balance-sheet exposures of secured loans</b>	<b>953</b>	-	-	<b>130</b>	<b>822</b>
2.1 Fully secured	947	-	-	124	822
- including impaired	-	-	-	-	-
2.2 Partially secured	6	-	-	6	-
- including impaired	-	-	-	-	-

## B. DISTRIBUTION AND CONCENTRATION OF LOANS

## B.1 Banking Group - Analysis of cash and off-balance-sheet exposure of loans and advances to customers by sector (book values)

	GOVERNMENTS			OTHER PUBLIC ENTITIES			FINANCIAL INSTITUTIONS		
	NET EXPOSURE	SPECIFIC ADJUSTMENTS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	SPECIFIC ADJUSTMENTS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	SPECIFIC ADJUSTMENTS	PORTFOLIO ADJUSTMENTS
<b>A. Cash exposures</b>									
A.1 Doubtful loans	-	-	X	-	-	X	1	(3)	X
- of which: forbore exposures	-	-	X	-	-	X	-	-	X
A.2 Unlikely to pay	-	-	X	-	-	X	-	-	X
- of which: forbore exposures	-	-	X	-	-	X	-	-	X
A.3 Non-performing past due exposures	-	-	X	-	-	X	-	-	X
- of which: forbore exposures	-	-	X	-	-	X	-	-	X
A.4 Performing exposures	2,986	X	(1)	-	X	-	1,709	X	(1)
- of which: forbore exposures	-	X	-	-	X	-	-	X	-
<b>Total A</b>	<b>2,986</b>	-	<b>(1)</b>	-	-	-	<b>1,710</b>	<b>(3)</b>	<b>(1)</b>
<b>B. Off-balance-sheet exposures</b>									
B.1 Doubtful loans	-	-	X	-	-	X	-	-	X
B.2 Unlikely to pay	-	-	X	-	-	X	-	-	X
B.3 Other non-performing assets	-	-	X	-	-	X	-	-	X
B.4 Performing exposures	1	X	-	-	X	-	838	X	-
<b>Total B</b>	<b>1</b>	-	-	-	-	-	<b>838</b>	-	-
<b>Total at 31.12.2015</b>	<b>2,987</b>	-	<b>(1)</b>	-	-	-	<b>2,548</b>	<b>(3)</b>	<b>(1)</b>
<b>Total at 31.12.2014</b>	<b>2,764</b>	-	<b>(1)</b>	<b>8</b>	-	-	<b>1,128</b>	-	-

CREDIT LINKED NOTES	PERSONAL GUARANTEES								TOTAL
	CREDIT DERIVATIVES				ENDORSEMENT CREDIT				
	OTHER DERIVATIVES				GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	OTHER PARTIES	
	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	OTHER PARTIES					
-	-	-	-	-	-	-	138	5	6,132
-	-	-	-	-	-	-	138	4	5,174
-	-	-	-	-	-	-	-	-	4
-	-	-	-	-	-	-	-	1	958
-	-	-	-	-	-	-	-	-	4
-	-	-	-	-	-	-	-	-	952
-	-	-	-	-	-	-	-	-	946
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	6
-	-	-	-	-	-	-	-	-	-

INSURANCE COMPANIES			NON-FINANCIAL COMPANIES			OTHER PARTIES		
NET EXPOSURE	SPECIFIC ADJUSTMENTS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	SPECIFIC ADJUSTMENTS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	SPECIFIC ADJUSTMENTS	PORTFOLIO ADJUSTMENTS
-	-	X	-	(1)	X	-	(4)	X
-	-	X	-	-	X	-	-	X
-	-	X	5	(1)	X	2	(1)	X
-	-	X	-	-	X	-	-	X
-	-	X	-	-	X	3	-	X
-	-	X	-	-	X	-	-	X
385	X	-	2,045	X	(1)	4,095	X	(4)
-	X	-	-	X	-	2	X	-
<b>385</b>	-	-	<b>2,050</b>	<b>(2)</b>	<b>(1)</b>	<b>4,100</b>	<b>(5)</b>	<b>(4)</b>
-	-	X	-	-	X	-	-	X
-	-	X	1	-	X	-	-	X
-	-	X	-	-	X	-	-	X
4	X	-	50	X	-	87	X	-
<b>4</b>	-	-	<b>51</b>	-	-	<b>87</b>	-	-
<b>389</b>	-	-	<b>2,101</b>	<b>(2)</b>	<b>(1)</b>	<b>4,187</b>	<b>(5)</b>	<b>(4)</b>
<b>348</b>	-	-	<b>947</b>	<b>(2)</b>	<b>(1)</b>	<b>2,089</b>	<b>(5)</b>	<b>(1)</b>

## B.2 Banking Group - Geographical distribution of cash and off-balance-sheet exposure of loans and advances to customers (book values)

	ITALY		OTHER EUROPEAN COUNTRIES	
	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS
<b>A. Cash exposures</b>				
A.1 Doubtful loans	1	(8)	-	-
A.2 Unlikely to pay	7	(2)	-	-
A.3 Non-performing past due exposures	3	-	-	-
A.4 Performing exposures	10,152	(7)	594	-
<b>Total A</b>	<b>10,163</b>	<b>(17)</b>	<b>594</b>	<b>-</b>
<b>B. Off-balance-sheet exposures</b>				
B.1 Doubtful loans	-	-	-	-
B.2 Unlikely to pay	1	-	-	-
B.3 Other non-performing assets	-	-	-	-
B.4 Performing exposures	967	-	13	-
<b>Total B</b>	<b>968</b>	<b>-</b>	<b>13</b>	<b>-</b>
<b>Total at 31.12.2015</b>	<b>11,131</b>	<b>(17)</b>	<b>607</b>	<b>-</b>
<b>Total at 31.12.2014</b>	<b>6,332</b>	<b>(10)</b>	<b>603</b>	<b>-</b>

## B.3 Banking Group - Geographical distribution of cash and off-balance-sheet exposure of loans and advances to banks (book values)

	ITALY		OTHER EUROPEAN COUNTRIES	
	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS
<b>A. Cash exposures</b>				
A.1 Doubtful loans	-	-	-	-
A.2 Unlikely to pay	-	-	-	-
A.3 Non-performing past due exposures	-	-	-	-
A.4 Performing exposures	14,758	-	892	-
<b>Total A</b>	<b>14,758</b>	<b>-</b>	<b>892</b>	<b>-</b>
<b>B. Off-balance-sheet exposures</b>				
B.1 Doubtful loans	-	-	-	-
B.2 Unlikely to pay	-	-	-	-
B.3 Other non-performing assets	-	-	-	-
B.4 Performing exposures	9	-	6	-
<b>Total B</b>	<b>9</b>	<b>-</b>	<b>6</b>	<b>-</b>
<b>Total at 31.12.2015</b>	<b>14,767</b>	<b>-</b>	<b>898</b>	<b>-</b>
<b>Total at 31.12.2014</b>	<b>3,943</b>	<b>(1)</b>	<b>725</b>	<b>-</b>

AMERICA			ASIA			REST OF THE WORLD		
NET EXPOSURE	TOTAL NET ADJUSTMENTS		NET EXPOSURE	TOTAL NET ADJUSTMENTS		NET EXPOSURE	TOTAL NET ADJUSTMENTS	
-	-		-	-		-	-	
-	-		-	-		-	-	
-	-		-	-		-	-	
474	-		-	-		-	-	
<b>474</b>	-		-	-		-	-	
-	-		-	-		-	-	
-	-		-	-		-	-	
-	-		-	-		-	-	
-	-		-	-		-	-	
-	-		-	-		-	-	
474	-		-	-		-	-	
<b>349</b>	-		-	-		-	-	

AMERICA			ASIA			REST OF THE WORLD		
NET EXPOSURE	TOTAL NET ADJUSTMENTS		NET EXPOSURE	TOTAL NET ADJUSTMENTS		NET EXPOSURE	TOTAL NET ADJUSTMENTS	
-	-		-	-		-	-	
-	-		-	-		-	-	
-	-		-	-		-	-	
55	-		1	-		1	-	
<b>55</b>	-		<b>1</b>	-		<b>1</b>	-	
-	-		-	-		-	-	
-	-		-	-		-	-	
-	-		-	-		-	-	
-	-		-	-		-	-	
-	-		-	-		-	-	
55	-		1	-		1	-	
<b>13</b>	-		<b>13</b>	-		<b>1</b>	-	

## D. DISCLOSURES ON STRUCTURED ENTITIES (OTHER THAN SECURITISATION VEHICLES)

### D.2 Unconsolidated structured entities

#### D.2.2 Other structured entities

Fee and commission income from mutual fund management totalled €579m.

## E. 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 Banca IMI in order to improve the overall risk/return ratio of the portfolio. The repurchase agreements had the same terms as the maturities of a number of BTP Italian government bonds with a total face value of €467.8m and maturities between 2019 and 2033 that Fideuram - Intesa Sanpaolo Private Banking acquired from market counterparties in previous years. These bonds were already recorded under financial assets available for sale and hedged against interest rate risk 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. The cost of these guarantees recorded in the 2015 income statement was €15m. 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 provided in IAS 39, Guidance on Implementing, paragraph B.6, on the basis of which the substance of 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 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

### E.1 Banking Group - Financial assets disposed of but not written off: book value and full value

	FINANCIAL ASSETS HELD FOR TRADING			FINANCIAL ASSETS DESIGNATED AT FAIR VALUE			FINANCIAL ASSETS AVAILABLE FOR SALE		
	A	B	C	A	B	C	A	B	C
<b>A. Cash assets</b>	-	-	-	-	-	-	1,400	-	-
1. Debt securities	-	-	-	-	-	-	1,400	-	-
2. Equities	-	-	-	-	-	-	-	-	-
3. Units in mutual funds	-	-	-	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-	-	-	-
<b>B. Derivatives</b>	-	-	-	X	X	X	X	X	X
<b>Total 31.12.2015</b>	-	-	-	-	-	-	1,400	-	-
Including impaired	-	-	-	-	-	-	-	-	-
<b>Total 31.12.2014</b>	-	-	-	-	-	-	608	-	-
Including impaired	-	-	-	-	-	-	-	-	-

#### LEGEND

A = Financial assets disposed of recognised in full (book value)

B = Financial assets disposed of and partially recognised (book value)

C = Financial assets disposed of and partially recognised (full value)

HELD-TO-MATURITY INVESTMENTS			LOANS AND ADVANCES TO BANKS			LOANS AND ADVANCES TO CUSTOMERS			TOTAL	
A	B	C	A	B	C	A	B	C	31.12.2015	31.12.2014
-	-	-	948	-	-	87	-	-	2,435	639
-	-	-	948	-	-	87	-	-	2,435	639
X	X	X	X	X	X	X	X	X	-	-
X	X	X	X	X	X	X	X	X	-	-
-	-	-	-	-	-	-	-	-	-	-
X	X	X	X	X	X	X	X	X	-	-
-	-	-	948	-	-	87	-	-	2,435	X
-	-	-	-	-	-	-	-	-	-	X
-	-	-	-	-	-	31	-	-	X	639
-	-	-	-	-	-	-	-	-	X	-

## E.2 Banking Group - Financial liabilities regarding financial assets disposed of but not written off: book value

	FINANCIAL ASSETS HELD FOR TRADING	FINANCIAL ASSETS DESIGNATED AT FAIR VALUE	FINANCIAL ASSETS AVAILABLE FOR SALE	HELD-TO-MATURITY INVESTMENTS	LOANS AND ADVANCES TO BANKS	LOANS AND ADVANCES TO CUSTOMERS	TOTAL
<b>1. Due to customers</b>	-	-	-	-	497	69	566
a) regarding assets recognised in full	-	-	-	-	497	69	566
b) regarding assets partially recognised	-	-	-	-	-	-	-
<b>2. Due to banks</b>	-	-	455	-	-	-	455
a) regarding assets recognised in full	-	-	455	-	-	-	455
b) regarding assets partially recognised	-	-	-	-	-	-	-
<b>3. Due on issue</b>	-	-	-	-	-	-	-
a) regarding assets recognised in full	-	-	-	-	-	-	-
b) regarding assets partially recognised	-	-	-	-	-	-	-
<b>Total 31.12.2015</b>	-	-	455	-	497	69	1,021
<b>Total 31.12.2014</b>	-	-	455	-	-	29	484

## E.3 Banking Group - Disposal transaction with transfer of liabilities exclusively for assets disposed of: fair value

	FINANCIAL ASSETS HELD FOR TRADING		FINANCIAL ASSETS DESIGNATED AT FAIR VALUE		FINANCIAL ASSETS AVAILABLE FOR SALE	
	A	B	A	B	A	B
<b>A. Cash assets</b>						
1. Debt securities	-	-	-	-	1,688	-
2. Equities	-	-	-	-	-	-
3. Units in mutual fund	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
<b>B. Derivatives</b>	-	-	X	X	X	X
<b>Total assets</b>	-	-	-	-	1,688	-
<b>C. Associated liabilities</b>						
1. Due to customers	-	-	-	-	-	-
2. Due to banks	-	-	-	-	491	-
3. Debt on issue	-	-	-	-	-	-
<b>Total liabilities</b>	-	-	-	-	491	-
<b>Net value 31.12.2015</b>	-	-	-	-	1,197	-
<b>Net value 31.12.2015</b>	-	-	-	-	-	-

## LEGEND

A = Financial assets disposed of recognised in full

B = Financial assets disposed of and partially recognised

HELD-TO-MATURITY INVESTMENTS (FAIR VALUE)		LOANS AND ADVANCES TO BANKS (FAIR VALUE)		LOANS AND ADVANCES TO CUSTOMERS (FAIR VALUE)		TOTAL	
A	B	A	B	A	B	31.12.2015	31.12.2014
-	-	958	-	80	-	2,726	639
X	X	X	X	X	X	-	-
X	X	X	X	X	X	-	-
-	-	-	-	-	-	-	-
<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	-	-
-	-	<b>958</b>	-	<b>80</b>	-	<b>2,726</b>	<b>639</b>
-	-	489	-	69	-	X	X
-	-	-	-	-	-	X	X
-	-	-	-	-	-	X	X
-	-	<b>489</b>	-	<b>69</b>	-	<b>1,049</b>	<b>636</b>
-	-	<b>469</b>	-	<b>11</b>	-	<b>1,677</b>	<b>X</b>
-	-	-	-	-	<b>3</b>	<b>X</b>	<b>3</b>

## 1.2 MARKET RISK

### QUALITATIVE INFORMATION

Fideuram - Intesa Sanpaolo Private Banking adheres to the directives of Intesa Sanpaolo concerning the governance and supervision of market risk, regarding which its role extends to the entire Fideuram Group with centralisation and monitoring functions. This governance and control 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 bank's related departments.

The Investment Committee, established with the adoption of the Investment Policy, meets quarterly as a rule to analyse investment performance, proposing strategic guidelines to the Managing Director.

The Managing Director 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 Finance and Treasury Manager informs the Managing Director about the investment choices made and the profitability of the portfolios at least quarterly, and likewise keeps the Investment Committee periodically informed.

The Chief Risk Officer continually monitors market risk exposure and compliance with the limits specified by the Investment Policy, which was moreover amended as approved at the Board of Directors meeting of 16 March 2015 to support the centralisation of treasury operations connected with the Group's integration of Intesa Sanpaolo Private Banking. In addition, the Chief Risk Officer periodically informs the Managing Director, Investment Committee and Finance and Treasury Manager regarding the levels of exposure to the different types of risk subject to operating limits specified in the Risk Appetite Framework (RAF) and Investment Policy (IP). Similar information is presented to the Board of Directors on a quarterly basis.

The composition of the securities holdings 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 Investment Policy splits investments in securities into a liquidity portfolio, an investment portfolio and a service portfolio.

The former has a cautious minimum limit of assets deemed eligible by the Central Bank with financial characteristics that limit their risk to ensure immediate liquidity. The size of the Investment Portfolio depends on the structure of the Group's inflows, investments and shareholders' equity. The service portfolio is largely tailored to support the requirements of the Group's retail customer transactions and use of its cash surplus.

#### 1.2.1 INTEREST RATE RISK AND PRICE RISK - REGULATORY TRADING BOOK

The trading book also includes a securities component resulting from secondary market transactions with customers, certain Intesa Sanpaolo Group bond issues, and foreign exchange and exchange rate derivative transactions, which are likewise engaged in to meet the needs of the Group's customers and asset management companies.

#### 1.2.2 INTEREST RATE RISK AND PRICE RISK - BANK PORTFOLIO

The bank portfolio comprises interest rate hedging derivatives as well as long-term investment securities. The Group's investment portfolio totalled €10.4bn at 31 December 2015 and comprised securities classified as financial assets available for sale, held-to-maturity investments, debt securities classified as loans and advances to banks and customers, and hedging derivatives.

### Bank portfolio

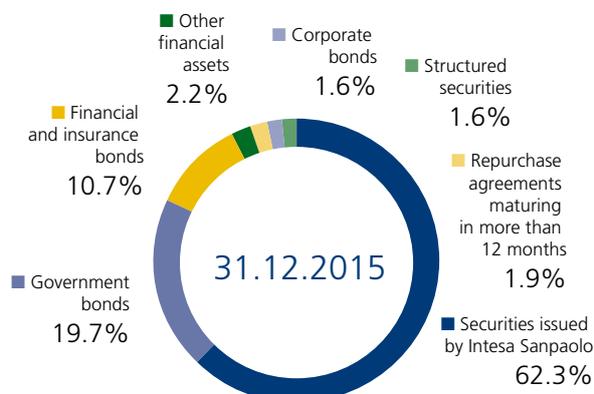
(€m)

	31.12.2015	31.12.2014	CHANGE	
			AMOUNT	%
Financial assets available for sale	4,459	2,509	1,950	78
Held-to-maturity investments	297	333	(36)	(11)
Debt securities classified as loans and advances to banks	4,071	1,932	2,139	111
Debt securities classified as loans and advances to customers	1,525	1,556	(31)	(2)
Hedging derivatives	2	-	2	n.s.
<b>Total</b>	<b>10,354</b>	<b>6,330</b>	<b>4,022</b>	<b>64</b>

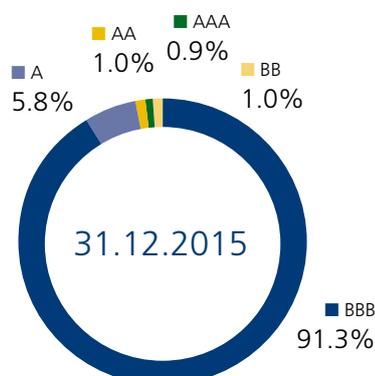
n.s.: not significant

At 31 December 2015, the Group portfolio had the following overall composition with respect to product type and rating.

### Analysis by product type



### Analysis by rating



The market risk of this portfolio mainly regards the management of investments in securities. The Group's exposure to interest rate risk is also influenced by other typical banking balance sheet items (customer deposits and loans). The financial risk of the bank portfolio is measured using the following methods:

- Value at Risk (VaR) for the available-for-sale portfolio only.
- Sensitivity analysis for the entire bank portfolio.

The Value at Risk is the maximum potential amount that the portfolio could lose over the next working day with a confidence interval of 99%, and is calculated using the same method adopted by Intesa Sanpaolo (volatility of the individual risk factors and the historical correlations observed between them). VaR is a risk measurement applied to securities available for sale and takes interest rates and credit spreads into account. Following the implementation of a centralised Treasury for the whole Intesa Sanpaolo Group Private Banking division and the resultant transfer of liquid assets totalling approximately €1.5bn from Intesa Sanpaolo Private Banking to Fideuram, the VaR limit was increased from €15m to €16.5m in accordance with procedures agreed with Intesa Sanpaolo's Central Risk Management Unit and authorised by the Group Financial Risk Committee. At the end of December 2015, the Value at Risk calculated for a one-day time horizon was €15.97m, which was within the limit assigned to the Fideuram Group (€16.5m), after having at one point temporarily exceeded it, with the approval of the Intesa Sanpaolo Chief Risk Officer, due to tensions in the financial markets between June and August.

The Group used derivatives (mainly interest rate swaps) to hedge interest rate risk following a strategy that involved buying swaps linked to the individual fixed-coupon bonds in the portfolio. This strategy 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 Investment Policy, which limits the maximum exposure to any single corporate Group to 5% of the total holdings, with the sole exception of Intesa Sanpaolo.

The Fideuram Group's total exposure to interest rate risk is moni-

tored using Asset Liability Management (ALM) techniques to determine the shift sensitivity of fair value and net interest income. The shift sensitivity, which measures the change in fair value of the bank portfolio resulting from an upward parallel movement in the interest rate curve, is calculated taking into account the risk generated by customer demand deposits and other assets and liabilities of the bank portfolio sensitive to shifts in the interest rate curve. The shift sensitivity for an upward parallel movement of 100 basis points in the interest rate curve was -€24.8m at the end of December 2015. 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 Group consistently determines the fair value of financial instruments 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, employing estimates and assumptions formulated by the valuer (mark-to-model).

Which of these methodologies is chosen 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. All the Group's available-for-sale securities were 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 designated at fair value consisted mainly of the insurance policies that the Group took out to insure the market yields of 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 of the average present values of the contractual commitments of the insurer and the average present values contracted by the policyholder/contracting party.

The fair value of Class III policies is calculated as the value of the units at the accounting date plus any pure premiums not yet invested at the valuation date.

The derivatives in the bank portfolio consisted principally of Interest Rate Swaps. The Group as a rule uses fair value hedge derivatives to reduce its exposure to adverse fair value movements due to interest rate risk.

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 prospective tests when the hedges are taken out, followed by retrospective tests at monthly intervals.

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, are known as "Over the Counter" (OTC) instruments and measured using special pricing models.

The effectiveness test conducted by Risk Management to verify the effectiveness of interest rate hedges consists in verifying that the fluctuations in fair value (fair value hedges) or future cash flows (cash flow hedges) attributable to the assets/liabilities being hedged are offset by the fluctuations in value of the hedging derivatives. This test must be carried out at the time of designation of the hedge and at monthly intervals thereafter until maturity, or at least until unwinding. Forward discounting was the method used for the test in 2015, in accordance with the procedure adopted by Intesa Sanpaolo. This involves using the Eonia curve for discounting the future cash flows of the derivative if it is supported by a Credit Support Annex (CSA), and the Euribor curve if it is uncollateralised. The floating leg coupons are measured by interpolating the three- or six-month Euribor forward curve, depending on the coupon frequency of the derivative, plus the contractually agreed spread margin, determined on a fixed basis.

