FIDEURAM
INTESA SANPAOLO PRIVATE BANKING

Interim Report at 30 September 2016

Bank of INTESA SANPAOLO

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**.

Contents

Introduction

The Consolidated Interim Report of the Fideuram – Intesa Sanpaolo Private Banking Group at 30 September 2016 has been prepared in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by the European Commission.
The Consolidated Interim Report comprises 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), accompanied by explanatory notes on the Group's performance.

2016 is the first financial year to see the Fideuram Group operating at full capacity in the new corporate configuration established last year, and therefore gaining all the benefits 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 Group company transactions completed with effect from 30 June 2015 were as follows:

- Purchase of Intesa Sanpaolo Holding International's 100% equity interest in Intesa Sanpaolo Private Bank (Suisse).
- Purchase and transfer of Intesa Sanpaolo Private Banking's Governance Division.
- Purchase and transfer of Intesa Sanpaolo's 100% equity interest in Intesa Sanpaolo Private Banking.
- Purchase and transfer of Intesa Sanpaolo's 100% equity interest in Sirefid.

Any analysis of the financial and transaction data for the first nine months of 2016 compared with the corresponding data for 2015 would be heavily skewed by the impact of these company transactions. The transaction and financial data presented in the notes to the financial statements have therefore been restated where necessary to reflect the effects of the changes in the scope of consolidation appropriately so that straight comparisons can be made.
The restated statements were prepared making the adjustments to the historical data required to reflect retrospectively the changes in the scope of consolidation that became effective as of 30 June 2015 as if the company transactions concerned had become effective as of 1 January 2015, without however changing the net profit stated in the official financial statements published in the Interim Report at 30 September 2015. In particular, the reclassified income statement for the first nine months of 2015 includes the newly-consolidated companies' contributions to the Group results, but the net profit of the three newly-consolidated companies for the first half of 2015 (€153m) has been recognised under net profit attributable to non-controlling interests.

The balance sheet and income statement at 30 September 2016 referred to in the explanatory notes are a reclassified condensed balance sheet and reclassified condensed 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 financial statements. Detailed information on the restatements and reclassifications is presented in specific reconciliation statements provided in the schedules accompanying this Report.

Group structure

FIDEURAM
INTESA SANPAOLO PRIVATE BANKING

United Kingdom

Branch of
INTESA SANPAOLO PRIVATE BANKING

Luxembourg

FIDEURAM BANK LUXEMBOURG 100%

Ireland

FIDEURAM ASSET MANAGEMENT IRELAND 100%

France

FINANCIÈRE FIDEURAM 99.99%

Italy

FIDEURAM
INTESA SANPAOLO PRIVATE BANKING

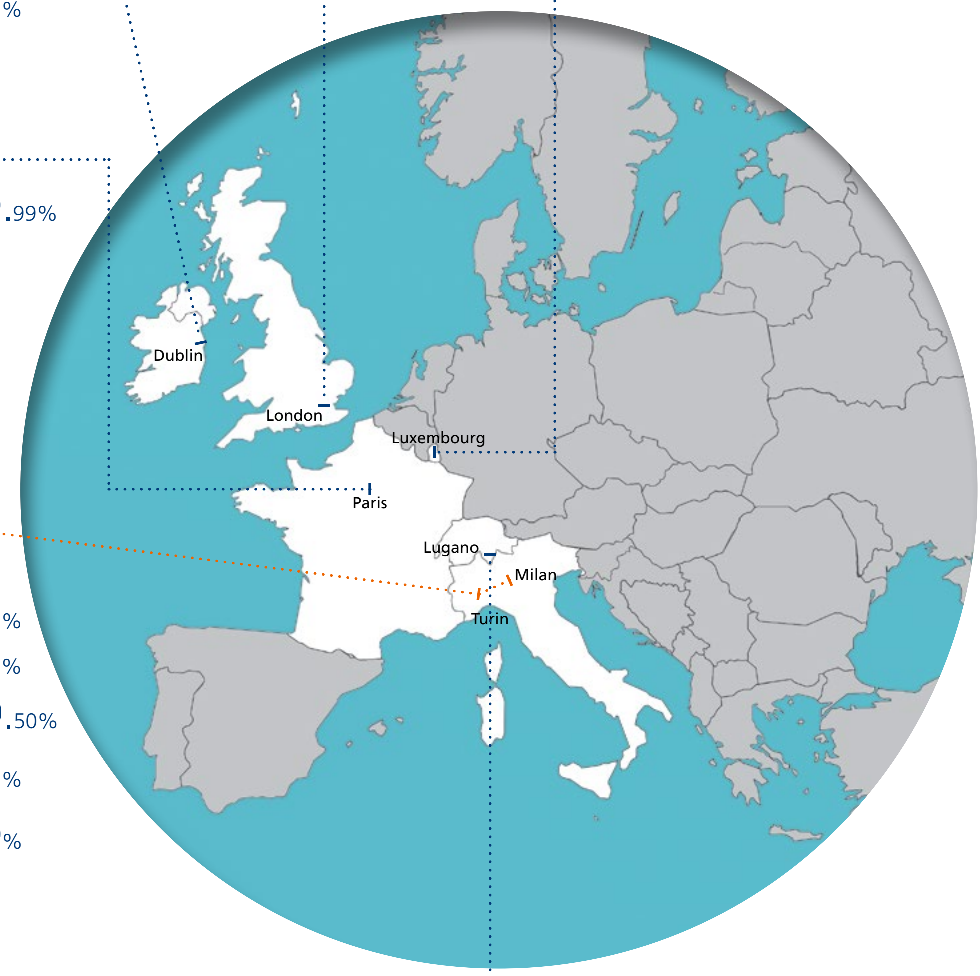
INTESA SANPAOLO PRIVATE BANKING 100%

SANPAOLO INVEST 100%

FIDEURAM INVESTIMENTI 99.50%

SIREFID 100%

FIDEURAM FIDUCIARIA 100%



Switzerland

INTESA SANPAOLO PRIVATE BANK SUISSE 100%

Company Officers

Shareholders' Meeting

Board of Directors

Chairman
MATTEO COLAFRANCESCO
(Non-Executive)

Acting Deputy Chairman
GIANGIACOMO DOMENICO LUIGI NARDOZZI TONIELLI
(Independent Non-Executive)

Deputy Chairman
FRANCA CIRRI FIGNAGNANI
(Independent Non-Executive)

Managing Director
PAOLO MOLESINI

Directors
CLAUDIA DE BENEDETTI
(Independent Non-Executive)

CESARE DOSI
(Independent Non-Executive)

OSCAR GIANNONI
(Independent Non-Executive)

CESARE IMBRIANI
(Independent Non-Executive)

PIERO LUONGO
(Non-Executive)