Conversely, the hedged item is measured solely in respect of its financial component (rate risk) by discounting the future cash flows using the forwarding curve utilised for the floating leg coupons of the hedging derivative (i.e. 3- or 6-month Euribor forward curve). The cash flows being measured take the form of the future coupons measured at the contractual rate, since it is already known, net of the spread margin of the floating leg of the derivative. The latter is not hedged since it is solely a credit component. Because different curves are used for the discounting and forwarding, this method is known as a multi-curve method to distinguish it from the Eonia discounting method used until 2014, which became widely used during the financial crisis due to the significant widening of the Euribor/Eonia spread. Unlike the main method, Eonia discounting involves discounting the future cash flows of the hedged item (which always equal the contractual coupons net of the spread margin) using the Eonia curve, and then making an adjustment to correct the present value thus obtained. This adjustment is required because of the basis spread difference between the Eonia curve and the Euribor forward curve on the measurement date for the weighted average maturity of the capital flows of the hedged asset. The present value of this basis spread, calculated by discounting the negative future flows determined using the Eonia/Euribor Forward spread, is used to adjust the value of the hedged item. There has, on the other hand, been no change from the main method for the measurement of derivatives.

The Eonia discounting method remains applicable only as a back test if the main method finds the hedge ineffective. In this case, its effectiveness can be tested using the Eonia discounting method and the hedging relationship maintained without discontinuation if the result is positive, although the accounting effects are calculated using the multi-curve method.

### 1.2.3 EXCHANGE RATE RISK

#### QUALITATIVE INFORMATION

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:

- Loans to and deposits by institutional customers in foreign currencies.
- Purchases of securities and other financial instruments in foreign currencies.

- Buying and selling of foreign currencies.
- Collection 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. 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. Distribution by currency of denomination of assets and liabilities and derivatives

	CURRENCY					
	US DOLLAR	STERLING	YEN	CANADIAN DOLLAR	SWISS FRANC	OTHER CURRENCIES
<b>A. Financial assets</b>	<b>310</b>	<b>4</b>	<b>5</b>	<b>-</b>	<b>33</b>	<b>10</b>
A.1 Debt securities	142	-	-	-	-	-
A.2 Equities	-	-	-	-	-	-
A.3 Loans and advances to banks	160	3	1	-	26	10
A.4 Loans and advances to customers	8	1	4	-	7	-
A.5 Other financial assets	-	-	-	-	-	-
<b>B. Other assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C. Financial liabilities</b>	<b>476</b>	<b>42</b>	<b>18</b>	<b>9</b>	<b>18</b>	<b>12</b>
C.1 Due to banks	-	-	2	-	-	1
C.2 Due to customers	476	42	16	9	18	11
C.3 Debt securities	-	-	-	-	-	-
C.4 Other financial liabilities	-	-	-	-	-	-
<b>D. Other liabilities</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>E. Financial derivatives</b>						
- Options	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-
- Other derivatives						
+ Long positions	2,728	171	161	19	7	113
+ Short positions	2,547	137	148	10	8	111
<b>Total assets</b>	<b>3,038</b>	<b>175</b>	<b>166</b>	<b>19</b>	<b>40</b>	<b>123</b>
<b>Total liabilities</b>	<b>3,024</b>	<b>179</b>	<b>166</b>	<b>19</b>	<b>26</b>	<b>123</b>
<b>Balance (+/-)</b>	<b>14</b>	<b>(4)</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>-</b>

## 1.2.4 DERIVATIVES

## A. FINANCIAL DERIVATIVES

## A.1 Regulatory trading book: period-end notional values

	31.12.2015 TOTAL		31.12.2014 TOTAL	
	OVER THE COUNTER	CENTRAL COUNTERPARTIES	OVER THE COUNTER	CENTRAL COUNTERPARTIES
<b>1. Debt securities and interest rate derivatives</b>	<b>1</b>	-	-	-
a) Options	-	-	-	-
b) Swap	-	-	-	-
c) Forward	1	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
<b>2. Equity derivatives and index derivatives</b>	-	-	-	-
a) Options	-	-	-	-
b) Swap	-	-	-	-
c) Forward	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
<b>3. Currencies and gold</b>	<b>4,876</b>	-	<b>3,524</b>	-
a) Options	-	-	-	-
b) Swap	-	-	-	-
c) Forward	4,876	-	3,524	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
<b>4. Commodities</b>	-	-	-	-
<b>5. Other underlyings</b>	-	-	-	-
<b>Total</b>	<b>4,877</b>	-	<b>3,524</b>	-

## A.2 Bank portfolio: period-end notional values

## A.2.1 Hedging

	31.12.2015 TOTAL		31.12.2014 TOTAL	
	OVER THE COUNTER	CENTRAL COUNTERPARTIES	OVER THE COUNTER	CENTRAL COUNTERPARTIES
<b>1. Debt securities and interest rate derivatives</b>	<b>3,424</b>	-	<b>3,120</b>	-
a) Options	-	-	-	-
b) Swap	3,424	-	3,120	-
c) Forward	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
<b>2. Equity derivatives and index derivatives</b>	-	-	-	-
a) Options	-	-	-	-
b) Swap	-	-	-	-
c) Forward	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
<b>3. Currencies and gold</b>	<b>119</b>	-	<b>107</b>	-
a) Options	-	-	-	-
b) Swap	119	-	107	-
c) Forward	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
<b>4. Commodities</b>	-	-	-	-
<b>5. Other underlyings</b>	-	-	-	-
<b>Total</b>	<b>3,543</b>	-	<b>3,227</b>	-

## A.2.2 Other derivatives

	31.12.2015 TOTAL		31.12.2014 TOTALE	
	OVER THE COUNTER	CENTRAL COUNTERPARTIES	OVER THE COUNTER	CENTRAL COUNTERPARTIES
<b>1. Debt securities and interest rate derivatives</b>	-	-	-	-
a) Options	-	-	-	-
b) Swap	-	-	-	-
c) Forward	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
<b>2. Equity derivatives and index derivatives</b>	<b>495</b>	-	<b>495</b>	-
a) Options	495	-	495	-
b) Swap	-	-	-	-
c) Forward	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
<b>3. Currencies and gold</b>	-	-	-	-
a) Options	-	-	-	-
b) Swap	-	-	-	-
c) Forward	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
<b>4. Commodities</b>	-	-	-	-
<b>5. Other underlyings</b>	-	-	-	-
<b>Total</b>	<b>495</b>	-	<b>495</b>	-

## A.3 Financial derivatives: gross positive fair value - distribution by product

## POSITIVE FAIR VALUE

	31.12.2015 TOTAL		31.12.2014 TOTAL	
	OVER THE COUNTER	CENTRAL COUNTERPARTIES	OVER THE COUNTER	CENTRAL COUNTERPARTIES
<b>A. Regulatory trading book</b>	<b>28</b>	-	<b>40</b>	-
a) Options	-	-	-	-
b) Interest rate swap	-	-	-	-
c) Cross currency swap	-	-	-	-
d) Equity swaps	-	-	-	-
e) Forward	28	-	40	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
<b>B. Hedging bank portfolio</b>	<b>2</b>	-	-	-
a) Options	-	-	-	-
b) Interest rate swap	2	-	-	-
c) Cross currency swap	-	-	-	-
d) Equity swaps	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
<b>C. Bank portfolio other derivatives</b>	-	-	-	-
a) Options	-	-	-	-
b) Interest rate swap	-	-	-	-
c) Cross currency swap	-	-	-	-
d) Equity swaps	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
<b>Total</b>	<b>30</b>	-	<b>40</b>	-

## A.4 Financial derivatives: gross negative fair value - distribution by product

## NEGATIVE FAIR VALUE

	31.12.2015 TOTAL		31.12.2014 TOTAL	
	OVER THE COUNTER	CENTRAL COUNTERPARTIES	OVER THE COUNTER	CENTRAL COUNTERPARTIES
<b>A. Regulatory trading book</b>	<b>28</b>	<b>-</b>	<b>44</b>	<b>-</b>
a) Options	-	-	-	-
b) Interest rate swap	-	-	-	-
c) Cross currency swap	-	-	-	-
d) Equity swaps	-	-	-	-
e) Forward	28	-	44	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
<b>B. Hedging bank portfolio</b>	<b>977</b>	<b>-</b>	<b>1,095</b>	<b>-</b>
a) Options	-	-	-	-
b) Interest rate swap	945	-	1,076	-
c) Cross currency swap	32	-	19	-
d) Equity swaps	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
<b>C. Bank portfolio other derivatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
a) Options	-	-	-	-
b) Interest rate swap	-	-	-	-
c) Cross currency swap	-	-	-	-
d) Equity swaps	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
<b>Total</b>	<b>1,005</b>	<b>-</b>	<b>1,139</b>	<b>-</b>

## A.5 OTC financial derivatives: regulatory trading book - notional values, gross positive and negative fair value by counterparty - contracts other than netting agreements

	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	FINANCIAL INSTITUTIONS	INSURANCE COMPANIES	NON- FINANCIAL COMPANIES	OTHER PARTIES
<b>1. Debt securities and interest rate derivatives</b>							
- notional values	-	-	1	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
<b>2. Equity derivatives and index derivatives</b>							
- notional values	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
<b>3. Currencies and gold</b>							
- notional values	-	-	852	2,247	345	2	14
- positive fair value	-	-	5	12	4	-	-
- negative fair value	-	-	4	13	1	-	-
- future exposure	-	-	8	22	3	-	-
<b>4. Other values</b>							
- notional values	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-

## A.6 OTC financial derivatives: regulatory trading book - notional values, gross positive and negative fair value by counterparty - netting agreements

	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	FINANCIAL INSTITUTIONS	INSURANCE COMPANIES	NON- FINANCIAL COMPANIES	OTHER PARTIES
<b>1. Debt securities and interest rate derivatives</b>							
- notional values	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
<b>2. Equity derivatives and index derivatives</b>							
- notional values	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
<b>3. Currencies and gold</b>							
- notional values	-	-	1,416	-	-	-	-
- positive fair value	-	-	7	-	-	-	-
- negative fair value	-	-	10	-	-	-	-
<b>4. Other values</b>							
- notional values	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

## A.7 OTC financial derivatives: bank portfolio book - notional values, gross positive and negative fair value by counterparty - contracts other than netting agreements

	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	FINANCIAL INSTITUTIONS	INSURANCE COMPANIES	NON- FINANCIAL COMPANIES	OTHER PARTIES
<b>1. Debt securities and interest rate derivatives</b>							
- notional values	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
<b>2. Equity derivatives and index derivatives</b>							
- notional values	-	-	495	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	11	-	-	-	-
<b>3. Currencies and gold</b>							
- notional values	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
<b>4. Other values</b>							
- notional values	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-

## A.8 OTC financial derivatives: bank portfolio - notional values, gross positive and negative fair value by counterparty - netting agreements

	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	FINANCIAL INSTITUTIONS	INSURANCE COMPANIES	NON- FINANCIAL COMPANIES	OTHER PARTIES
<b>1. Debt securities and interest rate derivatives</b>							
- notional values	-	-	3,424	-	-	-	-
- positive fair value	-	-	2	-	-	-	-
- negative fair value	-	-	945	-	-	-	-
<b>2. Equity derivatives and index derivatives</b>							
- notional values	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
<b>3. Currencies and gold</b>							
- notional values	-	-	119	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	32	-	-	-	-
<b>4. Other values</b>							
- notional values	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

## A.9 Residual life of OTC financial derivatives: notional values

	UP TO 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
<b>A Regulatory trading book</b>	<b>4,877</b>	-	-	<b>4,877</b>
A.1 Debt derivatives and interest rate derivatives	1	-	-	1
A.2 Equity derivatives and index derivatives	-	-	-	-
A.3 Currency derivatives and gold derivatives	4,876	-	-	4,876
A.4 Financial derivatives on other instruments	-	-	-	-
<b>B. Bank portfolio</b>	<b>77</b>	<b>1,221</b>	<b>2,740</b>	<b>4,038</b>
B.1 Debt derivatives and interest rate derivatives	77	676	2,671	3,424
B.2 Equity derivatives and index derivatives	-	495	-	495
B.3 Currency derivatives and gold derivatives	-	50	69	119
B.4 Financial derivatives on other instruments	-	-	-	-
<b>Total 31.12.2015</b>	<b>4,954</b>	<b>1,221</b>	<b>2,740</b>	<b>8,915</b>
<b>Total 31.12.2014</b>	<b>3,524</b>	<b>356</b>	<b>3,366</b>	<b>7,246</b>

## C. FINANCIAL AND CREDIT DERIVATIVES

### C.1 OTC financial and credit derivatives: net fair values and future exposure by counterparty

	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	FINANCIAL INSTITUTIONS	INSURANCE COMPANIES	NON- FINANCIAL COMPANIES	OTHER PARTIES
<b>1) Bilateral agreements: financial derivatives</b>							
- Positive fair value	-	-	7	-	-	-	-
- Negative fair value	-	-	985	-	-	-	-
- Future exposure	-	-	33	-	-	-	-
- Net counterparty risk	-	-	40	-	-	-	-
<b>2) Bilateral agreements: credit derivatives</b>							
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	-	-	-	-	-
- Future exposure	-	-	-	-	-	-	-
- Net counterparty risk	-	-	-	-	-	-	-
<b>3) Cross-product agreements</b>							
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	-	-	-	-	-
- Future exposure	-	-	-	-	-	-	-
- Net counterparty risk	-	-	-	-	-	-	-

## 1.3 LIQUIDITY RISK

### QUALITATIVE INFORMATION

The Fideuram Group manages liquidity risk in accordance with Intesa Sanpaolo's Liquidity Risk Governance Guidelines, which ensure prompt implementation of national and supranational legal and regulatory changes.

The cardinal principles of said regulatory changes have been to 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 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 Group Investment Policy based on highly-prudential criteria suitable for ensuring high and stable liquidity. The introduction of said Policy also involved setting up an ope-

ration limit monitoring and reporting unit in line with the revised Group regulations.

Liquidity-risk exposure is monitored constantly to ensure compliance with the operational limits and the regulations of the Group Liquidity Risk Governance Policy, as updated to align them with the Intesa Sanpaolo Group's Guidelines and approved by the Board of Directors on 4 May 2015. The new provisions principally implement the European Commission Delegated Regulation of 10 October 2014 (the "Delegated Act"), which specifies the new composition of liquid assets eligible for inclusion in the Liquidity Reserves (liquidity coverage buffer), provides a new definition of net liquidity outflows over a 30-calendar-day period for calculating the liquidity coverage ratio (LCR), including in stress periods, and also introduces further monitoring tool ratios. 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 assets and liabilities items are calculated in a wholly suitable manner for providing an appropriate representation of anticipated cash flows.

## QUANTITATIVE INFORMATION

### 1. Analysis of financial assets and liabilities by remaining contractual term (euro)

	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
<b>Cash assets</b>	<b>9,503</b>	<b>898</b>	<b>96</b>	<b>1,114</b>	<b>1,251</b>	<b>692</b>	<b>1,248</b>	<b>6,877</b>	<b>4,727</b>	<b>207</b>
A.1 Government securities	-	-	-	-	10	8	49	741	1,934	-
A.2 Other debt securities	2	-	49	44	131	114	412	3,965	2,550	-
A.3 Units in mutual funds	197	-	-	-	-	-	-	-	-	-
A.4 Loans	9,304	898	47	1,070	1,110	570	787	2,171	243	207
- Banks	3,550	113	-	1,034	889	545	600	2,023	-	207
- Customers	5,754	785	47	36	221	25	187	148	243	-
<b>Cash liabilities</b>	<b>16,824</b>	<b>2,682</b>	<b>45</b>	<b>156</b>	<b>1,153</b>	<b>480</b>	<b>385</b>	<b>1,998</b>	<b>236</b>	<b>-</b>
B.1 Deposits and current accounts	16,692	130	44	150	645	478	385	1,781	-	-
- Banks	119	25	-	-	-	-	3	-	-	-
- Customers	16,573	105	44	150	645	478	382	1,781	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	132	2,552	1	6	508	2	-	217	236	-
<b>Off-balance-sheet transactions</b>	<b>1,096</b>	<b>1,483</b>	<b>129</b>	<b>2,761</b>	<b>1,895</b>	<b>24</b>	<b>85</b>	<b>51</b>	<b>69</b>	<b>-</b>
C.1 Financial derivatives with exchange of capital	281	668	129	2,757	1,881	12	42	51	69	-
- Long positions	247	98	83	1,352	918	8	2	51	69	-
- Short positions	34	570	46	1,405	963	4	40	-	-	-
C.2 Financial derivatives without exchange of capital	-	-	-	4	14	12	43	-	-	-
- Long positions	-	-	-	1	2	8	10	-	-	-
- Short positions	-	-	-	3	12	4	33	-	-	-
C.3 Deposits and loans receivable	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Commitments to grant finance	815	815	-	-	-	-	-	-	-	-
- Long positions	-	815	-	-	-	-	-	-	-	-
- Short positions	815	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-

## (Other currencies)

	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
<b>Cash assets</b>	<b>192</b>	-	<b>3</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>14</b>	<b>65</b>	<b>69</b>	-
A.1 Government securities	-	-	-	-	-	-	-	14	-	-
A.2 Other debt securities	-	-	3	-	-	-	3	51	69	-
A.3 Units in mutual funds	-	-	-	-	-	-	-	-	-	-
A.4 Loans	192	-	-	2	2	2	11	-	-	-
- Banks	182	-	-	-	-	-	9	-	-	-
- Customers	10	-	-	2	2	2	2	-	-	-
<b>Cash liabilities</b>	<b>501</b>	-	-	-	-	-	-	-	-	-
B.1 Deposits and current accounts	501	-	-	-	-	-	-	-	-	-
- Banks	3	-	-	-	-	-	-	-	-	-
- Customers	498	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
<b>Off-balance-sheet transactions</b>	<b>320</b>	<b>882</b>	<b>135</b>	<b>2,705</b>	<b>1,885</b>	<b>8</b>	<b>46</b>	<b>51</b>	<b>69</b>	-
C.1 Financial derivatives with exchange of capital	320	882	135	2,705	1,885	8	46	51	69	-
- Long positions	53	678	48	1,377	966	4	42	-	-	-
- Short positions	267	204	87	1,328	919	4	4	51	69	-
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	-	-	-	-	-	-	-	-	-	-

## 1.4 OPERATIONAL RISK

### QUALITATIVE INFORMATION

Operational risk is defined as the risk of loss arising from inadequate or dysfunctioning internal processes, human resources or systems, or from external events. Operational risk includes legal risk, which is to say the risk of loss arising from failure to comply with laws or regulations, or from contractual or extra-contractual responsibilities or other disputes, as well as Information and Communication Technology risk and model risk, but does not include strategic risk or reputational risk.

Intesa Sanpaolo has drawn up regulations and organisational processes for measuring, managing and monitoring operational risk. The Intesa Sanpaolo Group assigns responsibility for operational risk management to its Board of Management, which is charged with developing the Group's risk management policies, and to its Supervisory Board, which is charged with approving and monitoring the implementation of said policies, as well as ensuring the smooth operation, efficiency and effectiveness of the operational risk management and control system. In addition, the Group Audit Coordination and Operational Risk Committee is responsible, among other things, for periodically verifying the Group's overall operational risk profile, providing for any corrective actions, coordinating and monitoring the effectiveness of the principal mitigation activities undertaken and approving operational risk transfer strategies. The Group has a centralised operational risk management unit which is part of Group Risk Management and, more specifically, the Enterprise Risk Management Department. This unit is responsible for designing, implementing and supervising the methodological and organisational framework adopted, as well as for measuring risk profiles, verifying the effectiveness of risk mitigation measures and reporting to company senior management.

In accordance with current legislation and regulations, the companies in the Fideuram Group are responsible for identifying, measuring, managing and mitigating risk. Each has clearly identified internal units coordinated by Fideuram - Intesa Sanpaolo Private Banking Operational Risk Management which are responsible for their Operational Risk Management processes.

Fideuram - Intesa Sanpaolo Private Banking has developed its own system of governance for the operational risk management process which establishes the following responsibilities: a) The Board of Directors is responsible for the development and strategic supervision of the risk management policies, and for ensuring the smooth operation, efficiency and effectiveness of the operational risk management and control system over time, while also deciding on matters regarding compliance with the criteria for calculating the bank's capital requirement. b) The Audit Coordination Committee is responsible for monitoring the suitability of the operational risk management and control system, and for ascertaining that it complies with the related regulatory requirements. c) The Managing Director is responsible for ensuring the suitability and effectiveness over time of the risk management and control systems, and of the procedures used for determining the capital requirement. d) The Internal Audit Department is responsible for periodically auditing the operational risk management system and for reporting on it to the Company Bodies. e) The Risk and Compliance Committee, which is a consultative body, is responsible for analysing the reports on the operatio-

nal risk profile and proposing any actions required to prevent and mitigate operational risk. f) The Decentralised Operational Risk Management Unit, which reports to the Chief Risk Officer, is responsible for organising and maintaining the body of activities provided for by the operational risk management system (collection and structured recording of information on operational loss events, scenario analyses and the evaluation of risks associated with the bank's operating context).

The other companies in the Fideuram Group have developed appropriate Operational Risk Management governance systems in accordance with the parent company's guidelines.

The Integrated Self-Diagnosis Process, which is performed annually, supports the following:

- The identification, measurement, monitoring and mitigation of operational risk through identifying the principal critical operational risk issues and formulating the most appropriate mitigation actions.
- The creation of substantial synergies with the Group's specialist Human Resources and General Affairs units in charge of the development of operating processes and business continuity, with Financial Management Governance and with the Compliance and Audit units that manage compliance with certain specific laws, regulations and related matters (Italian Legislative Decree 231/01 and Law 262/05) or carry out effectiveness tests on the controls on company processes.

Overall, the Self-Diagnosis process showed good operational risk management and contributed to extending the dissemination of a corporate culture focused on continuous operational risk management.

The collection process for data on operational loss events (operational loss data obtained from internal and external sources) provides significant information on prior exposure, while also contributing to our knowledge and understanding of operational risk on the one hand, and to assessing the effectiveness of or potential weaknesses in the internal audit system on the other.

The internal model for calculating capital absorption has been designed to combine all the main sources of information, whether quantitative (operational loss) or qualitative (self-diagnosis). The quantitative part is based on an analysis of the historical data regarding internal events (monitored by decentred units, verified appropriately by the central unit and managed by a dedicated data processing system) and external events (monitored by the Operational Riskdata eXchange Association). The qualitative part (scenario analyses) is focused on the prospective evaluation of the risk profile of each unit, and is based on the structured and organised collection of subjective estimates which are provided directly by Management with the aim of measuring the potential financial impact of particularly severe operational risk events.

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. The capital at risk is estimated using a Loss Distribution Approach model (an actuarial statistical model for calculating the Value at Risk of operational losses), which is applied both to the quantitative data and to the results of the scenario analysis over a one-year time horizon, with a confidence interval of 99.9%. This method also involves applying a correction factor obtained from qualitative risk analyses of the operating context in order to take the effectiveness of the internal controls in the various different organisational units into account.

Operational risk monitoring is carried out using an integrated reporting system that provides Management with information to support the management and/or mitigation of the risks assumed.

A structured training programme has been launched for staff actively involved in the operational risk governance process to provide continuous support for the process itself.

The Group adopts a traditional policy for transferring operational risk (to cover offences such as employee misconduct, theft and damage, the transport of valuables, computer fraud, forgery, fire and earthquake damage and third-party liability), with a view to mitigating its impact. In order to achieve optimal use of the operational risk transfer instruments available and to leverage the financial benefits while complying with all the related regulatory requirements, the Group has taken out an insurance policy known as an Operational Risk Insurance Programme which provides additional cover and significantly higher limits than traditional policies, transferring the risk of substantial operational losses to the insurance market. Our internal model's insurance mitigation component has been authorised by the Bank of Italy.

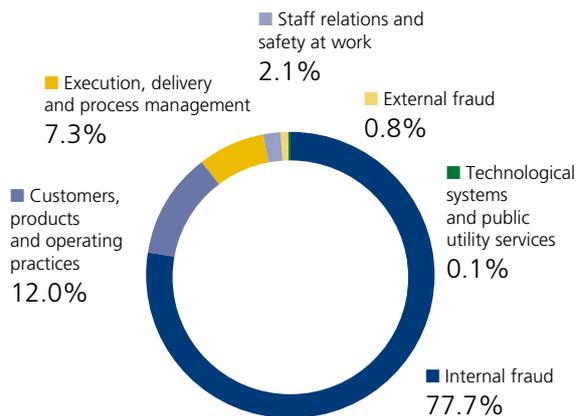
The Fideuram Group has also taken out a traditional insurance policy to cover any cases of misconduct by the Personal Financial Advisers in the Group's Sales Networks.

## QUANTITATIVE INFORMATION

The Fideuram Group calculates its capital requirement using the Advanced Measurement Approach (AMA) authorised by the Supervisory Authority.

The operational losses recorded in the year are analysed by type of event below.

### Analysis of operational loss 2015



The Group continued its work on improving the processes and controls in place to mitigate risk and contain loss, and participated fully in every initiative launched by Intesa Sanpaolo.

#### 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 amongst other things cover the liabilities that could be incurred, according to internal and external legal advice, as a result of pending legal and other disputes. At 31 December 2015, these provisions totalled €113m. The total provisions and the amount of the individual provisions set aside are calculated on the basis of external and internal legal advisers' estimations 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. The number and value of pending proceedings at 31 December 2015 were not sufficient to have any eventual significant impact on the business, assets or financial situation of the Group and may be classified as follows:

#### 1) Cases regarding alleged unlawful and/or improper conduct by former personal financial advisers

The majority of legal proceedings against the Group regard requests for compensation for damages in response to alleged unlawful conduct by former personal financial advisers. 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 (TUF), which specifies that the broker is jointly and severally responsible for any damages to third parties caused by the financial adviser, 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 reports to customers. In June 2015, Fideuram renewed a personal financial adviser misconduct insurance policy with Lloyd's of London, through the broker AON S.p.A., which covers claims consequent upon unlawful acts committed by Fideuram and Sanpaolo Invest personal financial advisers for amounts in excess of €3m. The annual per-claim limit provided for in the policy is €16m (to cover all complaints, including out-of-court settlements, regarding the unlawful/improper conduct of a single personal financial adviser). At 31 December 2015, none of the unlawful acts which had emerged during the period of cover had reached said €3m excess.

#### 2) Cases regarding securities in default and losses on investments in financial products

Legal disputes initiated by customers requesting the cancellation of and/or compensation for damages arising from the purchase of securities in default and cases in which the customer alleges non-compliance with 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 regarding alleged breaches of their agency contract

There are a small number of legal disputes of this kind initiated by former Fideuram and Sanpaolo Invest personal

financial advisers, resulting from the bank's and stockbroker's normal operations, which involve complaints regarding alleged breach of contract. They are mainly requests for the payment of various different termination indemnities, commission and compensation for damages.

#### 4) Disputes regarding banking and other operations

These cases are mainly requests for compensation regarding banking operations (e.g. capitalisation of interest, claims from receivers and the disposal of pledged assets) and/or miscellaneous complaints which do not fall within any other category.

#### 5) Disputes regarding supervisory investigations

This category concerns two pending judgements, one at the Rome Court of Appeal (remitted from the Court of Cassation) and one at the Court of Cassation. These see Sanpaolo Invest opposing the Italian Ministry of the Economy and Finance and the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB), which launched two penalty proceedings following supervisory investigations, one regarding the years 1992-1997, and the other regarding 2005. In particular, Sanpaolo Invest and the managers involved contest the imposition of financial penalties totalling €213,000 in the first case and €296,500 in the second, and the inefficiencies and/or omissions in its management processes alleged by the Supervisory Authority. The CONSOB's investigations into the years 1992-1997 led to the formulation of a number of objections regarding the alleged inadequacy of the procedures in place with Personal Financial Advisers for the provision of services and, likewise, the alleged inadequacy of the controls on said procedures, failure to notify the Board of Statutory Auditors of the Personal Financial Advisers' irregularities and failure to provide for a register of the audits performed. The Rome Court of Appeal found in favour of the defence presented by Sanpaolo Invest and the managers concerned, annulling the penalties. The Court of Cassation overturned the Rome Court of Appeal's judgement following an appeal by the CONSOB and Italian Ministry of the Economy and Finance, remitting the case to the Rome Court of Appeal. The Court of Appeal, to which the case was remitted on 11 February 2011, ruled that the penalties against Sanpaolo Invest and its managers be annulled. On 28 March 2012, the Italian Ministry of the Economy and Finance and the CONSOB filed an appeal in Cassation against the Rome Court of Appeal's decision of 11 February 2011. The company and managers have filed their defence.

The CONSOB's 2005 investigation was launched in relation to an audit of the efficiency of the management processes and internal audit system. The penalty proceedings for alleged violations of regulatory provisions, principally regarding internal auditing, led to the imposition of administrative monetary penalties totalling €296,500. Sanpaolo Invest presented submissions and filed statements in the course of the proceedings, highlighting that its procedures complied with the applicable regulations. The appeal against these penalties at the Rome Court of Appeal was rejected. The company and managers therefore filed an appeal at the Court of Cassation. On 26 November 2015, the Court found in favour of their appeal, overturned the penalties and remitted the case to the Rome Court of Appeal.

#### 6) Tax disputes

The Latium Regional Tax Police (Polizia Tributaria) sent Fideuram a report concerning the 2003 and 2004 tax years,

questioning the tax period adopted by the bank for the tax deduction of the Personal Financial Adviser Network Loyalty Schemes, together with a number of other lesser matters.

Following this report, the bank was served a notice of assessment by the competent office of the Italian Inland Revenue regarding Corporate Income Tax (IRPEG) and Regional Business Tax (IRAP) for the year 2003, against which the bank promptly appealed. The Provincial and Regional Tax Commission found against the bank, which then filed an appeal with the Court of Cassation. As a further consequence of the inspection by the Tax Police and regarding the same financial statement items as for 2003, the bank subsequently received notices of assessment regarding IRES corporate income tax and IRAP regional business tax for the 2004 tax year, against which the bank filed an appeal with the Tax Commission.

The bank then reached a legal settlement regarding the main item while pursuing the dispute regarding a number of lesser items in the court of second instance, where the court found in favour of the bank excepting for one small amount. The Tax Office subsequently filed an appeal with the Court of Cassation. An additional consequence of said report regarding the 2003 and 2004 tax years was that the bank was also served a notice of assessment for a smaller amount regarding VAT. The bank's appeal against this notice of assessment was granted by the Rome Provincial Tax Commission, but the ruling on the dispute was then overturned in the court of second instance. The dispute over this item is now also awaiting listing in the Court of Cassation.

The provisions for risks and charges are more than sufficient to cover the items still to be settled.

In the first half of 2014, the Latium Regional Office of the Inland Revenue - Large Taxpayers Office - conducted a general inspection of Fideuram regarding IRES corporate income tax, IRAP regional business tax, VAT and withholding agent activities for the 2010 tax year, with said inspection subsequently being partially extended to 2009. The inspection was completed with the notification of a report contesting the deductibility of certain items for the purposes of IRES corporate income tax and IRAP regional business tax, and alleging non-compliance with respect to withholding tax on interest earned on accounts outside Italy linked to mutual funds distributed by the bank, demanding the payment of taxes totalling €3.4m plus financial penalties and interest.

During the year, the bank therefore settled in compliance with the assessment for the various items regarding IRES corporate income tax and IRAP regional business tax, while appealing to the Rome Provincial Tax Commission over the question of non-compliance and financial penalties regarding withholding tax on mutual fund interest.

During 2015, the Latium Regional Office of the Inland Revenue - Large Taxpayers Office - conducted an inspection of Fideuram regarding the 2011 tax year. The inspection was completed on 30 September with the notification of a report contesting the deductibility of certain minor items for the purposes of IRES corporate income tax and alleging non-compliance with respect to withholding tax on interest earned on accounts outside Italy linked to mutual funds distributed by the bank, for a total of €1.7m in taxes

plus financial penalties and interest. Since these claims are groundless, no provision was made in the provision for tax disputes regarding the disputes that have arisen in the past two-year period.

A general inspection by the Milan Lombardy Regional Tax Office was completed on 27 October 2015, notifying Fideuram Investimenti of a report regarding the 2011 tax year in which it contested adjustments to the prices of mutual fund management activities undertaken on behalf of associate company Fideuram Asset Management (Ireland), corresponding to €3.1m in taxes. The same Tax Office report, however, noted that adequate supporting documentation had been provided (Masterfile in accordance with article 26 of Italian Decree Law No. 78/2010), such that

administrative penalties would not be applicable. Pending receipt of the notice of assessment, provisions have been set aside in the 2015 financial statements to cover the possible tax burden.

In 2012, the Lombardy Regional Office of the Inland Revenue - Large Taxpayers Office - notified Intesa Sanpaolo Private Banking of a report setting out its findings regarding the years 2009 to 2011. It subsequently withdrew the assessments for the 2009 and 2010 tax years, but for 2011 continued to contest the redemption of the goodwill acquired by the bank as a result of the transfer of company divisions and the consequent deduction of amortisation. No notices of assessment have been issued regarding 2015. Since there are no reasons for any tax claims, no allocations were made to the provisions for risks.

## PART F - NOTES TO THE CONSOLIDATED SHAREHOLDERS' EQUITY

## SECTION 1 - CONSOLIDATED SHAREHOLDERS' EQUITY

## A. QUALITATIVE INFORMATION

Capital management in the Fideuram - Intesa Sanpaolo Private Banking Group is principally directed towards ensuring that the shareholders' equity and capital ratios of the parent company and its banking and financial subsidiaries are consistent with their risk profiles and capital requirements.

The banking and financial companies in the Group are required to comply with the capital adequacy requirements established by the harmonised regulations set out in Directive 2013/36/EU (Capital Requirements Directive - CRD IV) and European Union Regulation 575/2013 (Capital Requirements Regulation - CRR) of 26 June 2013, which implement the standards developed by the Basel Committee on Banking Supervision (Basel III framework) in the European Union, and on the basis of Bank of Italy Circulars No. 285 and No. 286 of 17 December 2013.

These rules provide for a notion of own funds that is distinct from the shareholders' equity recorded in the accounts, and which is calculated as the algebraic sum of positive and negative items that are included on the basis of capital quality. The Group companies monitor their respect for the regulatory capital ratios during the year and on a quarterly basis, taking

appropriate direction and control actions with regard to the capital items when necessary. Whenever a company transaction is to be conducted, the capital adequacy is assessed together with any related interventions that may be required regarding the shareholders' equity and/or capital items that impact on the minimum capital requirements.

The share capital and share premium reserve were the same as the amounts for the corresponding items in the shareholders' equity of Fideuram and of non-controlling shareholders. The item Other reserves comprises Fideuram's remaining reserves and any changes in the shareholders' equity of the companies included in the consolidation and of non-controlling interest shareholders.

At 31 December 2015, Fideuram - Intesa Sanpaolo Private Banking's share capital was €300,000,000 divided into 1,500,000,000 no-par ordinary shares.

The Group did not hold any treasury shares at 31 December 2015.

## B. QUANTITATIVE INFORMATION

## B.1 Consolidated shareholders' equity: analysis by type of company

	BANKING GROUP	INSURANCE COMPANIES	OTHER COMPANIES	CONSOLIDATION ELIMINATIONS AND ADJUSTMENTS	TOTAL	THIRD PARTIES
Share capital	300	-	-	-	300	-
Share premium reserve	206	-	-	-	206	-
Reserves	1,328	-	-	-	1,328	-
Interim dividends (-)	(501)	-	-	-	(501)	-
Capital instruments	-	-	-	-	-	-
Treasury shares (-)	-	-	-	-	-	-
Valuation reserves:	(50)	-	-	-	(50)	-
- Financial assets available for sale	(79)	-	-	-	(79)	-
- Property and equipment	-	-	-	-	-	-
- Intangible assets	-	-	-	-	-	-
- Hedging of foreign investments	-	-	-	-	-	-
- Hedging of financial flows	-	-	-	-	-	-
- Exchange rate differences	4	-	-	-	4	-
- Non-current assets held for sale	-	-	-	-	-	-
- Actuarial Profit (Loss) on defined-benefit pension plans	(6)	-	-	-	(6)	-
- Valuation reserves related to investments carried at equity	12	-	-	-	12	-
- Special revaluation laws	19	-	-	-	19	-
Profit (Loss) for the year (+/-) of group and third parties	594	-	-	-	594	-
<b>Shareholders' equity</b>	<b>1,877</b>	-	-	-	<b>1,877</b>	-

## B.2 Valuation reserves for financial assets available for sale: analysis

	BANKING GROUP		INSURANCE COMPANIES		OTHER COMPANIES		CONSOLIDATION ELIMINATIONS AND ADJUSTMENTS		TOTAL	
	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE
1. Debt securities	58	(121)	-	-	-	-	-	-	58	(121)
2. Equities	1	-	-	-	-	-	-	-	1	-
3. Units in mutual funds	-	(5)	-	-	-	-	-	-	-	(5)
4. Loans	-	-	-	-	-	-	-	-	-	-
<b>Total 31.12.2015</b>	<b>59</b>	<b>(126)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59</b>	<b>(126)</b>
<b>Total 31.12.2014</b>	<b>40</b>	<b>(184)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40</b>	<b>(184)</b>

## B.3 Valuation reserves for financial assets available for sale: changes in the year

	DEBT SECURITIES	EQUITIES	UNITS IN MUTUAL FUNDS	LOANS
<b>1. Opening balance</b>	<b>(141)</b>	<b>1</b>	<b>(4)</b>	-
<b>2. Increases</b>	<b>91</b>	<b>1</b>	<b>-</b>	-
2.1 Increases in fair value	70	1	-	-
2.2 Reversals from negative reserves to the income statement	1	-	-	-
- following impairment	-	-	-	-
- following disposal	1	-	-	-
2.3 Other increases	20	-	-	-
<b>3. Decreases</b>	<b>13</b>	<b>1</b>	<b>1</b>	-
3.1 Reductions in fair value	12	1	1	-
3.2 Adjustments for impairment losses	-	-	-	-
3.3 Reversals from positive reserves to the income statement: following disposal	1	-	-	-
3.4 Other decreases	-	-	-	-
<b>4. Closing balance</b>	<b>(63)</b>	<b>1</b>	<b>(5)</b>	-

## B.4 Valuation reserves for defined-benefit plans: changes in the year

	ACTUARIAL GAINS / LOSSES
<b>1. Opening balance</b>	<b>(6)</b>
<b>2. Increases</b>	<b>3</b>
2.1 Actuarial gains	3
2.2 Other increases	-
<b>3. Decreases</b>	<b>3</b>
3.1 Actuarial losses	-
3.2 Other decreases	3
<b>4. Closing balance</b>	<b>(6)</b>

## PART G - BUSINESS COMBINATION TRANSACTIONS OF COMPANIES OR COMPANY DIVISIONS

### SECTION 1 - TRANSACTIONS COMPLETED IN THE YEAR

As part of the reorganisation of Fideuram's subsidiaries outside Italy operating in the managed assets sector, on 17 July 2014, the bank's Board of Directors authorised the project for reorganising its Luxembourg subsidiaries through the merger of Fideuram Gestions and Fideuram Bank (Luxembourg). The merger was approved by the Boards of Directors of Fideuram Bank (Luxembourg) and Fideuram Gestions on 4 November 2014, was approved by their respective Shareholders' Meetings on 18 December 2014 and was authorised by the local Supervisory Authorities and came into effect on 1 January 2015.

As part of the project for restructuring the Intesa Sanpaolo Private Banking Division's business to strengthen the Group's position in the Private Banking and High Net Worth Individual segments by increasing the Division's size, market share and profitability, while simultaneously developing its product portfolio and enhancing the quality of its service offering, Fideuram changed its name to Fideuram - Intesa Sanpaolo Private Banking on 30 June 2015 and acquired a controlling interest in three Intesa Sanpaolo Group companies: Intesa Sanpaolo Private Banking S.p.A., Sirefid S.p.A. and Intesa Sanpaolo Private Bank (Suisse) S.A..

The new entity was created to direct the business of the Intesa Sanpaolo Group Private Banking Division, which brings together the companies providing the Group's financial advisory, asset management and trust services. The Division's mission is to serve the upper affluent customer segment, creating value with products and services conceived for excellence, while ensuring the increased profitability of client assets through constant development of our product range and service delivery solutions, focusing on products with a high service content.

The following company transactions referred to earlier in this report were therefore completed in strict succession on 30 June 2015.

The first transaction involved the transfer of Intesa Sanpaolo Private Banking's governance division (mainly policy, governance and control units) to Fideuram to reorganise the Division's activities in a subholding company, paving the way for the sales networks to operate completely independently, focused on their key processes. All the policy, governance and control units were therefore centralised and then integrated in the subholding. The transfer of the Governance Division involved the transfer of approximately 110 employees working in the main units of the company's head office (Management Auditing, Administration and Reporting, Supervisory Reporting, Risk Management, Compliance, Organisation and Development, Human Resources, Legal Affairs, Logistics and Services, Bank Middle Office, Operating Services, Application Services and Finance & Treasury).

The other Fideuram Group company transactions completed with effect from 30 June 2015 were as follows:

- Sale by Intesa Sanpaolo Holding International S.A. of its 100% equity interest in Intesa Sanpaolo Private Bank (Suisse) S.A. for €37.2m.
- Transfer of Intesa Sanpaolo S.p.A.'s 100% equity interest in Intesa Sanpaolo Private Banking S.p.A..
- Transfer by Intesa Sanpaolo S.p.A. of its 100% equity interest in Sirefid S.p.A..

These transfers increased Fideuram's share capital by €74.6m and provision was made for an additional share premium reserve of €197m to keep the book values of the subsidiaries unchanged, in line with the values of the transferring companies.

Finally, an additional €39.1m bonus shares were issued, drawing on the capital reserves, thus bringing Fideuram's share capital to €300m, divided into 1,500,000,000 no-par ordinary shares.

## PART H - TRANSACTIONS WITH RELATED PARTIES

### OPERATING ASPECTS

Fideuram - Intesa Sanpaolo Private Banking is wholly owned and controlled directly by Intesa Sanpaolo S.p.A.. The "Group Regulations governing the management of transactions with Intesa Sanpaolo S.p.A. related parties and Intesa Sanpaolo Group associated parties" and the related Addendum (referred to jointly as the "Regulations" hereinafter), which were approved by the Board of Directors on 27 June 2012 following favourable consultation with the Internal Audit Committee and Board of Statutory Auditors, came into effect on 31 December 2012.

The Regulations take into account the regulations issued by the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB), implementing both article 2391-bis of the Italian Civil Code and the supervisory regulations brought in by the Bank of Italy on 12 December 2011 regarding bank and banking group risk assets and conflicts of interest in respect of associated parties, the latter issued to implement article 53, subparagraph 4 et seq. of the Italian Banking Consolidation Act and in accordance with resolution No. 277 of the Italian Interministerial Committee for Credit and Savings (CICR) of 29 July 2008.

The Regulations govern the following aspects:

- The criteria for identifying related parties and associated parties.
- The investigative and decision-making process for transactions with related parties and associated parties, together with the process for providing information to the Company Bodies on said transactions.
- Information provided to the market on transactions with related parties.
- The prudential limits for 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.

In accordance with said Regulations, the following are considered Intesa Sanpaolo related parties: parties holding a controlling interest or a major interest sufficient to exert significant influence, subsidiaries and associate companies, joint ventures, the Group's pension funds, Intesa Sanpaolo directors and key managers and their close relatives, and significant equity investments.

The parties considered significant by the Regulations include related parties as defined by IAS 24. Associated parties are comprised of the parties of each bank in

the Group (including Fideuram) and each significant authorised intermediary with own funds exceeding 2% of consolidated shareholders' equity. The following are considered associated parties in respect of each bank or authorised intermediary:

- i) Shareholders with a controlling interest or a major interest sufficient to exert significant influence or which are in any case required to apply for authorisation in accordance with article 19 of the Italian Banking Consolidation Act (Testo Unico Bancario - TUB) or are empowered to appoint a member of the Board of Directors with management or strategic supervisory authority, and their related company groups.
- ii) Subsidiaries, joint subsidiaries and associate companies, as well as entities in whom 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, Intesa Sanpaolo has extended the regulations governing transactions with related parties, governing risk assets and governing conflicts of interest with associated parties to shareholders of Intesa Sanpaolo and their related company groups that hold more than 2% of Intesa Sanpaolo's share capital solely in shares owned or managed.

This makes it possible to achieve a higher standard of monitoring of transactions with Intesa Sanpaolo's major shareholders - subjecting them to the investigative and decision-making requirements, and to the requirements regarding the subsequent provision of information to the Company Bodies and to the market, specified for transactions with related parties and associated parties - and to contain the risk assets in respect of said parties within the prudential limits specified by the Bank of Italy.