GIUSEPPE RUSSO
(Independent Non-Executive)

Secretary to the Board of Directors
FILIPPO MAMMOLA

Internal Audit Committee

Chairman
CESARE IMBRIANI

Members
OSCAR GIANNONI

GIUSEPPE RUSSO

General Management

General Manager
PAOLO MOLESINI

Joint General Managers
ANDREA CHIOATTO

MASSIMO PIANCASTELLI

Manager responsible for the preparation of the company accounts

PAOLO BACCIGA

Board of Statutory Auditors

Chairman
CARLO GIUSEPPE ANGELINI

Statutory Auditors
MARCO ANTONIO MODESTO DELL'ACQUA

LORENZO GINISIO

Acting Auditors
ALESSANDRO COTTO

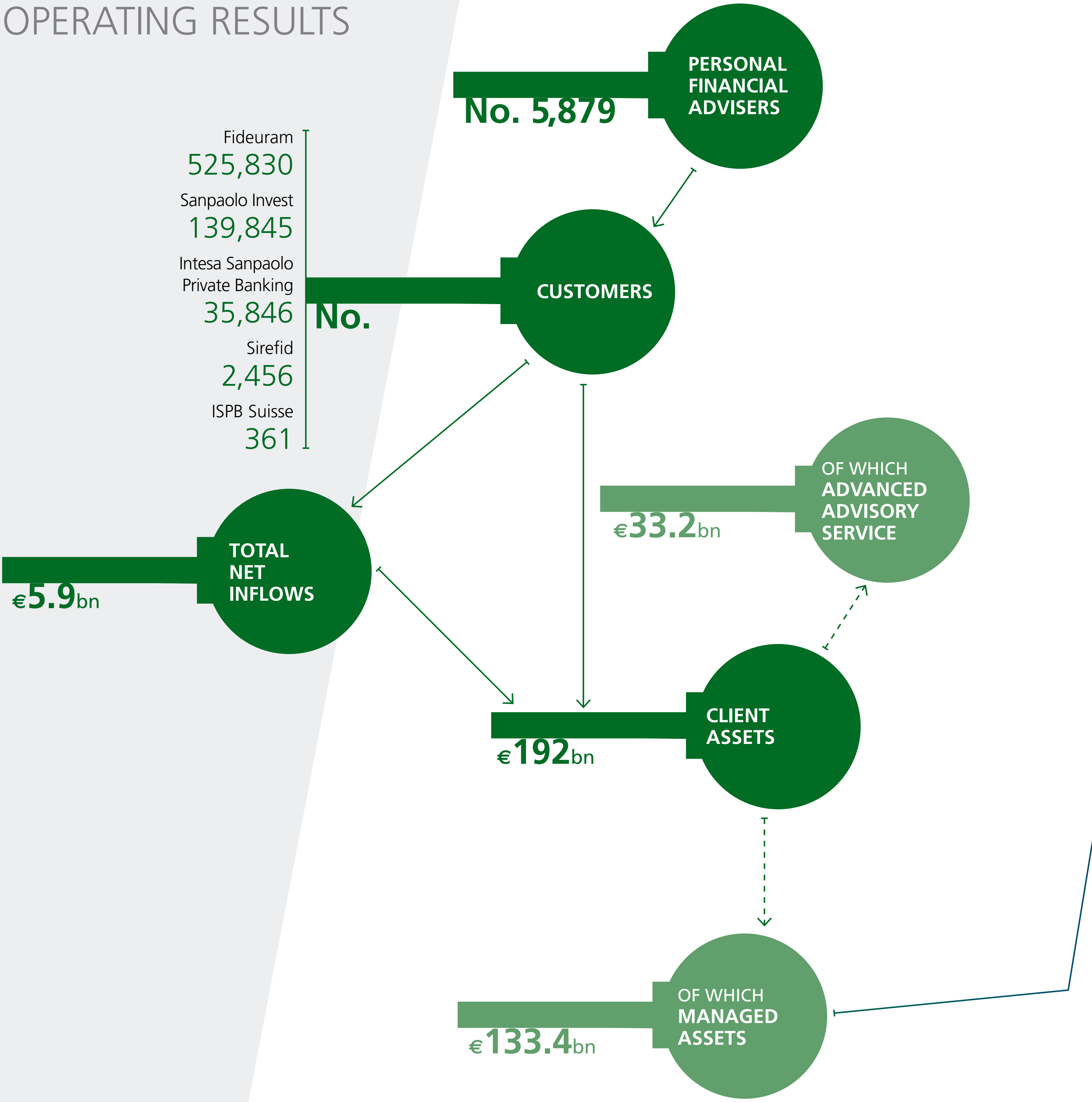
GIAN PAOLO GRIMALDI

Independent Auditors

KPMG S.p.A.

Key drivers
Key drivers of the business model

OPERATING RESULTS



FINANCIAL RESULTS (*)

NET RECURRING FEES
+1%
€1,038m

CONSOLIDATED NET PROFIT
-2%
€585m

COST / INCOME RATIO
31%
(30% at 30 September 2015)

RETURN ON EQUITY
37%
(41% at 30 September 2015)

(*) The figures for the first nine months of 2015 take the contributions of Intesa Sanpaolo Private Banking, Sirefid and Intesa Sanpaolo Private Bank (Suisse) into account as if the company transactions had become effective as of 1 January 2015.

Highlights

	30.9.2016	30.9.2015 (*)	% CHANGE
CUSTOMER FINANCIAL ASSETS			
Net inflows into managed assets (€m)	1,360	7,738	-82
Total net inflows (€m)	5,893	5,636	5
Client Assets (€m)	192,042	184,170	4
OPERATING STRUCTURE			
Personal Financial Advisers (No.)	5,879	5,874	
Staff (No.)	3,014	2,918	
- women (No.)	1,331	1,289	
- outside Italy (No.)	151	144	
Personal Financial Advisers' Offices (No.)	325	328	
Bank Branches (No.)	228	229	
CONSOLIDATED FINANCIAL RESULTS			
Consolidated net profit (€m)	585	597	-2
Group shareholders' equity (€m)	2,390	2,190	9
Basic consolidated net earnings per share (€)	0.390	0.398	-2
Consolidated pay-out ratio (%)	75.1	72.7	
Fideuram pay-out ratio (%)	99.7	97.9	
Total assets (€m)	31,949	28,532	12
Wealth created (€m)	1,876	1,901	-1
Economic value distributed (€m)	1,844	1,823	1
PROFITABILITY INDICATORS			
Return on Equity (%)	37	41	
Return on Assets (%)	2	3	
Cost / Income ratio (%)	31	30	
Payroll costs /Operating income before net impairment (%)	17	16	
Annualised net profit / Average client assets (%)	0.4	0.4	
Economic Value Added (€m)	522	539	
Counterparty rating (Standard & Poor's)	**Long term: BBB-**	**Short term: A-3**	**Outlook: Stable**

(*) The figures take the contributions of Intesa Sanpaolo Private Banking, Sirefid and Intesa Sanpaolo Private Bank (Suisse) into account as if the company transactions had become effective as of 1 January 2015.