The Regulations specify the various investigative safeguards that need to be observed in carrying out transactions with Intesa Sanpaolo related parties and Group associated parties in order to satisfy the requirements of substantially proper conduct in respect of the transactions, requiring, amongst other things, a detailed examination of the motives and interests, of the asset-related, economic and financial effects, and of the conditions of the transaction.

In line with the regulations adopted by the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB) and the Bank of Italy, the regulations also provide for complete or partial exemptions from their application. The procedure has a number of different decision-making levels, differentiated as follows:

- Transactions of negligible amount: with a value of €250k or less for natural persons and €1m or less for legal persons (exempted from application of the regulations).
- Transactions of minor significance: with a value above the thresholds for transactions of negligible amount or equal to the threshold for transactions of major significance specified below.

- 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 (approximately €2bn for the Intesa Sanpaolo Group).
- Strategic transactions as defined in the Intesa Sanpaolo S.p.A. By-Laws.
- Transactions requiring the approval of the shareholders' meeting in accordance with the By-Laws.

The Internal Audit Committee, made up of three members of the Fideuram Board of Directors that meet the necessary requirements of independence, plays a consultative role in the process for approving transactions with Intesa Sanpaolo related parties and Group associated parties. The Committee may, when it deems appropriate, call upon independent experts regarding the significance or special economic or structural characteristics of a 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 and entitling the committee to request further information and formulate observations.

Transactions with a related party or associated party that is not exempt in accordance with the Regulations are normally subject to Intesa Sanpaolo's approval in the form of a resolution of the Board of Directors, following consultation with the Internal Audit Committee.

The Regulations provide for specific supervisory actions in cases where the Board of Directors resolution classes a transaction of minor or major significance, despite the Committee having expressed a contrary opinion.

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 the transactions with associated parties completed in the reference period in order to provide a complete overview of all the most significant transactions entered into, as well as the amounts and principal characteristics of all transactions delegated. The reports must detail all the transactions that exceeded the thresholds for transactions of negligible amount even where there was no decision-making procedure. Banking inflow transactions conducted under arm's length or standard conditions are excluded, as are loans and banking inflows between group companies (providing they do not regard a subsidiary in which a significant interest is held by another related party or associated party and do not involve non-market or non-standard conditions).

Ordinary transactions between group companies and transactions between group companies under arm's length conditions, on the other hand, require the provision of aggregate information on an annual basis.

With the aim of providing complete information, it should be noted that Fideuram is required to comply with article 136 of the Italian Banking Consolidation Act (Testo Unico Bancario - TUB). Under the version of this Act in force since 27 June 2015, following the amendment introduced by Italian Legislative Decree No. 72 of 12 May 2015, Fideuram is required to adopt an 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) to permit its Directors to enter into liabilities either directly or indirectly with the bank in which they hold their position.

More specifically, the escalated decision-making procedure specified in article 136 of the Italian Banking Consolidation Act (TUB) requires that the transaction receive the unanimous approval of the Board of Directors, excluding the vote of the Director concerned, vote in favour by every member of the Board of Statutory Auditors, including when related parties and associated parties are involved. It is compulsory to obtain the agreement of every member of the Board of Statutory Auditors before the transaction can proceed.

Moreover, the requirements of article 2391 of the Italian Civil Code and article 53 of the Italian Banking Consolidation Act (TUB) regarding the interests of Directors also apply. Article 2391, subparagraph 1, of the Italian Civil Code requires all Directors to disclose any direct or indirect interest they hold that might influence them in the performance of their management duties in relation to a given transaction. Under the terms of said article, the Board of Directors is responsible for resolutions regarding transactions, including with related parties, in which the Managing Director has a direct or indirect interest and is therefore required to abstain from the transaction, referring it instead to the Board of Statutory Auditors in accordance with article 2391 of the Italian Civil Code.

Moreover, under the version of article 53 of the Italian Banking Consolidation Act (TUB) in force since 27 June 2015, following the amendment introduced by Italian Legislative Decree No. 72/2015, shareholders and directors of the bank are required to abstain from any resolutions in which they have a direct or indirect conflict of interest.

## 1. INFORMATION ON REMUNERATION OF SENIOR MANAGERS WITH STRATEGIC RESPONSIBILITIES

### Form of remuneration

(€m)

	<b>31.12.2015</b>
	<b>AMOUNT PAYABLE FOR THE YEAR</b>
Short-term benefits	5
Post-employment benefits	-
Other long-term benefits	1
Employment termination indemnity	2
Payment in shares	1
<b>Total</b>	<b>9</b>

## 2. INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

The principal transactions in the year were those approved by the Fideuram Board of Directors' Meeting of 18 March 2015 as part of the project for restructuring the Private Banking Division, as follows:

- Transfer of Intesa Sanpaolo Private Banking S.p.A.'s governance division (mainly policy, governance and control units) to Fideuram in order to reorganise Fideuram as the operational subholding of the Private Banking Division, with a consequent increase in its share capital.
- Transfer of Intesa Sanpaolo S.p.A.'s 100% equity interests in Intesa Sanpaolo Private Banking S.p.A. and Sirefid S.p.A. to Fideuram, with a consequent increase in share capital.
- Sale by Intesa Sanpaolo Holding International S.A. of its 100% equity interest in Intesa Sanpaolo Private Bank (Suisse) S.A. to Fideuram.

The above transactions, which were also approved by Intesa Sanpaolo, were authorised by the relevant Supervisory Authorities and the transfers approved by the Extraordinary Shareholders' Meeting of 22 June 2015.

Said meeting approved the following in particular:

- A €30,777.64 share capital increase with the issue of 161,987 ordinary shares in support of the transfer by Intesa Sanpaolo Private Banking S.p.A. of the company division consisting of human resources from its main head office units, for a subscription price equal to the book value of the division in the transferring company's accounts, amounting to €200,000 and therefore including a share premium reserve of €169,222.36.
- A further share capital increase of €71,279,028.69 with the issue of 375,152,782 ordinary shares in support of the transfer by Intesa Sanpaolo S.p.A. of its 100% interest in Intesa Sanpaolo Private Banking S.p.A. for a subscription price equal to the book value of said equity investment in the transferring company's accounts, amounting to €257,730,077.01 and therefore including a share premium reserve of €186,451,048.32.
- A further share capital increase of €3,329,888.45 with the issue of 17,525,728 ordinary shares in support of the transfer by Intesa Sanpaolo S.p.A. of its 100% interest in Sirefid S.p.A. for a subscription price of €13,664,450.80, corresponding to the book value of said equity investment in the transferring company's accounts, and therefore with a share premium reserve of €10,334,562.35.
- A further €39,105,098.06 share capital increase through a bonus issue of 126,868,939 ordinary shares.
- Change of the bank's company name, as of the date these transfers took effect, to Fideuram - Intesa Sanpaolo Private Banking S.p.A., with the short-form Fideuram S.p.A..

As a result of the above transfers, signed on 22 June 2015 and effective from 30 June 2015, and of the aforementioned bonus issue, the bank's fully paid-up share capital is €300,000,000.

On 22 July 2015 Intesa Sanpaolo S.p.A. acquired Intesa Sanpaolo Private Banking's equity investment in Fideuram, thereby regaining sole ownership of the bank.

The Board of Directors meeting of 15 April 2015 approved the renewal of the service contract in place with Intesa Sanpaolo Group Services S.C.p.A.. The Board of Directors also approved the renewal of the service contract with Intesa Sanpaolo S.p.A. at the same meeting.

The service contracts with Intesa Sanpaolo Group Services S.C.p.A. and Intesa Sanpaolo S.p.A. were entered into in May.

The Board of Directors Meeting of 1 July 2015 approved the wording of the service contract drawn up with Intesa Sanpaolo Private Banking, governing the performance of the governance activities that said subsidiary has outsourced to Fideuram, in completion of the aforementioned restructuring. This Contract, drawn up in accordance with the standards of the Intesa Sanpaolo Group and current supervisory regulations, was signed on 4 August for a total annual remuneration of approximately €8m.

The Board of Directors of Intesa Sanpaolo Private Banking voted at its meeting of 22 September 2015 to pay Fideuram an advance on the dividend totalling €150m. This advance was paid on 29 September 2015.

On 17 December 2015, in accordance with article 2433 bis of the Italian Civil Code and in consideration of the fulfilment of the conditions laid down therein, the Board of Directors of Fideuram approved the distribution of a €0.334 euro per share advance on the dividend for the 2015 financial year on the 1,500,000,000 ordinary shares that make up the share capital of Fideuram - Intesa Sanpaolo Private Banking S.p.A., for a total amount of €501,000,000.00 paid to the Shareholder on 18 December 2015.

In accordance with the law and the internal procedures issued by Intesa Sanpaolo and the bank, all transactions with related parties between 1 January and 31 December 2015 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.

All Fideuram's relations with its subsidiaries, as well as its relations with Intesa Sanpaolo and the latter's subsidiaries, may be considered to form part of the bank's ordinary operations. Fideuram uses the brokerage services of Banca IMI for buying and selling securities. These transactions are conducted under arm's-length conditions.

All amounts receivable and payable, and all income and expenses at 31 December 2015 between the companies in the Intesa Sanpaolo Group are summarised in the tables below:

### Assets 31.12.2015

(€m)

	TRANSACTIONS WITH INTESA SANPAOLO GROUP	
	AMOUNT	%
Debt securities	5,887	57
Equities and units in mutual funds	4	2
Loans and advances to banks	8,708	95
Loans and advances to customers	153	2
Financial derivatives	12	38
Other	20	2

### Income statement 2015

(€m)

	TRANSACTIONS WITH INTESA SANPAOLO GROUP	
	AMOUNT	%
Interest income	147	47
Interest expense	(72)	50
Fee and commission income	525	28
Fee and commission expense	(33)	4
Operating income on financial activities	69	n.s.
Administrative expenses	(77)	13

n.s.: not significant

### Liabilities 31.12.2015

(€m)

	TRANSACTIONS WITH INTESA SANPAOLO GROUP	
	AMOUNT	%
Due to banks	2,987	96
Due to customers	552	3
Financial derivatives	529	53
Other	91	10
Guarantees and commitments	366	28

## Relationships with companies in the Intesa Sanpaolo Group

(€m)

	ASSETS	LIABILITIES	GUARANTEES AND COMMITMENTS	INCOME	EXPENSES
<b>Parent Company</b>					
Intesa Sanpaolo S.p.A.	13,818	109	364	146	19
<b>Companies controlled by the Parent Company</b>					
Banca IMI S.p.A.	553	3,481	2	96	101
Banco di Napoli S.p.A.	-	-	-	1	-
Cassa di Risparmio del Veneto S.p.A.	-	-	-	-	1
Epsilon Associati SGR S.p.A.	1	-	-	1	-
Eurizon Capital S.A.	6	-	-	15	-
Eurizon Capital SGR S.p.A.	26	-	-	55	-
Fideuram Vita S.p.A.	264	533	-	410	11
Intesa Sanpaolo Assicura S.p.A.	-	1	-	-	-
Intesa Sanpaolo Bank Ireland Plc	67	-	-	-	-
Intesa Sanpaolo Group Services S.C.p.A.	-	15	-	-	62
Intesa Sanpaolo Immobiliare S.A.	-	-	-	-	1
Intesa Sanpaolo Life Ltd	3	1	-	15	1
Intesa Sanpaolo Servitia S.A.	-	-	-	-	1
Intesa Sanpaolo Vita S.p.A.	21	18	-	23	2
Setefi S.p.A.	-	1	-	-	5
Société Européenne de Banque S.A.	25	-	-	1	-

## PART I - PAYMENT AGREEMENTS BASED ON OWN EQUITY INSTRUMENTS

### A. QUALITATIVE INFORMATION

#### 1.1 BONUS SCHEME 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 this end, the Fideuram Group has purchased Intesa Sanpaolo shares for a total value of €3m. These shares are recorded under financial assets designated at fair value. The shares will be assigned to the participants in accordance with the implementation regulations of the bonus systems, which as a rule require the participants to have been in continuous service up until the moment the shares are actually delivered, and make each deferred part of the bonus (whether in the form of cash or financial instruments) subject to an ex-post correction mechanism (known as a malus condition) which can reduce the amount paid and the number of any shares allocated in relation to the extent to which certain specific financial/asset targets that measure the sustainability of the results achieved over time have been met.

#### 1.2 LEVERAGED CO-INVESTMENT PLAN (LECOIP)

Intesa Sanpaolo announced an incentive scheme for Group employees concomitantly with the launch of its 2014-2017 Business Plan, in the form of a stock ownership plan named the Leveraged Employee Co-Investment Plan (LECOIP). Following the allocation, free of charge, of Intesa Sanpaolo ordinary shares acquired on the market (Free Shares), the employees were given the opportunity to benefit from a long-term Investment Plan, the term of which is aligned with said Company Plan, involving the subscription of certain financial instruments - LECOIP Certificates - issued by a finance company outside the Intesa Sanpaolo Group. Those employees that opted to join the Investment Plan were additionally allocated new-issue Intesa Sanpaolo ordinary shares (Matching Shares) and subscribed new-issue Intesa Sanpaolo ordinary shares in a cash capital increase reserved for employees in which the shares were discounted from their market value (Discounted Shares).

In accordance with the operation of the Plan, the Group companies bought Intesa Sanpaolo ordinary shares on the market for their employees (Free Shares). Conversely, Intesa Sanpaolo assumed the obligation of allocating the Matching and Discounted shares to all Group company employees.

The LECOIP Certificates confer the following rights:

- The right to receive upon maturity an amount in cash (or in Intesa Sanpaolo ordinary shares) equal to the original market value of the Free Shares and Matching Shares.
- The right to receive, again upon maturity, a portion of any appreciation in value of the shares with respect to their original market value.

Participation in the Plan did not require any cash payments by the employees. Upon subscription of the Certificates, the issuer and employees simultaneously entered into a forward contract for the shares allocated. The proceeds of the sale were used by the employees to subscribe the discounted shares, with the remainder being used to purchase the Certificates.

The offer period for employees to join the Investment Plan ended on 31 October 2014. The date of allocation of the shares was 1 December 2014, which thus marked the beginning of the vesting period ending in April 2018.

The cost of this employee benefit is the fair value of the shares allocated, calculated at the allocation date and recognised under personnel expenses. The cost of the Matching Shares and Discounted Shares borne directly by Intesa Sanpaolo was recorded as a balancing entry to an increase in shareholders' equity through the use of a specific reserve. The fair value of the Free Shares and Matching Shares was determined using the market value of the shares at the allocation date. The fair value of the subscription discount on the Discounted Shares was calculated using the stock market price of the shares at the allocation date and the related discount. The cost for those employees who joined the stock ownership plan only, without joining the Investment Plan (and therefore only received the Free Shares), was recognised in full at the moment of allocation, since these shares were not subject to any vesting conditions.

Conversely, for employees joining the LECOIP Investment Plan, it is a condition of the Plan that they remain in service for the length of the Plan, in addition to which there are specific performance conditions for Risk Takers and Senior Managers, which require the completion of a given period of service and the achievement of specified bank net worth and profit targets.

The portion resulting from Intesa Sanpaolo's direct allocation of shares to employees of the other Group companies (part of the Matching Shares and Discounted Shares), which was in effect a contribution to its subsidiaries, was recognised as an increase in the value of the equity investments with a corresponding increase in the beneficiary companies' shareholders' equity.

The income statement and balance sheet effects of the Plan, estimated weighting the vesting conditions appropriately (including the likelihood of the employees remain-

ing in the Group for the duration of the Plan), will be recognised over the entire vesting period, which is to say over the duration of the Plan.

## B. QUANTITATIVE INFORMATION

### 2.1 Bonus scheme based on financial instruments

	NUMBER OF SHARES	PER-SHARE FAIR VALUE (IN EURO)
<b>Intesa Sanpaolo Shares at 31 December 2014</b>	<b>1,356,405</b>	<b>2.4220</b>
- Shares acquired in the year	453,002	2.9238
- Shares allocated in the year	790,338	3.2060
<b>Intesa Sanpaolo Shares at 31 December 2015</b>	<b>1,019,069</b>	<b>3.0880</b>

### 2.2 LECOIP investment plan

	LECOIP PLAN								TOTAL NUMBER OF SHARES ALLOCATED	NUMBER OF CERTIFICATES
	FREE SHARES		MATCHING SHARES		DISCOUNTED SHARES		SELL TO COVER SHARES			
	NUMBER OF SHARES	AVERAGE PER-SHARE FAIR VALUE	NUMBER OF SHARE	AVERAGE PER-SHARE FAIR VALUE	NUMBER OF SHARES	AVERAGE PER-SHARE FAIR VALUE	NUMBER OF SHARES	AVERAGE PER-SHARE FAIR VALUE		
<b>TOTAL EMPLOYEES</b>	1,025,554	2.3284	2,961,603	2.3072	15,948,628	0.3699	2,919,114	2.4007	22,854,899	3,987,157

The income statement effects of the Leveraged Co-Investment Plan (LECOIP) totalled €8m in 2015.



The image is a vertical composition. On the left, a modern building's facade is shown, featuring a grid of solar panels on the lower levels and large glass windows above. A semi-transparent green overlay covers the bottom half of this section. In the center, a tall, slender glass skyscraper rises vertically, reflecting the clear blue sky. To the right, a panoramic view of a city with dense, multi-story buildings and red-tiled roofs is visible, extending to a hilly horizon under a bright blue sky.

## 8. Certification of the consolidated financial statements



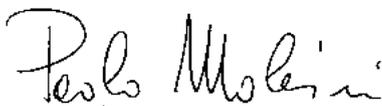
## 8. Certification of the consolidated financial statements

1. The undersigned Paolo Molesini, as Managing Director and General Manager, and Paolo Bacciga, as Manager responsible for the preparation of the company accounts, of Fideuram - Intesa Sanpaolo Private Banking, hereby certify, also taking account of the provisions of article 154 bis, subparagraphs 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998, that the consolidated financial statements are:
  - suitable for the characteristics of the Group, and
  - that the Group has fully applied the administrative and accounting procedures for preparing the consolidated financial statements during 2015.
2. The evaluation of the suitability and effective application of the administrative and accounting procedures for preparing the consolidated financial statements at 31 December 2015 was carried out using methodologies developed in line with the COSO framework and, for the IT part, *COBIT*, which are widely accepted internationally as reference frameworks for internal audit systems<sup>1</sup>.
3. In addition, the undersigned also certify as follows:
  - 3.1 The consolidated financial statements at 31 December 2015:
    - have been prepared in accordance with the applicable International Financial Reporting Standards recognised in the European Community pursuant to Regulation (EC) 1606/2002 of the European Parliament and of the Council of 19 July 2002,
    - correspond with the accounting books and records,
    - are suitable for providing a faithful and proper representation of the financial performance and cash flows of the issuer and of the group of companies included in the consolidation.
  - 3.2 The Directors' Report contains a reliable analysis of the performance, operating results and financial position of the issuer and of the companies included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed, and a reliable analysis of the information on significant transactions with related parties.

22 February 2016

Paolo Molesini

Managing Director and  
General Manager



Paolo Bacciga

Manager responsible for the preparation  
of the company accounts



1. The COSO Framework was developed by the Committee of Sponsoring Organizations of the Treadway Commission, a US body dedicated to improving the quality of company information by providing guidance on ethical standards and an effective system of corporate governance and organisation. The COBIT Framework - Control Objectives for IT and related technology - is a set of guidance materials developed by the IT Governance Institute, a US body that aims to develop and improve corporate standards in the IT sector.





9. Independent  
Auditors' Report



**KPMG S.p.A.**  
**Revisione e organizzazione contabile**  
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**(Translation from the Italian original which remains the definitive version)**

## **Independent auditors' report pursuant to articles 14 and 16 of Legislative decree no. 39 of 27 January 2010**

To the shareholder of  
Fideuram - Intesa Sanpaolo Private Banking S.p.A.

### **Report on the consolidated financial statements**

We have audited the accompanying consolidated financial statements of the Fideuram - Intesa Sanpaolo Private Banking Group (the "group"), which comprise the consolidated balance sheet as at 31 December 2015, the consolidated income statement and the statements of consolidated comprehensive income, changes in equity and cash flows for the year then ended and notes thereto.

### ***Directors' responsibility for the consolidated financial statements***

The parent's directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

### ***Independent auditors' responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA Italia) promulgated pursuant to article 11.3 of Legislative decree no. 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

### **Report on other legal and regulatory requirements**

#### ***Opinion on the consistency of the directors' report with the consolidated financial statements***

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion, as required by the law, on the consistency of the directors' report, which is comprised of Chapter 3 "Operating and market context", paragraphs from 4.1 to 4.4, 4.7, 4.8.1 and 4.9 of Chapter 4 "Performance", Chapter 5 "Growth prospects" and paragraph 6.2 of Chapter 6 "Governance" and is the responsibility of the parent's directors, with the consolidated financial statements. In our opinion, the directors' report is consistent with the consolidated financial statements of the Fideuram - Intesa Sanpaolo Private Banking Group as at and for the year ended 31 December 2015.

Rome, 2 March 2016

KPMG S.p.A.

(signed on the original)

Giuseppe Scimone  
Director of Audit



**KPMG S.p.A.**  
**Revisione e organizzazione contabile**  
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**(Translation from the Italian original which remains the definitive version)**

## **Independent auditors' report on the sustainability report**

To the board of directors of  
Fideuram - Intesa Sanpaolo Private Banking S.p.A.

We have carried out a limited assurance engagement of the 2015 sustainability report of the Fideuram - Intesa Sanpaolo Private Banking Group (the "Group"), comprised of the following sections of the group's 2014 Integrated annual report:

- Section 1 "Business model";
- Section 2.1 "Chairman's statement";
- Sections 4.1 "Highlights", 4.5 "Customer segmentation", 4.8.1 "Financial capital", paragraph "Distribution of value", 4.8.2 "Productive capital", 4.8.3 "Intellectual capital", 4.8.4 "Human capital", 4.8.5 "Relational capital" and 4.8.6 "Natural capital";
- Sections 6.2 "Organisational structure", 6.3 "Ownership structure", 6.4 "Role of subholding company" and 6.5 "Company management";
- Sections 10.1 "Sustainability reporting methodology" and 10.2 "Overview table of GRI indicators".

### **Directors' responsibility for the sustainability report**

The parent's directors are responsible for the preparation of the sustainability report in accordance with the "G4 Sustainability Reporting Guidelines", issued in 2013 by GRI – Global Reporting Initiative, that are detailed in the "Methodological note" section of the Integrated annual report, as well as for that part of internal controls that they consider necessary for the preparation of a sustainability report that is free from material misstatement, including due to fraud or unintentional conduct or events. They are also responsible for defining the Group's objectives regarding its sustainability performance, the reporting of the achieved results and the identification of the stakeholders and the significant matters to report.

### **Auditors' responsibility**

Our responsibility is to issue this report based on our procedures. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000)", issued by the International Auditing and Assurance Standards Board (IAASB) applicable to limited assurance engagements. This standard requires that we comply with applicable ethical requirements, including independence requirements, and that we plan and perform the engagement to obtain limited assurance about whether the report is free from material misstatement. These procedures include inquiries, primarily of persons responsible for the preparation of information presented in the sustainability report, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

The procedures we performed on the sustainability report aimed at checking that its content and quality complied with the “G4 Sustainability Reporting Guidelines” and may be summarised as follows:

- comparing the information and data presented in the “Distribution of value” paragraph of the sustainability report to the corresponding financial information and data included in the Group’s consolidated financial statements as at and for the year ended 31 December 2015, on which we issued our report dated 2 March 2016 pursuant to articles 14 and 16 of Legislative decree no. 39 of 27 January 2010;
- holding interviews aimed at analysing the governance system and the process for managing the sustainable development issues relating to the Group’s strategy and activities;
- analysing the reporting of significant matters process, specifically how these matters are identified and prioritised for the each stakeholder category and how the process outcome is validated internally; analysing how the processes underlying the generation, recording and management of quantitative data included in the sustainability report operate. In particular, we have performed the following:
  - interviews and discussions with management personnel of Fideuram - Intesa Sanpaolo Private Banking S.p.A. and personnel of Intesa Sanpaolo Private Banking S.p.A. and Sanpaolo Invest SIM S.p.A., to gather information on the IT, accounting and reporting systems used in preparing the sustainability report, and on the processes and internal control procedures used to gather, combine, process and transmit data and information to the office that prepares the sustainability report;
  - sample-based analysis of documentation supporting the preparation of the sustainability report to confirm the existence and adequacy of processes and that the internal controls correctly manage data and information in relation to the objectives described in the sustainability report;
- analysing the compliance and overall consistency of the qualitative information included in the sustainability report with the guidelines referred to herein in the “Directors’ responsibility for the sustainability report” paragraph hereof;
- analysing the stakeholder involvement process, in terms of methods used, by reading the minutes of the meetings or any other information available about the salient features identified;
- obtaining the representation letter signed by the legal representative of Fideuram - Intesa Sanpaolo Private Banking S.p.A. on the compliance of the sustainability report with the guidelines indicated in the “Directors’ responsibility for the sustainability report” paragraph and on the reliability and completeness of the information and data contained therein.

As required by the “G4 Sustainability Reporting Guidelines”, the data and information covered by our procedures are set out in the “GRI Content Index” table of the sustainability report.

A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000, and, therefore, it does not offer assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

## **Conclusion**

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2015 sustainability report of the Fideuram - Intesa Sanpaolo Private Banking Group has not been prepared, in all material respects, in accordance with the “G4 Sustainability Reporting Guidelines”, issued in 2013 by GRI – Global Reporting Initiative, that are detailed in the “Methodological note” section of the sustainability report presented in the Integrated annual report.

Rome, 2 March 2016

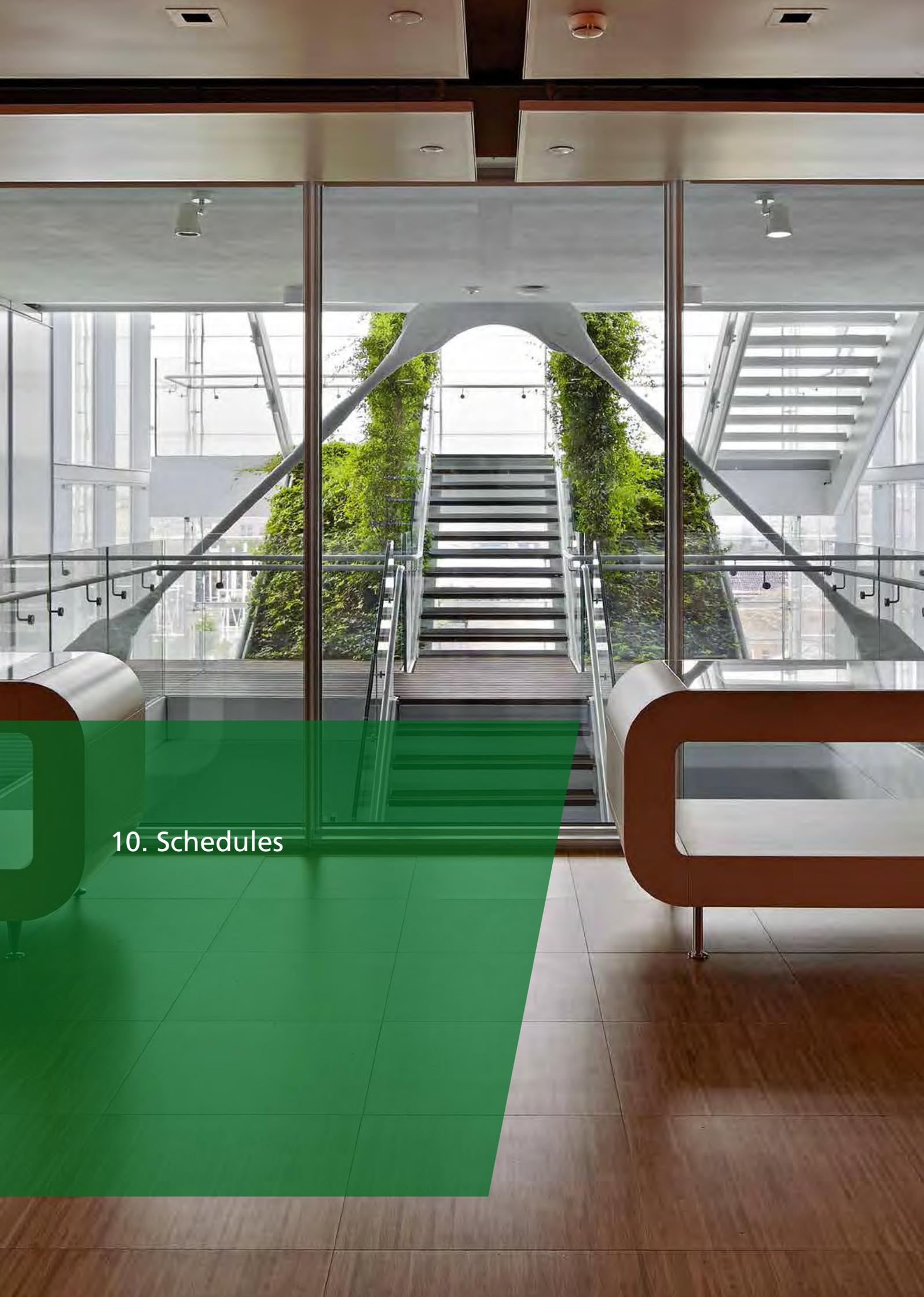
KPMG S.p.A.

(signed on the original)

Marco Maffei  
Director of Audit



- 10.1 Sustainability reporting methodology
- 10.2 Overview table of GRI indicators
- 10.3 Basis of preparation of the restated and reclassified financial statements
- 10.4 Reclassified financial statements - New scope of consolidation



## 10. Schedules

## 10.1 Sustainability reporting methodology

The Fideuram Group's Integrated Annual Report sets out the relationship between the Group's corporate strategies and its management of stakeholder relations, while also reporting on the Group's main activities in 2015.

Our sustainability reporting therefore forms an integral part of the Directors' Report accompanying the consolidated financial statements in order to highlight the interconnectedness of the financial and non-financial information in the value creation process. Our sustainability reporting has consequently been designed to address all the stakeholders identified in the Fideuram Group's Code of Ethical Conduct.

### REFERENCE STANDARDS

The Group's sustainability reporting has been prepared in accordance with the G4 Sustainability Reporting Guidelines drawn up by the Global Reporting Initiative (GRI) in 2013. This year's Integrated Annual Report has been prepared on the same basis as the Integrated Annual Report at 31 December 2014, confirming the Group's commitment to transparent sustainability reporting.

The GRI-G4 guidelines offer two options for the preparation of sustainability reporting in accordance with the guidelines: Core and Comprehensive. Both options can apply for any organisation, irrespective of its size, sector or location. The choice of option does not have any effect on the quality of the reporting. The Group has prepared this Integrated Annual Report in line with the Core option, considered more in keeping with the principles of conciseness and connectivity of an Integrated Report.

The Report contents have been selected based on the principles outlined in the "Integrated Reporting" Framework of the IIRC, in the GRI-Global Reporting Initiative (GRI-G4) guidelines, and the AA1000APS AccountAbility standard.

In particular, the materiality principle set out in GRI-G4, which considers information relevant when its omission could significantly influence the decisions of users of the report, has been adopted to define the material topics for reporting the most significant risks and opportunities for the Group. An aspect is defined as material if it simultaneously:

- Reflects the organisation's significant economic, environmental and social impacts (defined on the basis of Management opinion).
- Substantively influences the assessments and decisions of stakeholders (defined on the basis of a specific stakeholder engagement).

The Group has adopted the definition of materiality in the International Integrated Reporting framework in implementing the materiality definition process. Consequently, in this document, significance 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 relevance, stakeholder inclusiveness, sustainability context and completeness were also taken into account in determining the reporting content.

The information quality criteria and scope of reporting were likewise determined applying the related GRI principles (balance, comparability, accuracy, timeliness, reliability and clarity).

The sustainability reporting was reviewed in accordance with the applicable criteria set out in the International Standard on Assurance Engagements 3000 (Revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB). The auditors KPMG S.p.A. were appointed to perform this limited review.

### THE REPORTING PROCESS

All our company departments contribute to drafting the content of our sustainability reporting and operate to establish and maintain strong stakeholder dialogues. Data collection for the report is centralised at the Administration and Reporting Department and implemented by sending specific requests. The dedicated team not only reports on sustainability performance, but also disseminates information on environmental, social and governance topics within the Group.

This year, the Fideuram Group is publishing its third Integrated Annual Report. The reporting approach adopted reflects the philosophy so insightfully described by Professor Mervyn E. King, Chairman of the International Integrated Reporting Council: "Integrated reporting is a journey. Organisations are unlikely to achieve perfection in the first year. However, as reporting processes for the production of the supporting information are designed and improved and as the executive team begins to benefit from a more informed implementation of the governing structure's decisions, reporting will improve."



The Integrated Annual Report is available in both Italian and English on the Fideuram website.

In addition, an interactive Annual Report with multimedia information (audio and video aids) is available on our homepage, supplementing and enhancing the financial reporting with a varied array of external corporate communications.

## MEASUREMENT SYSTEMS

The indicators used in our sustainability reporting have been chosen on the basis of reference standards and the Group's commitment to making the journey of achieving our objectives measurable. 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 that provide the data for the non-financial indicators 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 Group's sustainability reporting is published annually. The data presented refer to the 2015 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 that are relevant to sustainability, with any limitations appropriately identified. In 2015, Banca Fideuram changed its name to Fideuram - Intesa Sanpaolo Private Banking and acquired controlling interests in three Intesa Sanpaolo Group companies: Intesa Sanpaolo Private Banking S.p.A., Sirefid S.p.A. and Intesa Sanpaolo Private Bank (Suisse) S.A.. The new entity was created to direct the business of the Intesa Sanpaolo Group Private Banking Division. The sustainability data (financial, social, environmental and governance) has been restated to take the new scope of consolidation into account and enable comparison of the data for different periods. These restatements and any limitations regarding the companies included in the consolidation are clearly indicated in the Integrated Annual Report.

The Fideuram Group's sustainability reporting at 31 December 2015 is provided in the following sections and paragraphs of the Integrated Annual Report:

- Section 1. Business Model
- Section 2. Strategies: paragraph 2.1
- Section 4. Performance: paragraphs 4.1, 4.5, 4.8.1 (Distribution of Value), 4.8.2, 4.8.3, 4.8.4, 4.8.5 and 4.8.6
- Section 6. Governance: paragraphs 6.2, 6.3, 6.4 and 6.5
- Section 10. Schedules: paragraphs 10.1 and 10.2

## MATERIALITY ANALYSIS

The materiality analysis, first performed during the preparation of the 2014 Integrated Annual Report, involved Group Management and stakeholders and was carried out in four stages, as follows:

- 1) **Identification of a list of topics**, in line with the strategic objectives of the Group, through an analysis of subjects relevant to the banking sector, (for example, "Sustainability Topics for Sectors: what do stakeholders want to know", provided by the GRI in 2013, and "Material Sustainability Issues for the Financial Sector", provided by the Sustainability Accounting Standards Board (SASB), study of our internal documents (minutes of the company bodies and Code of Ethical Conduct), and a benchmark analysis of the documents published by our main competitors, as well as by reviewing a media search on coverage of the Group.
- 2) **Categorisation and selection of the relevant topics** through an internal assessment by the Administration and Reporting Department. A shortlist of topics relevant to value creation in the Group was drawn up during this phase. The topics identified in the first phase were assigned to six categories: Customers, Personal Financial Advisers, Employees, Suppliers, the Community and Institutions, and Governance.
- 3) **Prioritisation of the relevant topics** was carried out through interviews with Group management and with questionnaires submitted to external stakeholders, in order to take both internal and external perspectives into consideration. During the interview process, interviewees were provided with a list of 74 relevant topics and asked to assign a relevance score of 1 to 4 to each of them.

For the internal perspective, management were asked to provide input on the following two aspects:

- The criticality of the topic in terms of its influence on the ability to create value for the Group.
- The topic's capacity to generate opportunities for the Group, influencing its ability to create value in the medium to long term.

For the external perspective, the aspects that guided the stakeholders' scoring of priorities were as follows:

- The topic's impact on expectations of the Fideuram Group.
- The relevance of the topic in terms of the need for information on the performance, actions and future plans of the Group.

### 4) **Process Review by Management**

The results of the materiality analysis were reviewed by the Group's Management.

**MATERIALITY ANALYSIS PROCESS**

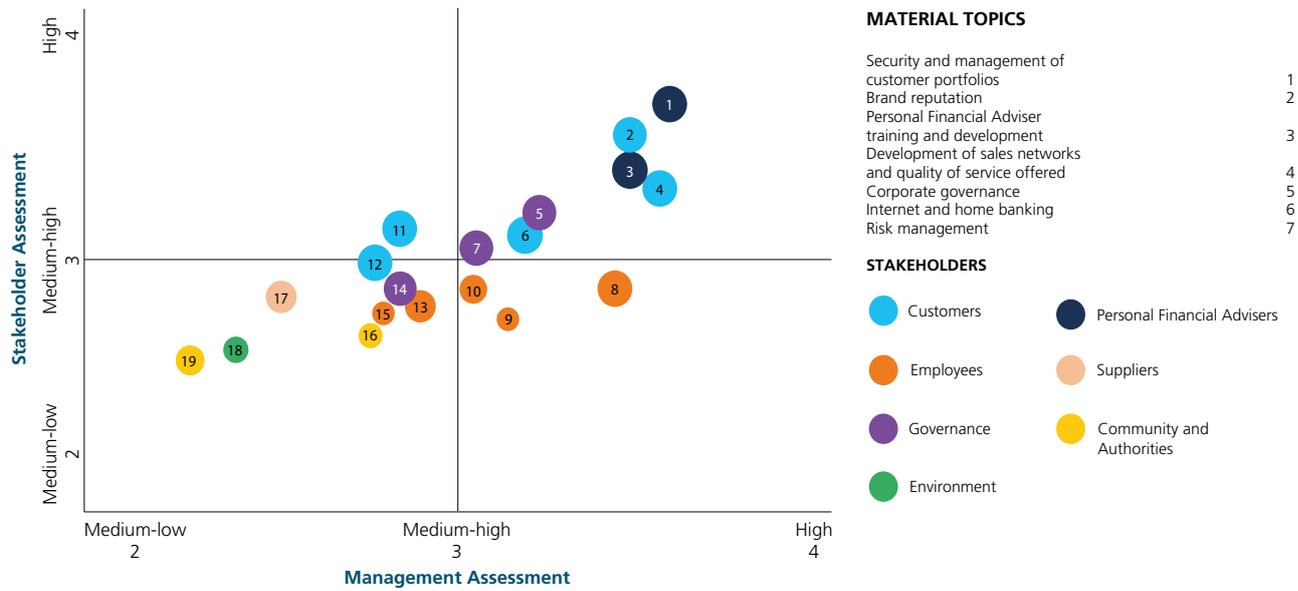
PHASES	1 - Identification of a list of topics	2 - Categorisation and selection of material topics	3 - Prioritisation of material topics	4) Process Review by Management
OBJECTIVES	<ul style="list-style-type: none"> <li>- Identify the material topics for the sector, for the Fideuram Group and for its stakeholders</li> <li>- Identify and prioritise significant stakeholder</li> </ul>	<ul style="list-style-type: none"> <li>- Identify the material topics for the creation of value in the Fideuram Group through an internal analysis</li> </ul>	<ul style="list-style-type: none"> <li>- Assess the potential of each topic identified to generate risks and opportunities with respect to the ability to create prospective value. Internal analysis External analysis (Stakeholder Analysis)</li> </ul>	<ul style="list-style-type: none"> <li>- Review prioritisation of the topics in relation to their impact on the Group's strategies</li> <li>- Report procedure followed and results obtained</li> </ul>
OUTPUT	<ul style="list-style-type: none"> <li>Tree of topics</li> <li>Stakeholders tree</li> </ul>	<ul style="list-style-type: none"> <li>Shortlist of material topics</li> </ul>	<ul style="list-style-type: none"> <li>Preparation of materiality matrix</li> </ul>	<ul style="list-style-type: none"> <li>Sharing of materiality analysis with Group Management</li> <li>Publication of Integrated Annual Report focused on material aspects</li> </ul>

The materiality matrix below, which remains unchanged for the year ended 31 December 2015, shows the positioning of topics in relation to their priority for the Group and relevance for stakeholders.

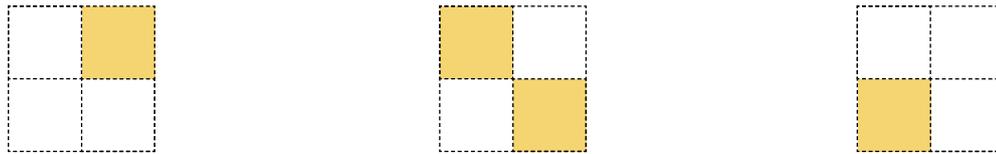
The area between the two variables is divided into bands of increasing materiality for the creation of value. The relevant topics are those in the top right-hand quadrant of the grid,

and it is on these that the Fideuram Group has prevalently focused its reporting. The sizes of the circles 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. The materiality matrix provides an accurate guide for selecting the most representative indicators of the results achieved and of future prospects.

## Materiality matrix



The relevance assessments of the individual topics are shown in relation to the matrix quadrants below:



HIGH MATERIALITY		MEDIUM-HIGH MATERIALITY		MEDIUM-LOW MATERIALITY	
1:	SECURITY AND MANAGEMENT OF CUSTOMER PORTFOLIOS	8:	EMPLOYEE PROFESSIONAL DEVELOPMENT SYSTEMS	13:	PEOPLE CARE
2:	BRAND REPUTATION	9:	PERFORMANCE MANAGEMENT AND REMUNERATION SYSTEMS WITH REWARD MECHANISMS	14:	MONITORING OF SUSTAINABILITY OBJECTIVES
3:	PERSONAL FINANCIAL ADVISER TRAINING AND DEVELOPMENT	10:	EMPLOYEE TRAINING	15:	EQUAL OPPORTUNITIES
4:	DEVELOPMENT OF SALES NETWORKS AND QUALITY OF SERVICES OFFERED	11:	SUITABILITY OF FINANCIAL PRODUCTS OFFERED	16:	SUPPORTING AND SAFEGUARDING EMPLOYMENT
5:	CORPORATE GOVERNANCE	12:	CUSTOMER SATISFACTION	17:	SUPPLY CHAIN MANAGEMENT
6:	INTERNET AND HOME BANKING			18:	MANAGEMENT OF ENVIRONMENTAL IMPACTS
7:	RISK MANAGEMENT			19:	ACTIVE SOCIAL SUPPORT

The table below shows the material topics and their related indicators when they are linked to given GRI-G4 aspects. Topics with medium to low materiality for both management and stakeholders (in the lower left quadrant) are not

shown in the table. A number of indicators in the Society (SO), Human Resources (HR) and Environmental (E) categories are not reported in the GRI Content Index since they are not material.