Glossary

Net inflows: Total subscriptions minus disinvestments.

Client Assets: Consist of:

- 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.

Personal Financial Advisers: Professionals registered in Italy's Unified Register of Financial Advisers, including Trainee Financial Advisers.

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

Consolidated net profit per share: Ratio of consolidated net profit to weighted average ordinary shares outstanding.

Pay-out ratio: The ratio of the dividends that Fideuram pays its shareholder Intesa Sanpaolo to net profit (separate and consolidated) at year end.

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

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

Cost / Income ratio: The ratio of administrative expenses plus depreciation and amortisation to operating income before net impairment (including other income, net, and net profit on equity investments).

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

Consolidated interim report

Reclassified financial statements

Consolidated Balance Sheet

(Reclassified - €m)

	30.9.2016	31.12.2015	CHANGE	
			AMOUNT	%
ASSETS				
Cash and cash equivalents	61	60	1	2
Financial assets (other than loans and held-to-maturity investments)	4,547	4,672	(125)	-3
Held-to-maturity investments	158	297	(139)	-47
Loans and advances to banks	16,287	13,223	3,064	23
Loans and advances to customers	9,340	8,973	367	4
Hedging derivatives	1	2	(1)	-50
Equity investments	140	129	11	9
Property and equipment	38	39	(1)	-3
Intangible assets and goodwill	169	175	(6)	-3
Tax assets	182	174	8	5
Other assets	1,026	1,095	(69)	-6
TOTAL ASSETS	**31,949**	**28,839**	**3,110**	**11**
LIABILITIES				
Due to banks	2,797	3,110	(313)	-10
Due to customers	23,818	21,419	2,399	11
Financial liabilities held for trading	19	28	(9)	-32
Hedging derivatives	1,268	977	291	30
Tax liabilities	84	80	4	5
Other liabilities	1,117	917	200	22
Provisions for risks and charges	456	431	25	6
Equity attributable to owners of the parent company	2,390	1,877	513	27
TOTAL LIABILITIES	**31,949**	**28,839**	**3,110**	**11**

Consolidated Income Statement

(Reclassified - €m)

	9 MONTHS 2016	9 MONTHS 2015	CHANGE	
			AMOUNT	%
Net interest income	121	139	(18)	-13
Net profit (loss) on financial assets and liabilities	29	18	11	61
Net fee and commission income	1,140	1,123	17	2
OPERATING INCOME BEFORE NET IMPAIRMENT	**1,290**	**1,280**	**10**	**1**
Net impairment	(3)	-	(3)	n.s.
OPERATING INCOME	**1,287**	**1,280**	**7**	**1**
Personnel expenses	(213)	(210)	(3)	1
Other administrative expenses	(179)	(164)	(15)	9
Depreciation and amortisation	(11)	(12)	1	-8
OPERATING EXPENSES	**(403)**	**(386)**	**(17)**	**4**
Net provisions for risks and charges	(40)	(22)	(18)	82
Profit (loss) on equity investments	9	9	-	-
Other income (expense)	(1)	(5)	4	-80
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	**852**	**876**	**(24)**	**-3**
Income taxes	(245)	(261)	16	-6
Net profit (loss) attributable to non-controlling interests	-	(153)	153	-100
NET PROFIT BEFORE NON-RECURRING ITEMS	**607**	**462**	**145**	**31**
Non-recurring income (expenses) net of tax	(22)	(17)	(5)	29
NET PROFIT	**585**	**445**	**140**	**31**

n.s.: not significant

Quarterly Consolidated Balance Sheet

(Reclassified - €m)

	30.9.2016	30.6.2016	31.3.2016	31.12.2015	30.9.2015	30.6.2015	31.3.2015 (*)
ASSETS							
Cash and cash equivalents	61	349	49	60	242	45	43
Financial assets (other than loans and held-to-maturity investments)	4,547	4,775	4,463	4,672	4,407	4,419	4,348
Held-to-maturity investments	158	158	198	297	316	328	331
Loans and advances to banks	16,287	15,459	14,274	13,223	13,663	13,085	13,437
Loans and advances to customers	9,340	9,819	9,825	8,973	8,439	8,136	7,877
Hedging derivatives	1	-	-	2	2	6	-
Equity investments	140	137	133	129	127	122	128
Property and equipment	38	38	39	39	38	37	37
Intangible assets and goodwill	169	170	171	175	168	164	164
Tax assets	182	187	189	174	186	194	185
Other assets	1,026	1,046	1,015	1,095	944	926	1,028
TOTAL ASSETS	**31,949**	**32,138**	**30,356**	**28,839**	**28,532**	**27,462**	**27,578**
LIABILITIES							
Due to banks	2,797	2,904	3,201	3,110	3,221	3,451	3,794
Due to customers	23,818	24,252	22,300	21,419	20,591	19,562	18,813
Financial liabilities held for trading	19	45	52	28	16	30	49
Hedging derivatives	1,268	1,242	1,152	977	1,015	955	1,274
Tax liabilities	84	60	85	80	118	95	91
Other liabilities	1,117	1,005	1,099	917	963	981	1,236
Provisions for risks and charges	456	442	453	431	418	408	424
Equity attributable to non-controlling interests	-	-	-	-	-	-	550
Equity attributable to owners of the parent company	2,390	2,188	2,014	1,877	2,190	1,980	1,347
TOTAL LIABILITIES	**31,949**	**32,138**	**30,356**	**28,839**	**28,532**	**27,462**	**27,578**

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

Quarterly Consolidated Income Statements

(Reclassified - €m)

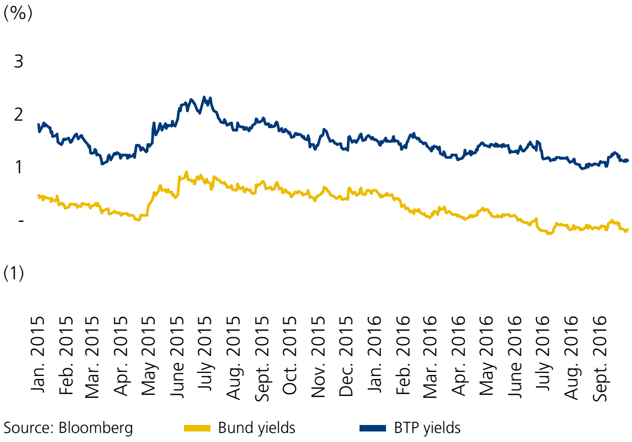
	2016			2015			
	Q3	**Q2**	**Q1**	**Q4**	**Q3**	**Q2 (*)**	**Q1 (*)**
Net interest income	40	39	42	48	49	46	44
Net profit (loss) on financial assets and liabilities	9	-	20	2	2	6	10
Net fee and commission income	369	387	384	344	348	411	364
OPERATING INCOME BEFORE NET IMPAIRMENT	**418**	**426**	**446**	**394**	**399**	**463**	**418**
Net impairment	(1)	(1)	(1)	-	-	2	(2)
OPERATING INCOME	**417**	**425**	**445**	**394**	**399**	**465**	**416**
Personnel expenses	(72)	(71)	(70)	(79)	(69)	(73)	(68)
Other administrative expenses	(64)	(61)	(54)	(67)	(55)	(55)	(54)
Depreciation and amortisation	(3)	(4)	(4)	(4)	(4)	(4)	(4)
OPERATING EXPENSES	**(139)**	**(136)**	**(128)**	**(150)**	**(128)**	**(132)**	**(126)**
Net provisions for risks and charges	(11)	(14)	(15)	(14)	(10)	(4)	(8)
Profit (loss) on equity investments	1	5	3	-	3	2	4
Other income (expense)	-	(1)	-	(1)	-	(4)	(1)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	**268**	**279**	**305**	**229**	**264**	**327**	**285**
Income taxes	(80)	(79)	(86)	(69)	(77)	(99)	(85)
Net profit (loss) attributable to non-controlling interests	-	-	-	-	-	(78)	(75)
NET PROFIT BEFORE NON-RECURRING ITEMS	**188**	**200**	**219**	**160**	**187**	**150**	**125**
Non-recurring income (expenses) net of tax	(6)	(10)	(6)	(11)	(5)	(12)	-
NET PROFIT	**182**	**190**	**213**	**149**	**182**	**138**	**125**

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

The economic scenario

The third quarter of 2016 saw the markets focus principally on the repercussions of the unexpected outcome of the 23 June referendum that saw the United Kingdom vote to leave the European Union. Following the immediate negative shock, the markets recovered quite quickly over the summer with the exception of the UK currency, which remained weak and depreciated further in early October. The recovery in the markets was helped by the Brexit vote not having a significant impact on the UK and euro area economies. The initial post-referendum data showed a strong negative effect on business and household confidence in the United Kingdom, but both had already recovered completely by August, partly due to the considerable political uncertainty of the immediate post-referendum period subsiding. Indeed, not only was there no evidence of a Brexit-induced slowdown, but global economic growth accelerated in the third quarter thanks to a recovery in the U.S.A. after a disappointing first half. Following this reassessment of the risks of Brexit, in the latter part of the summer the markets returned their focus to the central banks' decisions in two main areas in particular: the timing of the next interest rate rise in the U.S.A., which the Federal Reserve had postponed at the July and September meetings of the Federal Open Market Committee (FOMC), and how the European Central Bank and Bank of Japan would continue their expansionary policies despite hitting the limits of their Quantitative Easing programmes (such as the shortage of securities to purchase at their current level).

10-year Bund and BTP yields



Source: Bloomberg

This saw the Bank of Japan decide, at its 20-21 September meeting, to switch from an asset purchase policy (buying Government securities) to a decidedly more varied strategy centred on controlling the yield curve.

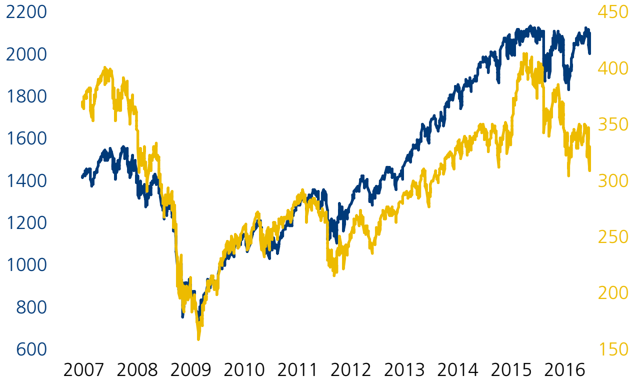
In the **U.S.A.**, GDP growth, which had been fairly anaemic in the first half, accelerated thanks to the strong negative contribution of stocks tapering off and steady consumer spending. Employment growth remained robust even during the summer, and unemployment continued to be stable at around 5%. Inflation began rising as the base effect of falling oil prices wore off, while wages continued to gradually rise.

In the **euro area**, growth continued into the third quarter at similar levels to the second thanks to continuing robust consumer spending. The most significant aspect was the lack of any significant repercussions of the Brexit vote, at least in the short term. Business confidence in particular was only down slightly in September from the prevalent level prior to the referendum. Inflation, which was still in negative territory in the second quarter, rose slightly in the summer months as the base effect of falling oil prices wore off. Against this backdrop, the European Central Bank held a steady course after the expansionary measures announced in March, although considering new ways of extending its Quantitative Easing programme.

In **Asia**, growth continued to be lacklustre. The situation in China stabilised after the tensions at the beginning of the year, principally related to the exchange rate and capital outflows, with growth holding up although it was fairly volatile during the summer. In Japan, growth continued to be fairly modest and inflation decelerated, taking it further from the Bank of Japan's target. The central bank changed monetary policy strategy at its September meeting, shifting from asset purchases to yield-curve control, but did not adopt any new expansionary measures. The additional fiscal package launched in early August was, however, substantial, at least on paper.

In line with the generally favourable macroeconomic data, stock market performance was positive in the third quarter and particularly strong in the emerging markets, with the MSCI index in dollars up 8.3%, buoyed by the gradual nature of the Federal Reserve's actions, the stabilisation in China following the tensions at the beginning of the year and the signs of recovery in several of the area's economies. The performance of the advanced markets saw the Japanese stock exchange gain 6% (Topix index), while the euro area and U.S.A. were up 3.9% (DJ STOXX 600 index) and 3.3% (S&P 500 index) respectively. Government ten-year bond yields were unchanged at period-end (in the case of the Bund) or not far off it (U.S.A. Treasuries were up by just over 10 basis points) compared with the beginning of the quarter.