### GRI-G4 Core option cross-reference table (high materiality)

MACRO-CATEGORY	TOPIC	RELATED GRI-G4 ASPECT	GRI-G4 INDICATORS	IMPACT INSIDE ORGANISATION	IMPACT OUTSIDE ORGANISATION
Security and management of customer portfolios	Transparent management of customer portfolios	Product responsibility Complaints Compliance	PR6, PR7, PR8, PR9, FS6, FS16	Fideuram-Intesa Sanpaolo Private Banking Group Personal Financial Advisers	Customers Supervisory Authorities Community
	Financial fraud prevention				
Development of sales networks and quality of services offered	Strengthening the sales network and dedicated channels for contacting existing and potential customers	Product responsibility Compliance Training and education Economic performance	LA1, LA9, LA10, LA11, EC1, EC4	Fideuram-Intesa Sanpaolo Private Banking Group Personal Financial Advisers	Customers Supervisory Authorities Community
	Customisation of product offering to meet customer needs				
	Development of advisory services, aiming to anticipate market demand				
	Prompt and effective response to customer needs				
Personal Financial Adviser training and development	Promotion of financial literacy and responsible investment management culture	Training and education Economic performance Product responsibility	LA9	Fideuram-Intesa Sanpaolo Private Banking Group Personal Financial Advisers	Customers Supervisory Authorities Community
	Recruitment and induction of young talent in sales network through diverse systems of entry to the profession				
	Monitoring of Personal Financial Adviser-customer relations				
	Specialist training for Personal Financial Advisers				
	Further development of tools supporting advisory services				
Brand reputation	Strengthening retention mechanisms (both for Personal Financial Advisers and customers)	Privacy Compliance Risk management Public policy Anti-corruption	PR8, PR9, SO4, SO5, SO6, SO7, SO8,	Fideuram-Intesa Sanpaolo Private Banking Group Personal Financial Advisers	Customers Supervisory Authorities Community
	IT security in terms of computer fraud prevention and customer data protection (privacy) Brand reputation				
Internet and home banking	E-banking and virtualisation of services	Product responsibility	General standard disclosure	Fideuram-Intesa Sanpaolo Private Banking Group Personal Financial Advisers	Customers Community
	Availability of diversified and interactive channels for Bank-customer communications				
Risk management	Anti-competitive and antitrust policies	Risk management	General standard disclosure SO6, SO7	Fideuram-Intesa Sanpaolo Private Banking Group Personal Financial Advisers	Supervisory Authorities Community
	Management of business-related risks				
Corporate governance	Change in national and international regulatory framework	Governance Conflicts of interest Ethics and Integrity Anti-corruption Regulatory compliance	LA12, SO4, SO5, SO8	Fideuram-Intesa Sanpaolo Private Banking Group Personal Financial Advisers	Supervisory Authorities Community
	Transparency and clarity in management of decision-making processes				
	Conflict of interest management Policies and initiatives to limit the risk of incidents of corruption occurring				

## GRI-G4 Core option cross-reference table (medium-high materiality)

MACRO-CATEGORY	TOPIC	RELATED GRI-G4 ASPECT	GRI-G4 INDICATORS	IMPACT INSIDE ORGANISATION	IMPACT OUTSIDE ORGANISATION
Performance management and remuneration systems with reward mechanisms	Performance management system (assessment of employee performance and transparency of criteria used)	Governance Human resource management Remuneration and incentives Performance management systems	LA3, LA11, LA13, EC5	Fideuram-Intesa Sanpaolo Private Banking Group Employees Personal Financial Advisers Directors	Community
	Remuneration systems with reward mechanisms for management and colleagues (MBO, bonuses, balanced management of remuneration differentials etc.)				
	Remuneration and compensation scheme for members of the Board of Directors				
	Attraction ability, development and retention mechanisms				
Employee professional development systems	Transparency and clarity in management of decision-making processes	Governance Human resource management Performance management systems	LA1, LA3, LA13	Fideuram-Intesa Sanpaolo Private Banking Group Employees Personal Financial Advisers Directors	Community
	Mapping out clear and transparent development paths for the entire company population		LA3, LA13		
	Transfer and sharing of competencies between colleagues				
	Attraction ability, development and retention mechanisms				
Employee training	On-the-job training	Training and education Economic performance Product responsibility	LA9, LA10, LA11	Fideuram-Intesa Sanpaolo Private Banking Group Personal Financial Advisers Employees	-
	Induction of new employees and young colleagues				
	Monitoring quality and effectiveness of training				
	Training programmes tailored to individual positions and needs				
Suitability of financial product offered	Cost of financial product appropriate for quality of service offered	Product responsibility Complaints Compliance Training and education Product and service information and prospectuses Product portfolio	PR7, FS8	Fideuram-Intesa Sanpaolo Private Banking Group Personal Financial Advisers	Customers Community
	Appropriateness of products offered for customers' financial literacy				
	Ease of understanding and relevance of information provided (e.g. prospectuses)				
	Inclusion of ethical, social and environmental criteria in evaluation of investments (e.g. green bond and social venture fund)				
Customer satisfaction	Accessibility of services for customers with physical disabilities	Product responsibility Complaints Compliance Customer satisfaction	PR5, PR8, PR9, FS14	Fideuram-Intesa Sanpaolo Private Banking Group Personal Financial Advisers	Customers Community Supervisory Authorities
	Customer satisfaction surveys on quality of services offered by the Group				
	Effective management of customer reports and complaints to improve service				

## STAKEHOLDER ENGAGEMENT

The Fideuram Group developed and implemented its stakeholder involvement 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 involvement is built in the following principles:

**Inclusiveness:** promoting stakeholder participation in the development and achievement of an accountable and strategic approach to sustainability.

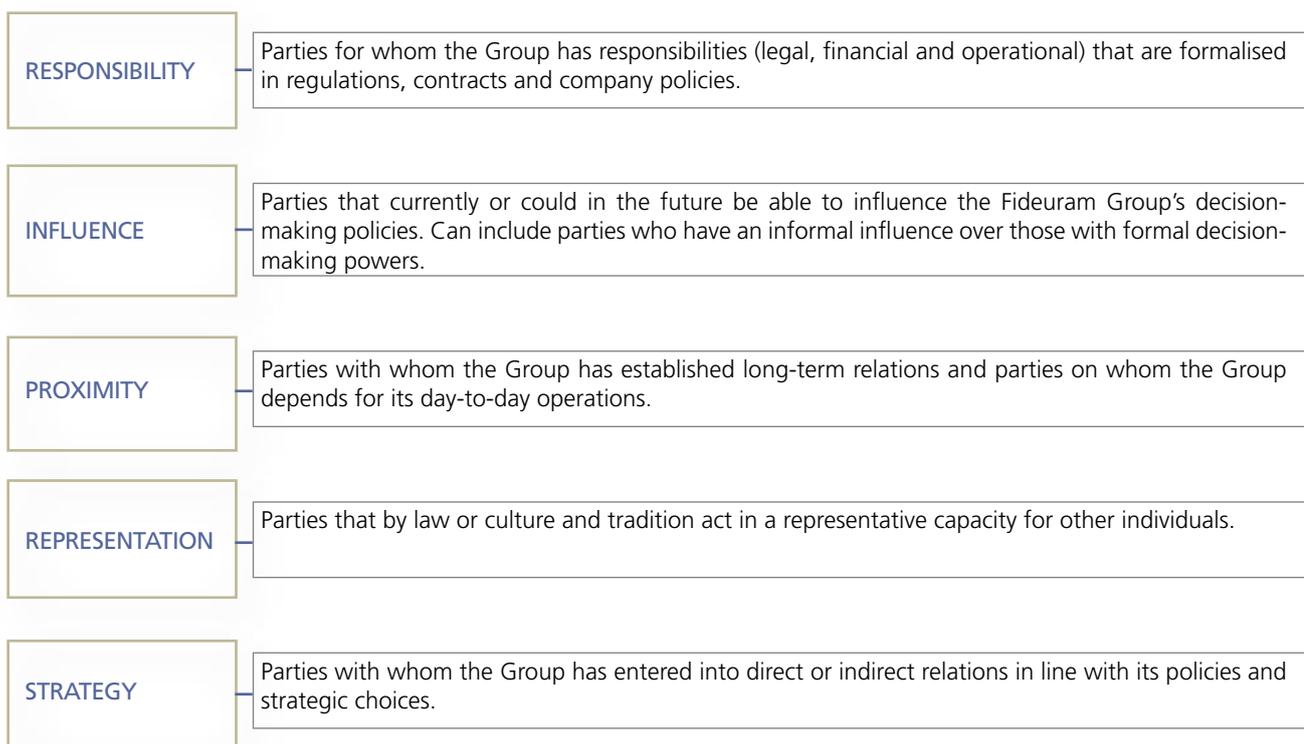
**Materiality:** determining the relevance and significance of an issue to an organisation and its stakeholders.

**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 the materiality analysis process were selected at the end of the phase involving Group Management.

The stakeholders were selected to meet the following requirements:



Groups of stakeholders representing customers, Personal Financial Advisers and employees, suppliers and associations were identified and grouped as follows:

## STAKEHOLDERS

CATEGORY	GROUPS INTERVIEWED
CUSTOMERS	<ul style="list-style-type: none"> <li>Fideuram Network customers</li> <li>Sanpaolo Invest Network customers</li> </ul>
PERSONAL FINANCIAL ADVISERS	<ul style="list-style-type: none"> <li>Fideuram Network Area Managers</li> <li>Sanpaolo Invest Network Area Managers</li> </ul>
SUPPLIERS	<ul style="list-style-type: none"> <li>Suppliers</li> </ul>
EMPLOYEES	<ul style="list-style-type: none"> <li>Employees</li> </ul>
COMMUNITY	<ul style="list-style-type: none"> <li>Associations</li> </ul>

## 10.2 Overview table of GRI indicators

KPMG S.p.A. have provided a limited “external assurance” review of all the Fideuram Group’s sustainability reporting at 31 December 2015 in accordance with ISAE 3000 (Revised). Information on the scope of the Independent Auditors’ work and the procedures they followed is provided

in the “Independent Auditors’ Report on Sustainability Reporting”.

The information referred to in the Content Index below is included in the scope of the limited external assurance audit. No other information has been included in the audit.

### General standard disclosures

GENERAL STANDARD DISCLOSURES	PAGE/S WHERE INFORMATION REQUIRED BY THE INDICATOR IS PROVIDED	OMISSIONS	REASONS FOR OMISSIONS
<b>Strategy and Analysis</b>			
G4-1	pages 28-31		
<b>Organisational Profile</b>			
G4-3	Cover (Fideuram Group): page 6		
G4-4	Business Model: pages 6-11 Advanced Advisory Services: page 50		
G4-5	Back cover		
G4-6	Business Model: page 6 Role of subholding company: page 199		
G4-7	Role of subholding company: pages 198-199		
G4-8	Business Model: page 6 Business segments: pages 14-18 Customers: page 49 Segment reporting: pages 64-67 Networks: pages 77-82		
G4-9	Highlights: page 44		
G4-10	Employees: pages 125-128 Personal Financial Advisers: pages 106-112		
G4-11	Contractual practices: pages 114, 137		
G4-12	Suppliers: pages 167-169		
G4-13	Business Model: pages 6-7 Methodology note: “Period and scope of reporting”: page 333		
G4-14	The Fideuram Group adopts a precautionary approach to the assessment and management of economic, environmental and social risk.		
G4-15	ComparaConti: page 155		
G4-16	The financial system and other institutions: page 174		
<b>Identification of material aspects and scope of reporting</b>			
G4-17	Business Model: page 6 Role of subholding company: page 199 Methodology note: “Period and scope of reporting” page 333		
G4-18	Methodology note: “Reference standards” page 332 “The reporting process” page 332 “Materiality analysis” pages 333-337		
G4-19	Methodology note: “Materiality analysis” and “Materiality matrix” pages 333-337		
G4-20	Methodology note: “Materiality analysis” and “Cross-reference table” pages 333-337		
G4-21	Methodology note: “Materiality analysis” and “Cross-reference table”: pages 333-337		
G4-22	Methodology note: “Period and scope of reporting” page 333		
G4-23	Methodology note: “Period and scope of reporting” page 333		
<b>Stakeholder Involvement</b>			
G4-24	Business Model: pages 14-18 Stakeholders: pages 20-24		
G4-25	Business Model: pages 14-18 Stakeholders: pages 20-24 Methodology note: “Stakeholder engagement”: pages 337-338		

## General standard disclosures

GENERAL STANDARD DISCLOSURES	PAGE/S WHERE INFORMATION REQUIRED BY THE INDICATOR IS PROVIDED	OMISSIONS	REASONS FOR OMISSIONS
G4-26	Tools supporting Advisory Services: pages 88-90, 93 Online Services: pages 94-95 Customer events: pages 158-163 Methodology note: "Stakeholder engagement": pages 337-338		
G4-27	Legal and tax risk: pages 305-307 No significant topics or problems were reported by Group stakeholders in the reporting period.		
<b>Report profile</b>			
G4-28	31 December 2015		
G4-29	March 2015		
G4-30	Methodology note: page 333		
G4-31	Fideuram in a click: page 371		
G4-32	Content index: pages 339-342		
G4-33	Methodology note: "Reference standards": pages 332-333 Independent Auditors' Report: pages 323-328		
<b>Governance</b>			
G4-34	Organisational structure: pages 196-197 Governance: pages 200-203 Internal Audit System: pages 205-210 A delegation process has not yet been formalised for social and environmental topics. 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 Model of Governance.		
G4-38	Organisational structure: pages 196-197 Governance: pages 200-203		
G4-39	Governance: pages 200-203		
G4-41	Governance: pages 200-203 Internal Audit System: pages 205-210		
<b>Ethics and Integrity</b>			
G4-56	The values and history of the Group: page 192		

## Specific standard disclosures

SPECIFIC STANDARD DISCLOSURES	PAGE/S WHERE INFORMATION REQUIRED BY THE INDICATOR IS PROVIDED	OMISSIONS	REASONS FOR OMISSIONS
<b>Economic indicators</b>			
DMA: Economic Performance	pages 54-55, 68-69		
G4-EC1	Stakeholders: pages 20-24 Distribution of value: pages 68-69 Group donations to area: page 174		
G4-EC4	The Group has not received any significant financial assistance from government bodies.		
DMA: Market presence	pages 6, 137, 154		
G4-EC5	Contractual practices: page 137		
DMA Procurement Policies	Suppliers: pages 167-169		
G4-EC9	Suppliers: pages 167-169		
<b>Environmental indicators</b>			
DMA: Raw materials	pages 178-180		
G4-EN1	Paper consumption: page 179		
<b>Human Resources</b>			
DMA: Human resource management	page 125		
G4-LA1	Personal Financial Advisers: pages 104-107 Employees: pages 131-135		
DMA: Diversity and Equal Opportunities	The Group's corporate culture is committed through all its management processes to diversity of every kind - gender, ability, generational and cultural - and ensures equal treatment.		
G4-LA3	Parental leave: page 144		
DMA: Contractual Practices	page 137		
G4-LA4	Contractual practices: page 137		
DMA: Occupational Health and Safety	page 145		
G4-LA6	Employee injuries: page 145		
DMA: Training and Education	pages 139-140		

## Specific standard disclosures

SPECIFIC STANDARD DISCLOSURES	PAGE/S WHERE INFORMATION REQUIRED BY THE INDICATOR IS PROVIDED	OMISSIONS	REASONS FOR OMISSIONS
G4-LA9	Development of human resources: pages 139-143		
G4-LA10	Development of human resources: pages 139-143		
G4-LA11	Career development: pages 136-137		
G4-LA12	Personal Financial Advisers: pages 110-112 Employees: pages 125-130 Vulnerable employees: page 139 Board of Directors: pages 201, 203		
DMA: Remuneration system	page 137		
G4-LA13	Contractual practices: page 137		
G4-LA16	The Group did not receive any formal reports by employees of negative incidents to do with working practices in 2015.		
<b>Human rights</b>			
G4-HR3	The Group did not receive any reports of incidents of discrimination in 2015.		
<b>Social Indicators</b>			
DMA: Local Communities	The Fideuram Group is attentive to the needs of and its social impact on the communities where it operates, supporting social initiatives and the work of societies, associations and institutions within the area. pages 170-174		
DMA: Anti-corruption	page 147		
G4-SO4	Employees: page 143 Corruption risk monitoring: page 147		
G4-SO5	No episodes of corruption were reported in 2015.		
G4-SO6	The Fideuram-Intesa Sanpaolo Private Banking Group has a policy governing the funding of political parties.		
DMA: Anti-Competitive Behaviour	The Fideuram Group has activities in place carried out 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.		
G4-SO7	No legal action for unfair competition, antitrust or monopolistic behaviour was initiated against the Group in 2015.		
DMA: Compliance with Laws and Regulations	pages 149, 304-307		
G4-SO8	Notes to the consolidated financial statements: pages 304-307		
<b>Product responsibility</b>			
DMA: Product responsibility	page 164		
G4-PR5	Customer assistance service: page 164		
DMA: Marketing Communications	pages 86-89		
G4-PR6	page 149 The Fideuram Group does not finance or invest in the equities of companies which operate in sensitive or controversial sectors, or in blacklisted countries.		
G4-PR7	No incidents of non-compliance with regulations or voluntary codes on marketing activities, including advertising, promotion and sponsorship, were reported in 2015.		
DMA: Privacy	pages 164-165		
G4-PR8	Customer feedback: pages 164-165		
DMA: Compliance with Laws and Regulations	pages 146-149		
G4-PR9	Notes to the consolidated financial statements: pages 304-307		

## GRI G4 - Financial Services Sector Disclosures

SECTOR SPECIFIC INDICATORS	PAGE/S WHERE INFORMATION REQUIRED BY THE INDICATOR IS PROVIDED	OMISSIONS	REASONS FOR OMISSIONS
FS6	Client financial assets: pages 46-47		
FS8	Ethical Fund: page 173		
FS9	page 149		
FS14	Accessibility of services: page 77		
FS16	pages 164-166		

## Additional indicators

INDICATORS	PAGE NUMBERS
<b>CUSTOMERS</b>	
Customer complaints by type	page 165
Customer complaints by reason	page 165
<b>SHAREHOLDERS</b>	
Rating	page 21
<b>LEVEL OF EDUCATION</b>	
Level of education	page 130
Numbers participating (enrolled) in training activities	page 142
Training by subject matter	page 141
Trade union freedom: days of work absence for trade union reasons	page 138
<b>PERSONAL FINANCIAL ADVISERS</b>	
Ratio of customers to Personal Financial Advisers	page 101
Ratio of client assets to Personal Financial Advisers	page 101
Network audits	page 101
Size of distribution Networks	page 102
Origin of professionals joining Networks (%)	pages 102-105
Turnover by rank and origin	page 104
Turnover by staff age and gender	page 105
Total number of Personal Financial Advisers by Network, area and geographical distribution, gender and rank, average age and length of service	pages 106-107, 110-112
Training by subject matter	page 123

## 10.3 Basis of preparation of the restated and reclassified financial statements

The 2015 financial data include the effects of the company transactions conducted as part of the project for restructuring the Intesa Sanpaolo Private Banking Division's business.

The Fideuram Group company transactions completed with effect from 30 June 2015 were as follows:

- Sale by Intesa Sanpaolo Holding International S.A. of its 100% equity interest in Intesa Sanpaolo Private Bank (Suisse) S.A. for €37.2m.
- Transfer of the Governance Division of Intesa Sanpaolo Private Banking S.p.A., consisting of 110 employees working in the policy, governance and audit units, plus the tangible assets and contractual relationships required for its operation.
- Transfer of Intesa Sanpaolo S.p.A.'s 100% equity interest in Intesa Sanpaolo Private Banking S.p.A..
- Transfer by Intesa Sanpaolo S.p.A. of its 100% equity interest in Sirefid S.p.A..

Any analysis comparing the 2015 financial data with the data for the corresponding period in 2014 would be heavily skewed by the impact of these company transactions. The financial data presented in the reclassified balance sheet and reclassified income statement have been restated in the Directors' Report where necessary to reflect the effects of the changes in the scope of consolidation appropriately so that straight comparisons can be made. These restated statements were prepared making the adjustments to the historical data required to reflect retrospectively the changes in the scope of consolidation that occurred in 2015, as if the company transactions concerned had become effective as of 1 January 2014, without however changing the operating profit and shareholders' equity stated in the official financial statements published in 2014. The net effects of the adjustments have been stated under net profit attributable to non-controlling interests in the restated income statement and under equity attributable to non-controlling interests in the restated balance sheet.

In particular:

- The balance sheet at 31 December 2014 has been restated to include the contributions of the newly-consolidated companies so that straight comparisons can be made.

- The income statement has been restated to include the newly-consolidated companies' contributions to the Group's results. The net profit of the newly-consolidated companies for the first six months of 2015 (€153m) and the full 2014 financial year (€180m) has been stated under net profit attributable to non-controlling interests.

The balance sheet and income statement at 31 December 2015 are a reclassified balance sheet and reclassified income statement to facilitate comparison of the figures for different periods and to enable a clearer and more immediate understanding of the Group's financial position. These statements were prepared using appropriate groupings of the items in the official Bank of Italy schedules.

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

- Net profit (loss) on financial assets, fee and commission income and expense, and the provisions have been stated net of the returns on the insurance policies taken out as part of the Personal Financial Adviser Networks' Loyalty Schemes, recognised in the official Bank of Italy schedule as net profit (loss) on assets designated at fair value, which - in pertaining to the Personal Financial Advisers - have been recognised as fee and commission expense and provisions.
- Net profit on financial assets and personnel expenses have been stated net of the change in fair value attributable to the Intesa Sanpaolo shares purchased under the employee bonus schemes.
- 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.
- Fee and commission income has been stated net of the amount related to net interest income.
- Non-recurring income and expenses have been reclassified, net of tax effect, in a separate item designated "Non-recurring income (expenses) net of tax".

## Reconciliation statements

### Reconciliation of published consolidated income statement at 31 December 2015 and restated consolidated income statement at 31 December 2015

(€m)	PUBLISHED 2015	CHANGE IN SCOPE OF CONSOLIDATION (* )	RESTATED 2015
10. Interest income and similar income	311	61	372
20. Interest expense and similar expense	(143)	(27)	(170)
<b>30. Net interest income</b>	<b>168</b>	<b>34</b>	<b>202</b>
40. Fee and commission income	1,881	329	2,210
50. Fee and commission expense	(746)	(15)	(761)
<b>60. Net fee and commission income</b>	<b>1,135</b>	<b>314</b>	<b>1,449</b>
70. Dividends and similar income	-	-	-
80. Net profit (loss) on trading activities	7	1	8
90. Net profit (loss) on hedging derivatives	3	-	3
100. Net profit (loss) on sale or repurchase of:	(3)	12	9
a) Loans	(1)	-	(1)
b) Financial assets available for sale	(2)	12	10
c) Held-to-maturity investments	-	-	-
d) Financial liabilities	-	-	-
110. Net profit (loss) on financial assets and liabilities designated at fair value	7	-	7
<b>120. Total net interest and trading income</b>	<b>1,317</b>	<b>361</b>	<b>1,678</b>
130. Net impairment of:	1	(1)	-
a) Loans	1	(1)	-
b) Financial assets available for sale	-	-	-
c) Held-to-maturity investments	-	-	-
d) Other financial transactions	-	-	-
<b>140. Operating income from financing activities</b>	<b>1,318</b>	<b>360</b>	<b>1,678</b>
150. Net insurance premiums	-	-	-
160. Other income/expense from insurance activities	-	-	-
<b>170. Operating income from financing and insurance activities</b>	<b>1,318</b>	<b>360</b>	<b>1,678</b>
180. Administrative expenses:	(599)	(182)	(781)
a) Personnel expenses	(209)	(98)	(307)
b) Other administrative expense	(390)	(84)	(474)
190. Net provisions for risks and charges	(39)	-	(39)
200. Depreciation of property and equipment	(3)	-	(3)
210. Amortisation of intangible assets	(14)	-	(14)
220. Other income/expense	162	51	213
<b>230. Operating expenses</b>	<b>(493)</b>	<b>(131)</b>	<b>(624)</b>
240. Profit (loss) on equity investments	9	-	9
250. Net fair value gains (losses) on property and equipment and intangible assets	-	-	-
260. Goodwill impairment	-	-	-
270. Gain (loss) on disposal of investments	-	-	-
<b>280. Profit (loss) before tax</b>	<b>834</b>	<b>230</b>	<b>1,063</b>
290. Income taxes	(240)	(76)	(316)
<b>300. Profit (loss) after tax</b>	<b>594</b>	<b>153</b>	<b>747</b>
310. Profit (loss) after tax from discontinued operations	-	-	-
<b>320. Net profit (loss) for the year</b>	<b>594</b>	<b>153</b>	<b>747</b>
330. Net profit (loss) for the year attributable to non-controlling interests	-	(153)	(153)
<b>340. Parent company interest in net profit (loss) for the year</b>	<b>594</b>	<b>-</b>	<b>594</b>

(\*) Contributions of Intesa Sanpaolo Private Banking, Sirefid and Intesa Sanpaolo Private Bank (Suisse) in the first half of 2015.