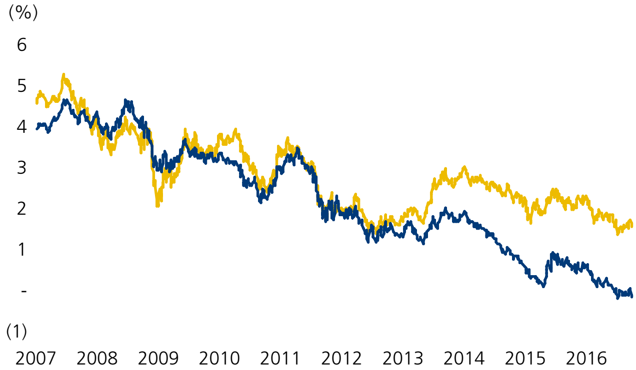
Share markets performance



Source: Bloomberg

Bond markets performance

(10-year government bond yields)



Source: Bloomberg

Overview of consolidated results

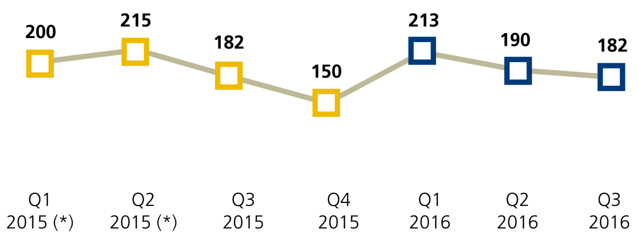
The Fideuram – Intesa Sanpaolo Private Banking Group ended the first nine months of 2016 with consolidated net profit of €585m, down €12m (-2%) from with the figure for the first nine months of 2015 for the new scope of consolidation (which includes the contributions of the newly-acquired companies as if the related company transactions had become effective as of 1 January 2015). The Wealth created by the Group's business totalled €1.9bn at 30 September 2016, down €25m compared with the same period last year. The return on equity (R.O.E.) was 37%.
Analysis of the main income-statement items shows that notwithstanding the persistent volatility of the financial markets in the first nine months of 2016, the Group's results continued to be stable. Net fee and commission income were up slightly compared with the first nine months of last year (+2%), while the financial margin decreased 4%, impacted by the sharp fall in interest rates. Operating expenses net of the Group's contribution to the Single Resolution Fund remained largely unchanged compared with the corresponding period in 2015 (+1%), despite the Group increasing the provision for risks by around €18m. The Group's Cost/Income Ratio was 31%, up slightly from 30% in the first nine months of 2015.

The quarterly trend of consolidated net profit for the new scope of consolidation, obtained restating net profit for the first two quarters of last year so as to include the contributions of the newly-consolidated companies acquired with effect from 30 June 2015, shows the stability of the Group's performance in the third quarter of 2016, with profit in line with the third quarter of last year notwithstanding the still-volatile market scenario.

At 30 September 2016, the number of Personal Financial Advisers in the Group's networks totalled 5,879, compared with 5,846 at 31 December and 5,874 at 30 September 2015. Total Group staff came to 3,014, up from 2,928 at 31 December 2015 as a result of the growth of our distribution and sales networks. Bank branches totalled 228 and Personal Financial Advisers' offices totalled 325.

Consolidated net profit including newly-consolidated companies

(€m)



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

Business model

Fideuram – Intesa Sanpaolo Private Banking is the number one Private Bank in Italy and among the largest in the euro area with more than €192bn client assets. Since 30 June 2015, it has directed 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 is principally focused on the Private Banking and High Net Worth Individual customer segments, and our products and services are provided through approximately 6,000 highly-qualified professionals in three separate networks (Fideuram, Sanpaolo Invest and Intesa Sanpaolo Private Banking) with their own brand identities, service models and customer profiles.
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 three "Advanced Advisory Services" (SEI, Active and View), 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..

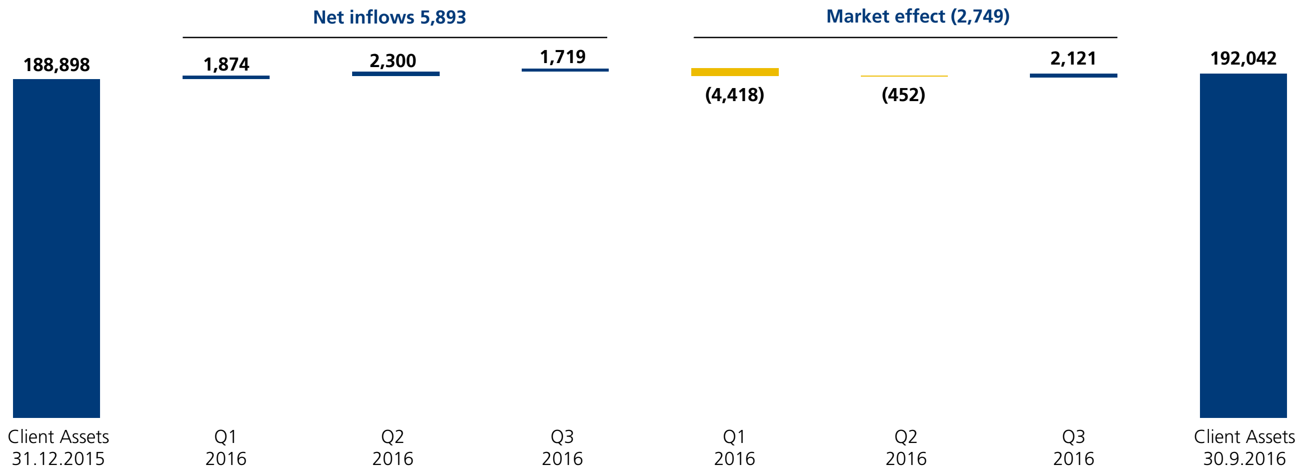
Client financial assets

Client Assets totalled €192bn at 30 September 2016, up €3.1bn from the figure at 31 December 2015 as a result of strong net inflows (+€5.9bn) that were partially offset by a decline in the market performance of the assets themselves (-€2.8bn). The uncertainty of the financial markets adversely impacted the performance of client assets in the first nine months of the year, but the Group was able to contain the negative effect thanks to excellent net inflows, which continued to be positive in every quarter.

Analysis of the item shows that managed assets totalled €133.4bn (69% of total client assets), up €1.4bn (+1%) on the figure at 31 December 2015 principally as a result of growth in life insurance (+€2.8bn), which was partially offset by a decrease in mutual funds (-€1.5bn). Non-managed assets totalled €58.6bn, up €1.8bn on the figure at 31 December 2015.