## Reconciliation of published consolidated balance sheet at 31 December 2014 and restated consolidated balance sheet at 31 December 2014

(€m)	PUBLISHED 2014	CHANGE IN SCOPE OF CONSOLIDATION (*)	RESTATED 2014
<b>ASSETS</b>			
10. Cash and cash equivalents	39	24	63
20. Financial assets held for trading	55	15	70
30. Financial assets designated at fair value	157	-	157
40. Financial assets available for sale	2,510	1,081	3,591
50. Held-to-maturity investments	333	-	333
60. Loans and advance to banks	3,672	8,859	12,531
70. Loans and advance to customers	5,370	2,245	7,615
80. Hedging derivatives	-	-	-
90. Adjustment of financial assets subject to macro-hedging	-	-	-
100. Equity investments	119	-	119
110. Reinsurers' share of technical reserves	-	-	-
120. Property and equipment	37	1	38
130. Intangible assets	26	141	167
Including: goodwill	-	140	140
140. Tax assets	171	61	232
a) current	47	-	47
b) deferred	124	61	185
Including: pursuant to Italian Law 214/2011	-	32	32
150. Non-current assets held for sale and disposal groups	-	-	-
160. Other assets	733	312	1,045
<b>TOTAL ASSETS</b>	<b>13,222</b>	<b>12,739</b>	<b>25,961</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
10. Due to banks	576	3,134	3,710
20. Due to customers	9,164	8,795	17,959
30. Debt on issue	-	-	-
40. Financial liabilities held for trading	44	4	48
50. Financial liabilities designated at fair value	-	-	-
60. Hedging derivatives	1,095	-	1,095
70. Adjustment of financial liabilities subject to macro-hedging	-	-	-
80. Tax liabilities	55	23	78
a) current	29	-	29
b) deferred	26	23	49
90. Liabilities associated with non-current assets held for sale	-	-	-
100. Other liabilities	711	197	908
110. Provision for employment termination indemnities	27	30	57
120. Provisions for risks and charges:	340	74	414
a) Pensions and other commitments	1	10	11
d) Other provisions	339	64	403
130. Technical reserves	-	-	-
140. Valuation reserves	(130)	-	(130)
150. Redeemable shares	-	-	-
160. Capital instruments	-	-	-
170. Reserves	743	-	743
180. Share premium reserve	9	-	9
190. Capital	186	-	186
200. Treasury shares (-)	-	-	-
210. Equity attributable to non-controlling interests	-	482	482
220. Net profit (loss) for the year	402	-	402
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>13,222</b>	<b>12,739</b>	<b>25,961</b>

(\*) Contributions of Intesa Sanpaolo Private Banking, Sirefid and Intesa Sanpaolo Private Bank (Suisse) in 2014.

## Reconciliation of published consolidated income statement at 31 December 2014 and restated consolidated income statement at 31 December 2014

(€m)

	PUBLISHED 2014	CHANGE IN SCOPE OF CONSOLIDATION (* )	RESTATED 2014
10. Interest income and similar income	257	187	444
20. Interest expense and similar expense	(121)	(104)	(225)
<b>30. Net interest income</b>	<b>136</b>	<b>83</b>	<b>219</b>
40. Fee and commission income	1,416	468	1,884
50. Fee and commission expense	(646)	(39)	(685)
<b>60. Net fee and commission income</b>	<b>770</b>	<b>429</b>	<b>1,199</b>
70. Dividends and similar income	-	-	-
80. Net profit (loss) on trading activities	4	2	6
90. Net profit (loss) on hedging derivatives	(10)	-	(10)
100. Net profit (loss) on sale or repurchase of:	24	-	24
a) Loans	(1)	-	(1)
b) Financial assets available for sale	25	-	25
c) Held-to-maturity investments	-	-	-
d) Financial liabilities	-	-	-
110. Net profit (loss) on financial assets and liabilities designated at fair value	12	-	12
<b>120. Total net interest and trading income</b>	<b>936</b>	<b>514</b>	<b>1,450</b>
130. Net impairment of:	1	(2)	(1)
a) Loans	-	(1)	(1)
b) Financial assets available for sale	-	-	-
c) Held-to-maturity investments	1	(1)	-
d) Other financial transactions	-	-	-
<b>140. Operating income from financing activities</b>	<b>937</b>	<b>512</b>	<b>1,449</b>
150. Net insurance premiums	-	-	-
160. Other income/expense from insurance activities	-	-	-
<b>170. Operating income from financing and insurance activities</b>	<b>937</b>	<b>512</b>	<b>1,449</b>
180. Administrative expenses:	(423)	(324)	(747)
a) Personnel expenses	(138)	(157)	(295)
b) Other administrative expense	(285)	(167)	(452)
190. Net provisions for risks and charges	(83)	(7)	(90)
200. Depreciation of property and equipment	(3)	-	(3)
210. Amortisation of intangible assets	(11)	(5)	(16)
220. Other income/expense	118	104	222
<b>230. Operating expenses</b>	<b>(402)</b>	<b>(232)</b>	<b>(634)</b>
240. Profit (loss) on equity investments	10	-	10
250. Net fair value gains (losses) on property and equipment and intangible assets	-	-	-
260. Goodwill impairment	-	-	-
270. Gain (loss) on disposal of investments	-	-	-
<b>280. Profit (loss) before tax</b>	<b>545</b>	<b>280</b>	<b>825</b>
290. Income taxes	(143)	(100)	(243)
<b>300. Profit (loss) after tax</b>	<b>402</b>	<b>180</b>	<b>582</b>
310. Profit (loss) after tax from discontinued operations	-	-	-
<b>320. Net profit (loss) for the year</b>	<b>402</b>	<b>180</b>	<b>582</b>
330. Net profit (loss) for the year attributable to non-controlling interests	-	(180)	(180)
<b>340. Parent company interest in net profit (loss) for the year</b>	<b>402</b>	<b>-</b>	<b>402</b>

(\*) Contributions of Intesa Sanpaolo Private Banking, Sirefid and Intesa Sanpaolo Private Bank (Suisse) in 2014.

## Reconciliation of consolidated balance sheet and reclassified consolidated balance sheet

(€m)

RECLASSIFIED BALANCE SHEET - ASSETS	CONSOLIDATED BALANCE SHEET - ASSETS	31.12.2015	31.12.2014
Cash and cash equivalents		60	63
	<i>Item 10. Cash and cash equivalents</i>	60	63
Financial assets (other than loans and held-to-maturity investments)		4,672	3,818
	<i>Item 20. Financial assets held for trading</i>	45	70
	<i>Item 30. Financial assets designed at fair value</i>	168	157
	<i>Item 40. Financial assets available for sale</i>	4,459	3,591
Held-to-maturity investments		297	333
	<i>Item 50. Held-to-maturity investments</i>	297	333
Loans and advances to banks		13,223	12,531
	<i>Item 60. Loans and advances to banks</i>	13,223	12,531
Loans and advances to customers		8,973	7,615
	<i>Item 70. Loans and advances to customers</i>	8,973	7,615
Hedging derivatives		2	-
	<i>Item 80. Hedging derivatives</i>	2	-
Equity investments		129	119
	<i>Item 100. Equity investments</i>	129	119
Property and equipment		39	38
	<i>Item 120. Property and equipment</i>	39	38
Intangible assets and goodwill		175	167
	<i>Item 130. Intangible assets</i>	175	167
Tax assets		217	232
	<i>Item 140. Tax assets</i>	217	232
Other assets		1,052	1,045
	<i>Item 160. Other assets</i>	1,052	1,045
<b>Total assets</b>	<b>Total assets</b>	<b>28,839</b>	<b>25,961</b>
<b>RECLASSIFIED BALANCE SHEET - LIABILITIES</b>	<b>BALANCE SHEET - LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
Due to banks		3,110	3,710
	<i>Item 10. Due to banks</i>	3,110	3,710
Due to customers		21,419	17,959
	<i>Item 20. Due to customers</i>	21,419	17,959
Financial liabilities held for trading		28	48
	<i>Item 40. Financial liabilities held for trading</i>	28	48
Hedging derivatives		977	1,095
	<i>Item 60. Hedging derivatives</i>	977	1,095
Tax liabilities		80	78
	<i>Item 80. Tax liabilities</i>	80	78
Other liabilities		917	965
	<i>Item 100. Other liabilities</i>	865	908
	<i>Item 110. Provision for employment termination indemnities</i>	52	57
Provision for risks and charges		431	414
	<i>Item 120. Provision for risks and charges</i>	431	414
Equity attributable to non-controlling interests		-	482
	<i>Item 210. Equity attributable to non-controlling interests</i>	-	482
Equity attributable to owners of the parent company		1,877	1,210
	<i>Items 140, 170, 175, 180, 190, 220 Equity attributable to owners of the parent company</i>	1,877	1,210
<b>Total liabilities</b>	<b>Total liabilities and shareholders' equity</b>	<b>28,839</b>	<b>25,961</b>

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

(€m)

RECLASSIFIED CONSOLIDATED INCOME STATEMENT	CONSOLIDATED INCOME STATEMENT	2015	2014
Net interest income		187	204
	<i>Item 30. Net interest income</i>	202	219
	- <i>Item 60. (partial) Net fee and commission income related to net interest income</i>	(15)	(15)
Net profit (loss) on financial assets and liabilities		20	20
	<i>Item 80. Net profit (loss) on trading activities</i>	8	6
	<i>Item 90. Net profit (loss) on hedging derivatives</i>	3	(10)
	<i>Item 100. Net profit (loss) on sales and repurchases</i>	9	24
	<i>Item 110. Net profit (loss) on financial assets and liabilities designed at fair value</i>	8	12
	- <i>Item 60. (partial) Return on insurance policies for Network loyalty schemes</i>	(3)	(4)
	- <i>Item 180. a) (partial) Return on Intesa Sanpaolo Shares for bonus scheme</i>	(1)	(2)
	- <i>Item 190 (partial) Return on insurance policies for Network loyalty schemes</i>	(4)	(6)
Net fee and commission income		1,467	1,218
	<i>Item 60. Net fee and commission income</i>	1,449	1,199
	- <i>Item 60. (partial) Net fee and commission income related to net interest income</i>	15	15
	- <i>Item 60. (partial) Return on insurance policies for Network loyalty schemes</i>	3	4
<b>Operating income before net impairment</b>		<b>1,674</b>	<b>1,442</b>
Net impairment		-	(1)
	<i>Item 130. Net impairment</i>	-	(1)
<b>Operating income</b>		<b>1,674</b>	<b>1,441</b>
Personnel expenses		(289)	(285)
	<i>Item 180. a) Personnel expenses</i>	(307)	(295)
	- <i>Item 180. a) (partial) Return on Intesa Sanpaolo Shares for bonus scheme</i>	1	2
	- <i>Item 180. a) (partial) Expenses connected with the Intesa Sanpaolo business plan</i>	17	8
Other administrative expenses		(231)	(225)
	<i>Item 180. b) Other administrative expenses</i>	(474)	(452)
	- <i>Item 180. b) (partial) Expenses connected with the Intesa Sanpaolo business plan</i>	24	2
	- <i>Item 220. (partial) Recovery of indirect taxes</i>	219	225
Depreciation and amortisation		(16)	(19)
	<i>Item 200. Depreciation of property and equipment</i>	(3)	(3)
	<i>Item 210. Amortisation of intangible assets</i>	(14)	(16)
	- <i>Item 210. (partial) Expenses connected with the Intesa Sanpaolo business plan</i>	1	-
<b>Operating expenses</b>		<b>(536)</b>	<b>(529)</b>
Net provisions for risks and charges		(36)	(84)
	<i>Item 190. Net provisions for risks and charges</i>	(40)	(90)
	- <i>Item 190. (partial) Return on insurance policies for Network loyalty schemes</i>	4	6
Profit (loss) on equity investments		9	10
	<i>Item 240. Profit (loss) on equity investments</i>	9	10
Other income (expense)		(6)	(3)
	<i>Item 220. Other income/ expense</i>	213	222
	- <i>Item 220. (partial) Recovery indirect taxes</i>	(219)	(225)
<b>Profit before tax</b>		<b>1,105</b>	<b>835</b>
Income taxes		(330)	(246)
	<i>Item 290. Income taxes</i>	(316)	(243)
	- <i>Item 290. (partial) Tax impact of expenses connected with the Intesa Sanpaolo business plan</i>	(14)	(3)
Net profit (loss) attributable to non-controlling interests		(153)	(180)
	<i>Item 330. Net profit (loss) for the year attributable to non-controlling interests</i>	(153)	(180)
<b>Net profit before non-recurring items</b>		<b>622</b>	<b>409</b>
Non-recurring income (expenses) net of tax		(28)	(7)
	- <i>Item 180.a) (partial) Expenses connected with the Intesa Sanpaolo business plan</i>	(17)	(8)
	- <i>Item 180.b) (partial) Expenses connected with the Intesa Sanpaolo business plan</i>	(24)	(2)
	- <i>Item 210. (partial) Expenses connected with the Intesa Sanpaolo business plan</i>	(1)	-
	- <i>Item 290. (partial) Tax impact of expenses connected with the Intesa Sanpaolo business plan</i>	14	3
<b>Net profit</b>	<b>Item 340. Parent company interest in net profit (loss) for the year</b>	<b>594</b>	<b>402</b>

## 10.4 Reclassified financial statements - New scope of consolidation

The reclassified balance sheet and reclassified income statement for the new scope of consolidation of the Fideuram - Intesa Sanpaolo Private Banking Group are shown below, retrospectively reflecting - including with respect to shareholders' equity and net profit - the changes in the scope of consolidation in 2015 resulting from the company transactions completed in the year. It should be noted that:

- The **reclassified balance sheet** at 31 December 2014 has been restated to include the contributions of the newly-consolidated companies as if the company transactions concerned had become effective as of 1 January 2014 so that straight comparisons can be made.
- The **reclassified income statement** has been restated as if the company transactions concerned had become effective as of 1 January 2014 to include the newly-consolidated companies' contributions to the Group results, both for 2015 and for the corresponding comparison period.

## Consolidated balance sheet - New scope of consolidation

(Reclassified - €m)

	31.12.2015	31.12.2014 (*)	CHANGE AMOUNT	%
<b>ASSETS</b>				
Cash and cash equivalents	60	63	(3)	-5
Financial assets (other than loans and held-to-maturity investments)	4,672	3,818	854	22
Held-to-maturity investments	297	333	(36)	-11
Loans and advances to banks	13,223	12,531	692	6
Loans and advances to customers	8,973	7,615	1,358	18
Hedging derivatives	2	-	2	n.s.
Equity investments	129	119	10	8
Property and equipment	39	38	1	3
Intangible assets and goodwill	175	167	8	5
Tax assets	217	232	(15)	-6
Other assets	1,052	1,045	7	1
<b>TOTAL ASSETS</b>	<b>28,839</b>	<b>25,961</b>	<b>2,878</b>	<b>11</b>
<b>LIABILITIES</b>				
Due to banks	3,110	3,710	(600)	-16
Due to customers	21,419	17,959	3,460	19
Financial liabilities held for trading	28	48	(20)	-42
Hedging derivatives	977	1,095	(118)	-11
Tax liabilities	80	78	2	3
Other liabilities	917	965	(48)	-5
Provisions for risks and charges	431	414	17	4
Equity attributable to owners of the parent company	1,877	1,692	185	11
<b>TOTAL LIABILITIES</b>	<b>28,839</b>	<b>25,961</b>	<b>2,878</b>	<b>11</b>

n.s.: not significant

(\*) Restated where necessary to take the changes in the scope of consolidation into account so that straight comparisons can be made.

## Consolidated income statement - New scope of consolidation (\*)

(Reclassified - €m)

	2015	2014	CHANGE AMOUNT	%
Net interest income	187	204	(17)	-8
Net profit (loss) on financial assets and liabilities	20	20	-	-
Net fee and commission income	1,467	1,218	249	20
<b>OPERATING INCOME BEFORE NET IMPAIRMENT</b>	<b>1,674</b>	<b>1,442</b>	<b>232</b>	<b>16</b>
Net impairment	-	(1)	1	-100
<b>OPERATING INCOME</b>	<b>1,674</b>	<b>1,441</b>	<b>233</b>	<b>16</b>
Personnel expenses	(289)	(285)	(4)	1
Other administrative expenses	(231)	(225)	(6)	3
Depreciation and amortisation	(16)	(19)	3	-16
<b>OPERATING EXPENSES</b>	<b>(536)</b>	<b>(529)</b>	<b>(7)</b>	<b>1</b>
Net provisions for risks and charges	(36)	(84)	48	-57
Profit (loss) on equity investments	9	10	(1)	-10
Other income (expense)	(6)	(3)	(3)	100
<b>PROFIT BEFORE TAX</b>	<b>1,105</b>	<b>835</b>	<b>270</b>	<b>32</b>
Income taxes	(330)	(246)	(84)	34
<b>NET PROFIT BEFORE NON-RECURRING ITEMS</b>	<b>775</b>	<b>589</b>	<b>186</b>	<b>32</b>
Non-recurring income (expenses) net of tax	(28)	(7)	(21)	n.s.
<b>NET PROFIT</b>	<b>747</b>	<b>582</b>	<b>165</b>	<b>28</b>

n.s.: not significant

(\*) Restated where necessary to take the changes in the scope of consolidation into account so that straight comparisons can be made.





## 11. Glossary

**Adviser**

Financial adviser who assists companies involved in corporate finance transactions. Their tasks include providing advisory services and preparing valuations.

**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 subsequently deducted from the total.

**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 Backed Securities (ABS)**

Debt securities, generally issued by companies known as Special Purpose Vehicles (SPV), which are secured by pools of different assets (mortgage loans, consumer loans or credit card transaction receivables, etc.) which can solely be used to satisfy the rights incorporated in the financial instruments. The repayment of the principal and payment of interest depend on the performance of the securitised assets and any additional guarantees supporting the transaction. ABSs are issued in separate tranches (senior, mezzanine and junior) with different priorities regarding the repayment of the principal and payment of interest. They are named in relation to the type of assets in the pool, for example Mortgage Backed Securities (MBSs) when the underlying assets are mortgages, Commercial Mortgage Backed Securities (CMBSs) when the underlying assets are commercial mortgages, Collateralised Loan Obligations (CLOs) when the underlying assets are bonds with low rating profiles, and Collateralised Debt Obligations (CDOs) when the underlying assets are debts.

**Asset class**

Class of financial assets (at first level of analysis: shares, bonds, cash, other).

**Asset gathering**

The activity of gathering assets, in the Group's case through Financial Advisers in Italy who are members of the Italian Association of Companies Selling Financial Products and Investment Services (Assoreti).

**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 - Italian Banking Association)**

The association that represents, defends and promotes the interests of the Italian banking and financial system.

**Associazione fra le Società per Azioni (Assonime - Association of Italian Joint Stock Companies)**

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 Revisori Contabili (ASSIREVI - Italian Association of Auditors)**

A private association that promotes and conducts scientific analysis supporting the adoption of auditing standards, and the study of the development of the related laws and regulations. It is also engaged in resolving professional, legal and tax problems of common interest to its members.

**Associazione Nazionale fra le Imprese Assicuratrici (ANIA - Italian National Association of Insurance Companies)**

The body representing insurance companies that operate in Italy. Represents its members and the Italian insurance market in dealings with the main political and administrative institutions and undertakes its own and joint research into resolving technical, economic, administrative, tax and legal problems concerning the insurance industry.

**Auditing**

The body of activities for monitoring company processes and accounting, carried out both by internal departments (internal audits) and by independent auditors (external audits).

**Automated Teller Machine (ATM)**

Automatic machine that allows customers to make cash withdrawals, pay in cash or cheques, obtain account information, pay utilities and top up mobile phones etc.. The terminal is activated by the customer inserting a magnetic/chip card and entering their personal identification number.

**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 for International Settlements (BIS)**

International organisation with head office in Basel, founded in 1930. Its activities include providing financial assistance to national monetary institutions and promoting general rules regarding the world banking system.

**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 direct inflows**

Deposits by and bonds issued by banks.

**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 II**

The common name for the New 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 Supervisory Authorities, of internally-developed approaches.
- Pillar 2: requires banks to adopt processes and tools that equip them with an Internal Capital Adequacy Assessment Process (ICAAP) that is appropriate for every type of risk, including forms other than those covered by the minimum capital requirement (first pillar), for the purposes of assessing current and prospective risk in a manner that takes strategies and developments in the reference scenario into account. The Supervisory Authorities are tasked with examining the ICAAP process, formulating an overall judgement and specifying appropriate corrective measures where necessary.
- Pillar 3: introduces obligations regarding the publication of information on capital adequacy, risk exposure and the general characteristics of the systems in place for identifying, measuring and managing risk.

**Basel III**

Set of reforms drawn up by the Basel Committee on Banking Supervision following the 2007-2008 financial crisis with the aim of improving the existing capital adequacy framework for the banking sector (Basel II), the effectiveness of supervision and the ability of intermediaries to manage the risks they assume.

**Basis point (BP)**

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**

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.

**BOT**

A BOT (Buono Ordinario del Tesoro) is a short-term Italian Treasury Bill used to meet Italian government borrowing requirements. It has a variable maturity and does not pay regular coupons but only repays the principal upon maturity.

**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.

**BTP**

A BTP (Buono del Tesoro Poliennale) is a medium-to-long-term Italian government bond issued to finance public debt, which pays a fixed-rate yield.

**Budget**

The planned future costs and income of a company.

**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.

**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.

### **CCT**

Acronym of Certificato di Credito del Tesoro, Italy's Treasury Credit Certificate, which is a medium-to-long-term Italian government bond issued to finance public debt. These floating-rate securities offer a coupon that is indexed to the BOT treasury bill yield, increased by a given amount.

### **Client Assets**

These assets comprise:

- Managed assets, which include mutual funds and pension funds, discretionary accounts and life insurance technical reserves.
- Non-managed assets, which include securities deposited (net of units in Group funds), accident 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)**

Common Equity Tier 1 Capital as defined by the new regulatory provisions for banks set down in European Union Regulation No. 575/2013 (Capital Requirements Regulation or CCR) 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 this total (e.g. anticipated losses, equity investments, deferred tax assets), which moreover benefit from the allocation mechanism and, in the transitional period, gradual application through the phase-in arrangements.

### **Common Equity Tier 1 ratio (CET1 ratio)**

Ratio between the bank's Common Equity Tier 1 capital and total risk-weighted assets (RWA).

### **Community Directives**

European Union legal acts directed at member states, which are obliged to achieve the objectives specified in the directives and in their 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)**

Corporate social responsibility is the voluntary integration of social and environmental matters in a company's business operations and stakeholder relations.

### **Cost/Income Ratio**

The ratio between administrative expenses and depreciation and amortisation, on the one hand, and operating income before net impairment on the other (including other income, net, and net profit on equity investments). 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 Premium (CRP)**

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 and currency instability).

### **Country risk**

Set of economic, financial and political factors that may make it difficult to obtain the repayment of debts contracted by trusted foreign clients irrespective of their individual solvency.

### **Covered bond**

Covered Bank Bonds that may, in addition to being secured by the issuing bank, also be secured by a pool of mortgages or other high-quality loans held for this purpose by a Special Purpose Vehicle.

### **Covered warrant**

A type of warrant issued by a broker that gives the holder the right to buy (call) or sell (put) a specific amount of underlying assets at a given date and specific price (strike price).

### **Credit Risk Adjustment (CRA)**

Technique that aims to measure the penalisation due to a counterparty's creditworthiness, used to determine the fair value of unlisted derivatives.

### **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.

**CTZ**

Acronym of Certificato del Tesoro Zero Coupon, Italy's Zero Coupon Treasury Certificate, which does not have a coupon and only pays interest upon repayment.

**Currency**

A generally-accepted means of payment for the purchase of goods and services, and the universal means of exchange. Its use is founded on the economic operators' confidence in the issuing body, the central bank.

**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.

**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.

**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 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.

**Economic Value Added (EVA)**

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.

**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.

**Embedded derivative**

Embedded derivatives are clauses (contractual terms) incorporated in a financial instrument that produce identical effects to those of a stand-alone derivative.

**Embedded value**

The value of a Group's or company's adjusted shareholders' equity plus the value of its business portfolio at the valuation date.

**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.

**Euribor**

Reference interbank rate used in European Union countries. Calculated as the weighted average of the interest rates at which the major banks operating in the European Union grant loans. Calculated daily and used as a parameter for setting the variable interest rates on loans.

**Euro area**

The geographical area covered by the member states of the European Union that have adopted the euro, often referred to as the eurozone.

**Euro overnight index average (EONIA)**

The effective overnight euro interest rate for the interbank market. 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.

**European Bank for Reconstruction and Development (EBRD)**

International bank that provides financial assistance to European countries embarking on processes of economic reform.

**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. Promotes cooperation and convergence in the financial supervisory practices of the different member states.

**European Banking Federation (EBF)**

Association of banks in Europe that provides a forum for the discussion and agreement of proposals and initiatives regarding banking and the banking industry.

**European Central Bank (ECB)**

European community institution tasked with managing monetary policy in the euro area with the objective of maintaining 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. 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 Financial Stability Facility (EFSF)**

A special purpose vehicle created by members of the European Union with the aim of establishing a European financial stabilisation mechanism in response to the sovereign debt crises that started in 2010.

**European Insurance and Occupational Pensions Authority (EIOPA)**

EU body established by Regulation (EU) No. 1094/2010 with responsibilities of providing effective supervision of the insurance market, especially regarding oversight of cross-border groups, of promoting greater EU harmonisation of insurance and pensions rules, and of protecting consumers.

**European Investment bank (EIB)**

European Union financing institution that supports public or private investment projects in line with EU objectives.

**European Option**

An option that may exercised only at the expiry date of the option.

**European Securities and Market 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 Systemic Risk Board (ESRB)**

EU body established by Regulation (EU) No. 1092/2010. The ESRB is tasked with the macro-prudential oversight of the financial system in the European Union, monitoring and assessing systemic risk in order to contribute to the prevention or mitigation of systemic risks to financial stability.

**European Union (EU)**

Currently made up of 28 members, the European Union is governed by five institutions: the European Parliament, the European Council, the European Commission, the Court of Justice and the Court of Auditors.

**European Union regulations**

Regulations that are directly applicable and compulsory in all member states of the European Union without any national transposition legislation being required.

**Exchange rate**

The ratio between two different currencies stated as the value of one country's currency expressed in the currency of another.

**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.

**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 is 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 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**

The Federal Reserve (Bank) or just Fed is the Central Bank of the United States.

#### **Financial Crisis Advisory Group (FCAG)**

Body supporting the International Accounting Standards Board (IASB) and Financial Accounting Standards Board (FASB), tasked with considering critical financial reporting issues and proposing solutions to overcome them.

#### **Financial instruments quoted in an active market**

A financial instrument is considered to be quoted 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 equity investments, 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” as defined by the European Banking Authority’s Implementing Technical Standards (ITS). These exposures can be an item under doubtful loans, unlikely to pay or past due loans and/or non-performing past due loans. They do not represent a category of impaired assets of their own.
- “Forborne performing exposures” as defined by the ITS.

#### **Forwards**

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 subsidiary 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.

#### **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, discretionary accounts and life insurance (inflows) gross of payments (outflows) in the same period.

#### **Guided Open Architecture**

A service that offers third-party products alongside and to complement our Group products with a view to providing investors with a complete range of products.

#### **Hang Seng**

Hong Kong stock market index.

#### **Hedge accounting**

Rules regarding the accounting of hedging transactions.

#### **Hedge fund**

Mutual funds that use hedging instruments to obtain a better risk/return ratio. They are not limited in terms of objective or

investment instrument and can even finance positions through high levels of borrowing.

### Hedging

Hedging transactions are entered into to cover the risk of undesirable fluctuations in exchange rates, securities, interest rates and commodities etc..

### Holding Company

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 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 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.

### Impaired loans

Loans that show evidence of a possible decline in value (impairment loss) as a result of events occurring after their initial recognition. 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.

### 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. IAS 36 requires the following to undergo an impairment test 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.

### Index-Linked Policies

A life insurance policy 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.

### Indirect inflows

Securities and other instruments not issued by a bank but received by it in custody, under management or in relation to the management of personal estates.

### 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.

### Institute of International Finance (IIF)

The IIF is the biggest global association of financial institutions. Founded in 1983 in response to the international debt crisis, the IIF has evolved to meet the changing needs of the financial community, supporting the financial industry in prudently managing risks and developing best practices and standards with a view to fostering global financial stability.

### 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 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 that issues the IFRS international accounting standards.

**International Banking Federation (IBFed)**

The body that represents the major national banking associations, founded with the object of promoting effective action and agreed responses to questions of mutual interest.

**International Financial Reporting Interpretations Committee (IFRIC)**

The IASB committee that issues the official interpretations of the IAS/IFRS international financial reporting standards.

**International Integrated Reporting Council (IIRC)**

An international committee whose mission is to create a global framework that integrates, financial, environmental, social and governance information in a manner that is clear, concise, cohesive, comparable and able to respond to the complexities of the current socio-economic environment, cohesively integrating different reporting models.

**International Monetary Fund (IMF)**

An organisation of almost two hundred member countries working to foster global monetary cooperation, develop international trade and support the resolution of financial crises caused by balance of payment imbalances.

**International Organization of Securities Commissions (IOSCO)**

An organisation made up of representatives of the supervisory authorities overseeing the securities markets. Promotes regulatory standards with a view to improving efficient operation of the markets. The organisation also aims to strengthen cooperation between its member authorities.

**International Valuation Standards Council (IVSC)**

An independent organisation of valuation experts with the object of developing high quality international valuation standards and taking part in the international debate of valuation experts, cooperating with other international organisations.

**Investment grade**

Term for a medium-to-high rating of an issuer or bond (higher than S&P's BBB and Moody's Baa2). Classifying a financial instrument as investment grade implicitly means it is of medium-to-high quality.

**ISIN**

A 12-character code that uniquely identifies the securities in circulation of all member countries of the International Organization for Standardization (ISO) at and issued subsequent to the project launch date.

**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 insureds and users in general.

**Joint venture**

The cooperation of two or more companies, often from different countries, with the purpose of engaging in a specific economic activity. The purpose of the cooperation can be to obtain a financial or production solution, and the pooling of know-how can be a decisive factor. Joint ventures are a common solution in industrialised and developing countries alike.

**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.

**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.

**Mark to Market**

A process for valuing a portfolio of securities or other financial instruments on the basis of market prices.

**Market**

A place where demand and supply for one or more goods or services meet, and where this meeting leads to the determination of a price at which sellers are prepared to sell their assets and buyers to purchase them.

**Market Capitalisation**

A company's value on the stock market: the sum of the market price of its different classes of shares, multiplied by the number of shares issued.

**Market making**

A financial activity carried out by specialist brokers with the aim of ensuring the liquidity and depth of the market, both through their continuous presence and through their function as a competitive guide for determining prices.

**Market risk**

The risk of losses on balance-sheet and 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).

**Material aspects**

Material Aspects are those that reflect the organization's significant economic, environmental and social impacts; or substantively influence the assessments and decisions of stakeholders.

**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 - electronic stock exchange)**

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 shares 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**

The Markets in Financial Instruments Directive is directive 2004/39/CE of the European Parliament and of the Council of 21 April 2004 regarding investment services in the financial instruments sector.

**Monte Titoli S.p.A.**

Joint stock company that acts as Italy's centralised manager of the shares and bonds issued by private companies. Financial instruments listed in Italy must be entered in Monte Titoli's dematerialisation and centralisation system, which records every change of ownership.

**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 mar-

kets. The MSCI ACWI is made up of 44 country indices, comprising 23 of securities traded on developed country markets and 21 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**

Acronym of 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)**

In company financial statements, the net asset value is the value of the assets that can be ascribed to a given class of a company's shares. It is used by analysts to quantify the difference between a company's shareholders' equity and the capitalisation of its shares on the stock market, with a view to obtaining information on whether the shares are overvalued or undervalued.

**Net inflows**

Assets gathered through new business in mutual funds, discretionary accounts and life insurance (inflows) net of payments (outflows) in the same period.

**Network italiano per il business reporting (NIBR - Italian business reporting network)**

The Italian business reporting network is the official Italian participant of the World Intellectual Capital Initiative (WICI) at global and European level with the object of making a substantial contribution to the development of Business Reporting, particularly in its non-financial aspects and where intangibles are concerned, through identifying sector Key Performance Indicators that are critical for the development of organisations and for the management of their capacity to create value.

**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: the fraction of share capital represented by a single share. For bonds: the value that the issuer commits to repaying upon maturity and on which the interest is calculated. 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-performing loan**

Loan to a party that is insolvent or in a substantially equivalent situation.

**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 dysfunctional 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.

**Organisation for Economic Cooperation and Development (OECD)**

An international organisation with head office in Paris set up to promote maximum economic development, full employment and the growth of international trade.

**Organismo Italiano di Contabilità (OIC - Italian accounting standards body)**

Standards setting organisation for accounting matters in Italy. Issues accounting standards for financial statements regarding matters not provided for by the IAS/IFRS, provides support regarding the application of the IAS/IFRS in Italy and assists Italian lawmakers in the issue of accounting regulations.

**Organismo Italiano di Valutazione (OIV - Italian valuation standards body)**

The Italian valuation standards body was founded in November 2011 with the object of providing and updating Italian Valuation Standards for the measurement of companies, financial instruments and real assets, participating in the international debate of valuation experts and becoming a reference body for Italian lawmakers.

**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. 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. 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 (regulatory capital)**

In the new regulatory framework, own funds are composed of the sum of Tier 1 capital and Tier 2 capital.

**PattiChiari**

A project formed by a consortium of Italian banks to offer simple, modern, certified tools that enable customers to make a better choice of financial products by ensuring clarity, ease of understanding and ease of comparison.

**Pay-out**

The percentage of a company's income that is distributed to shareholders in the form of a dividend related to the company's total income.

**Pension funds**

Bodies/management companies (in certain cases with the status of a legal person) which pay out supplementary pension benefits.

**Performance**

Result obtained by a mutual fund over a given period of time. Performance is measured by the increase in value of a unit in the reference period with respect to a benchmark.

**Performance fees**

Recurring fees withheld by an asset management company exclusively on the basis of the performance of the product managed. The percentage charged is usually linked to any increase in the value of a unit with respect to a reference parameter. This reference parameter can be a benchmark or another indicator, such as the rate of inflation, for example.

**Performing loan**

Loan to a party that did not present any specific insolvency risks at period end.

**Personal Financial Adviser**

A natural person who - as an employee, agent or authorised representative - is professionally engaged in the off-site offer of financial instruments and/or investment services in accordance, in Italy, with the provisions of the Italian Finance Consolidation Act (TUF) and the laws and regulations implementing them. The work of a Personal Financial Adviser is carried out exclusively in the interest of a single principal. In order to practice the profession in Italy, a Personal Financial Adviser must be registered in a register kept for the purpose

by the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB).

#### **Plain vanilla (derivatives)**

Products whose price depends on the price of the underlying instrument, which is quoted on regulated markets.

#### **Portfolio**

The real and financial assets held by an individual investor.

#### **Position**

Market commitment to buy or sell financial instruments.

#### **Pre-emption right**

Right of shareholders or holders of convertible bonds to buy a number of shares or bonds that is proportional to those already held, which can be sold on the stock market if the right is not exercised.

#### **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 public issuance of securities.

#### **Prime rate**

The interest rate that banks offer for loans to their most important customers. The Prime Rate depends on general market conditions, the availability of reserves and the amount of the loan, and can vary from one country to another.

#### **Private banking**

Financial services for the global management of private customers' financial requirements.

#### **Prospectus**

A document for the public providing detailed information on a company making a public offering.

#### **Prudential filters**

Filters used in calculating own funds (regulatory capital) 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.

#### **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 re-

garding 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).

#### **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, 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 the assets managed.

#### **Repurchase agreements**

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**

A customer segment that principally comprises private individuals, professionals, retailers and the owners of small enterprises.

#### **Return On Assets (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.

**Return**

The total profit on an investment expressed as a percentage of the capital invested.

**Risk factors**

The factors that give rise to the risk of a financial instrument or portfolio (e.g. exchange rates, interest rates etc.).

**Risk Management**

The acquisition, measurement, evaluation and global management of the various different types of risk and their respective hedging.

**Risk Weighted Assets (RWA)**

Cash and off-balance-sheet assets (derivatives and guarantees) classified and weighted in relation to different risk ratios in accordance with the banking regulations issued by the supervisory authorities for calculating capital ratios.

**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 exemplified by short-term government securities, since the fact that governments have the power to print money makes it extremely unlikely they will not comply with their financial obligations. The risk-free interest rate can be measured in real terms (after taking price fluctuations into account) or in nominal terms (in which case the nominal risk-free rate is the expected real risk-free rate plus the expected inflation rate). The return required of any security can be expressed as the sum of the nominal risk-free rate plus the risk premium.

**Scope of sustainability reporting**

Identifies the boundaries of the economic, social and environmental impacts of the material aspects identified. Impacts can occur internally and/or externally to the organisation.

**Secondary market**

Market on which previously-issued financial instruments are bought and sold.

**Sector**

Subdivision of a multi-sector fund or multi-sector SICAV, distinguished by its management characteristics. A sector represents capital that is independent of the asset management company's capital and of all the other funds or sectors that it manages.

**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.

**SEI Advanced Advisory Service**

A service Banca Fideuram launched in 2009 on which customers pay commission. The service consists in identifying each customer's individual requirements classified by "area of need", in analysing their development over time, in analysing

and providing advisory support regarding their overall position, including any portfolios held with third-party institutions, in providing in-depth risk-return profile analysis, in identifying appropriate investment strategies and solutions for each individual area of need and in monitoring the portfolio by area of need.

**Senior bond**

In a securitisation transaction, the most privileged tranche in terms of priority of payment of principal and interest.

**Sensitivity**

The sensitivity with which given assets or liabilities react to fluctuations in interest rates or other key parameters.

**Settlement risk**

The risk, arising in securities transactions, of the counterparty not fulfilling their obligation to deliver the securities or pay the amount owed after maturity.

**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.

**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 Vehicle (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's 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 are separated from it to form a new legal entity.

**Spread**

The difference between the interest rates of different securities with the same maturities. Normally used 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 benchmark country Germany.

**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.

**Stakeholders**

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.

**Statutory reserve**

The minimum amount that a bank is required to hold by way of reserves under the Eurosystem. Compliance with this requirement is assessed on the basis of the average daily reserve holdings over a maintenance period.

**Stock exchange list**

List of quoted prices of securities listed on a stock exchange.

**Stock exchange price**

The value of a security in official trading.

**Stock options**

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.

**Subprime**

A subprime mortgage is, by definition, a mortgage granted to a party who would not have been able to obtain a more favourable rate on the credit market. Subprime debtors typically have low credit ratings and credit histories of defaults, attachments, bankruptcy and late payment. Because subprime debtors are considered to be at a high risk of insolvency,

subprime mortgages typically have less favourable conditions than other types of lending. These conditions include higher interest rates, fees and premiums.

**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.

**Swaps**

Transactions that generally consist in the exchange of cash flows between operators in accordance with different types of contracts. In the case of an interest rate swap, the counterparties exchange payment cash flows, which may or may not be linked to interest rates, calculated on a notional principal amount (e.g.: one counterparty pays a fixed-rate while the other pays a floating-rate). In the case of a currency swap, the counterparties exchange specific amounts in different currencies, repaying them over time following predetermined procedures, which may regard both the notional principal and the interest-rate-linked cash flows.

**Tax rate**

Effective tax rate, resulting from the relationship between income taxes and income before taxes.

**Technical form**

The type of contract used for a given inflow or investment relationship.

**Tier 1 capital (T1)**

Comprised of Common Equity Tier 1 capital (CET1) plus additional Tier 1 capital (AT1).

**Tier 1 ratio**

Ratio of the bank's Tier 1 capital to its total risk-weighted assets (RWA).

**Tier 2 capital (T2)**

Principally comprised of eligible subordinated liabilities and any excesses of write-downs for anticipated losses (excess reserves) for loan positions risk-weighted following the IRB approach.

**Time value**

Change in the financial value of an instrument in relation to the different time horizon at which given cash flows become available or fall due.

**Total Capital Ratio**

Ratio of "own funds" to total risk-weighted assets (RWA).

**Trading book**

The portion of a bank's securities or financial instruments in general that is held for trading purposes.

**Underlying instrument**

Financial instrument that determines the value of a derivative instrument or structured security.

**Unemployment rate**

The percentage of workers, or rather of the workforce, which is not able to find a job.

**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.

#### **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.

#### **World Bank**

Bank which contributes to the development of emerging countries as one of its principal objectives.

#### **World Intellectual Capital Initiative (WICI)**

A global network which aims to establish a new and broader conceptual framework for Business Reporting that is able to provide more satisfactory and exhaustive reporting than traditional financial information on the various different dimensions of corporate performance, including with respect to intangibles, and to provide a wider platform for non-financial information (Key Performance Indicators) that enables one to measure the capacity of companies to create value sustainably over time.

#### **Write-back**

Restoring (writing back) the value of assets items that were written down in prior financial years.

#### **Write-down**

The writing down of assets items in financial statements (to a lower value).





12. Contact us

# Fideuram, Sanpaolo Invest and Intesa Sanpaolo Private Banking Branches and Personal Financial Advisers' Offices

## FIDEURAM BRANCHES

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## INTESA SANPAOLO PRIVATE BANKING PERSONAL FINANCIAL ADVISERS' OFFICES

Bari - Salò - Genoa - Parma

(at 31 December 2015)

## Fideuram in a click

Fideuram's Mobile Banking provides access to banking services and information at any time of the day or night.



The dedicated **"Fideuram"** iPhone or iPad app can be downloaded free of charge from the **App Store / iTunes** and from **Google Play** for devices that use the Android operating system. Customers using smartphones with other operating systems can simply enter [www.fideuram.it](http://www.fideuram.it) in their browser app to be transferred to the mobile site automatically.

### Contact details

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Integrated Annual Report Project:  
**Administration and Reporting**

Images:  
**Customer Marketing**

Communications, Graphic Design and Development:



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## The Intesa Sanpaolo skyscraper. Innovation and reinvention in the Bank and the city.

Designed to bring together the central offices and the main management departments of the Bank in a single location, the Intesa Sanpaolo skyscraper is a new meeting point in the city of Turin. Built in a strategic position, at the edge of the city centre in a high traffic area, the building is an original example of "relational architecture". Designed by Renzo Piano Building Workshop and constructed by the most qualified Italian companies at the global level, the skyscraper embodies the values of growth, architectural innovation, social and environmental sustainability and integration between workspaces and areas open to the public. The base and the top of the building have areas that can be accessed by the public, such as the Auditorium and the bioclimatic greenhouse with a restaurant, an exhibition room and a panoramic café. These spaces make the skyscraper a public attraction, contribute to integrating the building in the social fabric of the city, and consolidate the historic bond between the Bank and the territory, which has been innovating and reinventing itself since 1563.



- 166.26 m high
- 7,000 m<sup>2</sup> basement surface area
- 38 floors above ground (27 devoted to offices)
- 1,600 m<sup>2</sup> photovoltaic panels
- 15,000 m<sup>3</sup> greenhouse
- 175 new trees to redevelop the "Grosa" public garden
- 364 seats in the multi-purpose Auditorium
- 49 children cared for in the company crèche
- 500 workers and technicians employed to construct the tower
- 30 specialist studios involved in the planning phases
- 35 young graduates involved at the worksite



### ENVIRONMENTAL CERTIFICATION

Thanks also to the "double skin" facade, the use of geothermal energy and the LED lighting system, the skyscraper manages, controls and optimises its overall energy consumption. For this reason it was the first tall building in Europe to be awarded LEED (Leadership in Energy & Environmental Design) Platinum, the highest level of certification awarded by the Green Building Council, the most authoritative international body for the environmental assessment of buildings.



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