Client Assets

(€m)



Client Assets

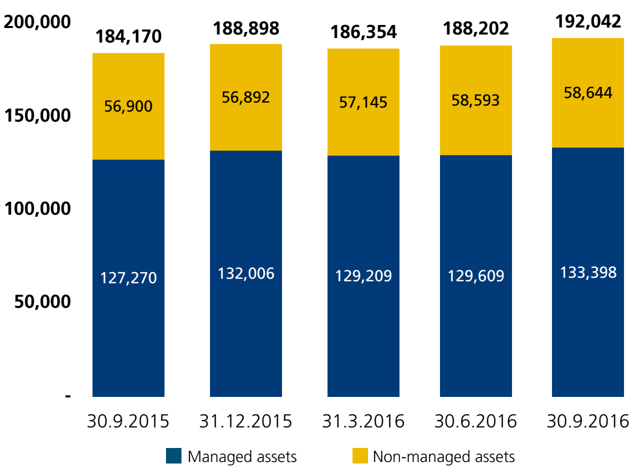
(€m)

	30.9.2016	31.12.2015	CHANGE AMOUNT	CHANGE %
Mutual funds	47,251	48,759	(1,508)	-3
Discretionary accounts	40,407	40,448	(41)	-
Life insurance	44,253	41,424	2,829	7
including: Fideuram Vita / Intesa Sanpaolo Vita unit linked	*29,089*	*26,503*	*2,586*	*10*
Pension funds	1,487	1,375	112	8
Total managed assets	**133,398**	**132,006**	**1,392**	**1**
Total non-managed assets	**58,644**	**56,892**	**1,752**	**3**
including: Securities	*38,247*	*40,243*	*(1,996)*	*-5*
Total Client Assets	**192,042**	**188,898**	**3,144**	**2**

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

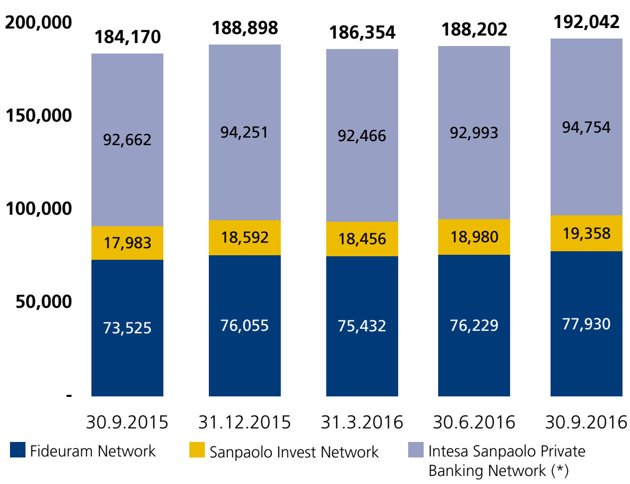
Client Assets - by type of inflows

(€m)



Client Assets - by sales network

(€m)



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

Inflows into managed and non-managed assets

The Group's distribution networks (Fideuram, Intesa Sanpaolo Private Banking and Sanpaolo Invest) brought in €5.9bn net inflows in the first nine months of 2016, up €257m (+5%) on the total for the corresponding period last year.
Analysis of the item shows that inflows into managed assets totalled €1.4bn, down €6.4bn from the figure for the same period in 2015. This was a result of the highly-volatile market conditions, which led the Group's Personal Financial Advisers to provide guidance that saw a greater percentage of client assets allocated to money market and bond instruments. Conversely, non-managed assets totalled €4.5bn, up €6.6bn from a net outflow of €2.1bn in the corresponding period of 2015, attracting customers interested in reducing the risk of their investments while waiting to reallocate them to managed asset products to benefit from the recovery in the markets. Analysis of the quarterly data shows that the trend, however, reversed in favour of managed asset products, which achieved positive net inflows in the third quarter of 2016 following two quarters of stronger inflows into non-managed assets.

Net inflows

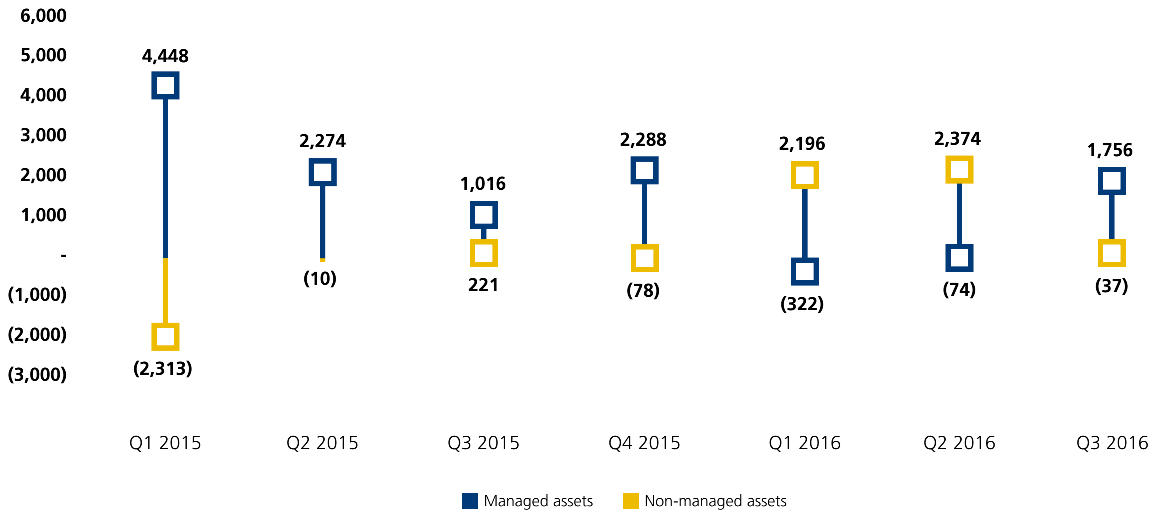
(€m)

	9 MONTHS 2016	9 MONTHS 2015	CHANGE	
			AMOUNT	%
Mutual funds	(1,599)	(2,743)	1,144	-42
Discretionary accounts	273	6,452	(6,179)	-96
Life insurance	2,603	3,949	(1,346)	-34
including: Fideuram Vita / Intesa Sanpaolo Vita unit linked	*2,565*	*3,054*	*(489)*	*-16*
Pension funds	83	80	3	4
Total managed assets	**1,360**	**7,738**	**(6,378)**	**-82**
Total non-managed assets	**4,533**	**(2,102)**	**6,635**	**n.s.**
including: Securities	*803*	*(3,664)*	*4,467*	*n.s.*
Total Net inflows	**5,893**	**5,636**	**257**	**5**

n.s.: not significant

Net inflows (*)

(€m)



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

Customer segmentation

CLIENT ASSETS at 30 September 2016

- Fideuram: €77,930m
- Sanpaolo Invest: €19,358m
- Intesa Sanpaolo Private Banking: €89,666m
- Sirefid: €4,052m
- Intesa Sanpaolo Private Bank (Suisse): €1,036m

CUSTOMERS at 30 September 2016

- Fideuram: no. 525,830
- Sanpaolo Invest: no. 139,845
- Intesa Sanpaolo Private Banking: no. 35,846 (*)
- Sirefid (fiduciary mandates): no. 2,456
- Intesa Sanpaolo Private Bank (Suisse): no. 361

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

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 tables and graphs below analyse client assets by type of customer.

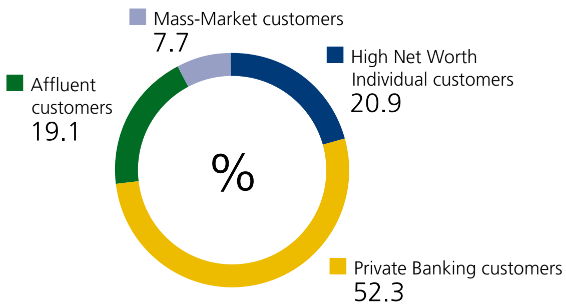
Client assets by type of customer

(€m)

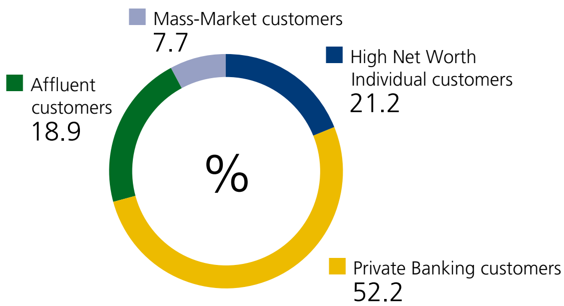
	30.9.2016	31.12.2015	CHANGE	
			AMOUNT	%
High Net Worth Individual customers	40,101	40,013	88	-
Private Banking customers	100,481	98,664	1,817	2
Affluent customers	36,733	35,730	1,003	3
Mass-Market customers	14,727	14,491	236	2
Total	**192,042**	**188,898**	**3,144**	**2**

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

30.9.2016



31.12.2015



(**) 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.

Advanced advisory services

The Fideuram Group is a leading Italian banking group in the provision of financial advisory services and in the distribution, development and management of financial services and products for private individuals.
The Group's principal distinctive strengths, emblematic of its market leadership, are founded on a business model that anchors the distribution of products and services in the professional relationships between our Personal Financial Advisers and customers. This is supported by the strength of a banking group with three renowned brands - Fideuram, Intesa Sanpaolo Private Banking and Sanpaolo Invest - and a network of 228 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.
- 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 launched a new advanced advisory service called View (Value Investment Evolution Wealth) in the first quarter of 2016. This advisory model takes all a customer's assets into consideration and supports the Personal Financial Advisers in their work of identifying each customer's specific requirements, categorised by area of need, including with the assistance of guideline customer "archetype" profiles. View provides a complete advisory service, which in addition benefits from incorporating the 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 from a global standpoint over time.

A total of approximately 68,000 customers were subscribed to our Advanced Advisory Services at the end of September 2016, accounting for approximately €33.2bn client assets.

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

Customers subscribed to Advanced Advisory Services

(number)

	30.9.2016	31.12.2015	CHANGE AMOUNT	CHANGE %
High Net Worth Individual customers	504	522	(18)	-3
Private Banking customers	15,491	14,923	568	4
Affluent customers	34,389	34,970	(581)	-2
Mass-Market customers	17,356	17,262	94	1
Total	**67,740**	**67,677**	**63**	**-**

Advanced Advisory Service client assets

(€m)

	30.9.2016	31.12.2015	CHANGE AMOUNT	CHANGE %
High Net Worth Individual customers	3,432	3,579	(147)	-4
Private Banking customers	20,193	19,250	943	5
Affluent customers	8,572	8,707	(135)	-2
Mass-Market customers	1,048	1,036	12	1
Total	**33,245**	**32,572**	**673**	**2**

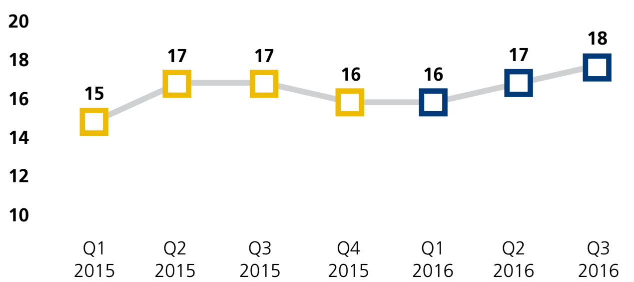
Advanced Advisory Service fee and commission income

(€m)

	9 MONTHS 2016	9 MONTHS 2015	CHANGE AMOUNT	CHANGE %
Fee and commission income	87	86	1	1
Fee and commission expense	(36)	(37)	1	-3
Net fee and commission income	**51**	**49**	**2**	**4**

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

(€m)



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

Analysis of the income statement

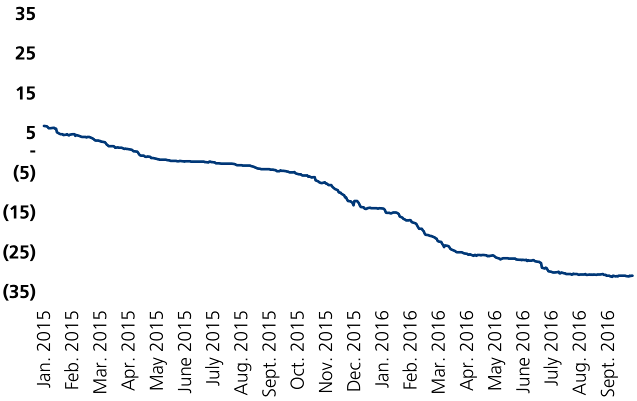
In a scenario still marked by persistent volatility of the financial markets, the Fideuram Group ended the first nine months of 2016 with consolidated net profit of €585m, up €140m (+31%) on the figure for the corresponding period last year. However, comparing net profit for the first nine months of this year with the figure for the first nine months of 2015 on a like-for-like basis, which is to say restating the latter to include the contributions of the equity investments acquired with effect from 30 June 2015 (totalling €153m), shows a decrease of €12m (-2%).

Operating income before net impairment came to €1.3bn, up €10m (+1%) on the figure for the first nine months of 2015 as a result of:

- Decreased net interest income (-€18m)
- Increased net fee and commission income (+€17m)
- Increased net profit on financial assets (+€11m).

Euribor 3 months rate

(bp)



Source: Bloomberg

Net interest income

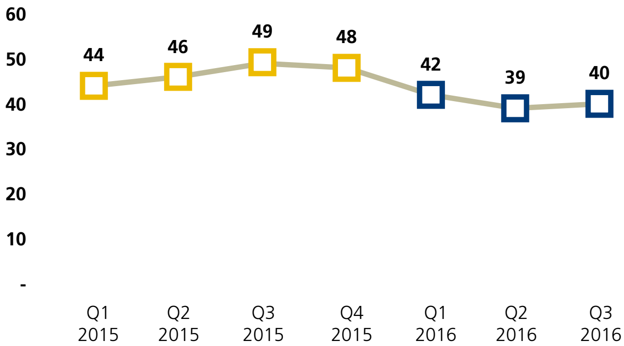
(€m)

	9 MONTHS 2016	9 MONTHS 2015	CHANGE AMOUNT	CHANGE %
Interest expense on due to customers	(29)	(55)	26	-47
Interest expense on due to banks	(18)	(23)	5	-22
Interest income on debt securities	156	154	2	1
Interest income on loans	79	124	(45)	-36
Net interest on hedging derivatives	(67)	(61)	(6)	10
Total	**121**	**139**	**(18)**	**-13**

Net interest income totalled €121m, down €18m (-13%) from the corresponding period last year, in line with falling reference interest rates, which principally impacted interest-bearing assets as a result of the natural anelasticity of customer deposits. The quarterly trend was however positive in the third quarter of 2016 (+€1m) as a result of the stability of Euribor rates and the lower average interest cost of bank deposits in the period.

Quarterly net interest income

(€m)



Net profit (loss) on financial assets and liabilities

(€m)

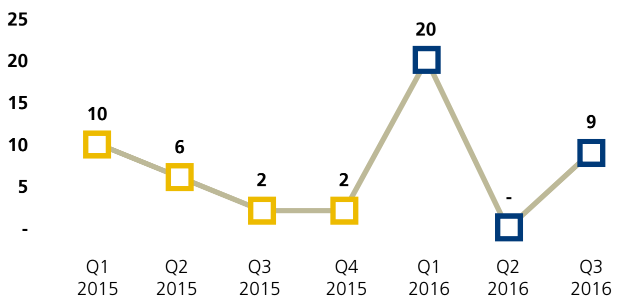
	9 MONTHS 2016	9 MONTHS 2015	CHANGE AMOUNT	CHANGE %
Net profit (loss) on sale of loans and financial assets	22	12	10	83
Net profit (loss) on trading activities	6	6	-	-
Net profit (loss) on hedging derivatives	1	-	1	n.s.
Total	**29**	**18**	**11**	**61**

n.s.: not significant

Net profit on financial assets and liabilities came to €29m, up €11m from the figure for the first nine months of 2015 (+61%).
Analysis of the item shows that net profit on sale of financial assets (€22m) increased €10m from the figure for the corresponding period last year due to increased sales of investment securities. Net profit on trading activities came to €6m, remaining in line with the figure for the corresponding period last year. Net profit on hedging derivatives, resulting from the ineffective hedging of interest-rate derivatives, increased €1m principally due to a narrowing of the Euribor-Eonia spread used for the valuation of the hedges.

Quarterly net profit (loss) on financial assets and liabilities

(€m)



Fee and commission income

(€m)

	9 MONTHS 2016	9 MONTHS 2015	CHANGE AMOUNT	CHANGE %
Fee and commission income	1,613	1,661	(48)	-3
Fee and commission expense	(473)	(538)	65	-12
Net fee and commission income	**1,140**	**1,123**	**17**	**2**

Net fee and commission income totalled €1.1bn, up slightly (+€17m) on the figure for the first nine months of 2015. Fee and commission income decreased €48m from the figure for the corresponding period last year, largely due to decreased front-end fee income on managed asset products (-€30m) and to the fact that no performance fees were charged in the period.

Net recurring fees

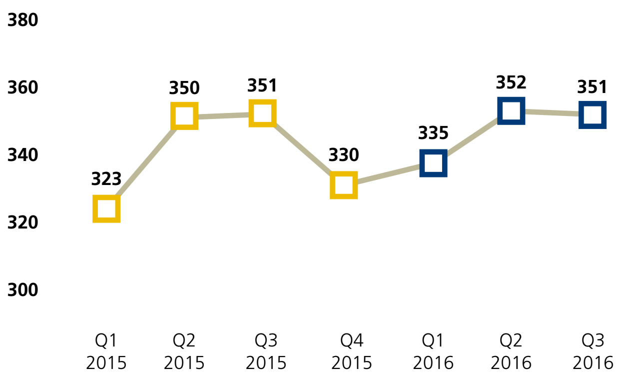
(€m)

	Q1	Q2	Q3	TOTAL
2016	335	352	351	1,038
2015	323	350	351	1,024
Change	**12**	**2**	**-**	**14**

Net recurring fees totalled €1bn, up €14m (+1%) on the figure for the first nine months of the previous financial year notwithstanding the uncertainties in the financial markets and a slight decrease in average managed assets, which fell from €130.1bn at 30 September 2015 to approximately €129.9bn at the end of September 2016. Net recurring fees held up largely due to improved profitability resulting from a shift in the asset product mix, principally towards unit-linked policies and discretionary accounts. Fee and commission income also benefited from the positive contribution of client assets connected with our Advanced Advisory Services, which generated net fee and commission income of €51m compared with €49m in the first nine months of 2015 (+4%).

Quarterly net recurring fees

(€m)



Performance fees were not charged in the first nine months of 2016, whereas they totalled €13m in the corresponding period last year, when they were largely due to the solid performance of certain funds underlying the unit-linked policies distributed by the Group.
The Group calculates the performance fees on its internal insurance funds on a daily accrual basis in relation to the performance of the fund, applying a High Water Mark clause that means performance fees are only charged when the value of the fund rises above the highest value reached on the previous dates when performance fees were charged. The net performance fees on the Group's mutual funds 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 are charged annually, except when the client decides to close the account early.

Net front-end fees

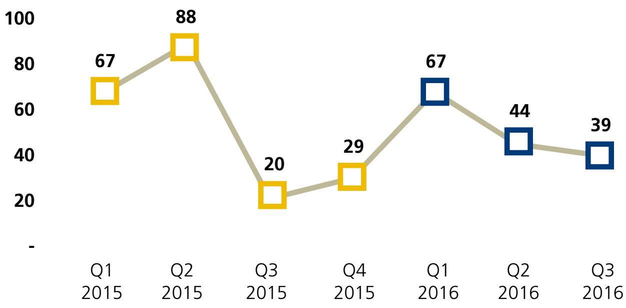
(€m)

	Q1	Q2	Q3	TOTAL
2016	67	44	39	150
2015	67	88	20	175
Change	**-**	**(44)**	**19**	**(25)**

Net front-end fees came to €150m, down €25m (-14%) from the figure for the first nine months of last year as a result of lower income from managed asset product sales and brokerage fees. During the period, the Group's Networks also distributed a number of bond loans and certificates issued by Intesa Sanpaolo, Banca IMI and other entities outside the Group, in addition to Italian government bonds, that brought in approximately €3.6bn gross inflows compared with €2.9bn in the first nine months of 2015.

Quarterly net front-end fees

(€m)



Other commission expense: incentives and other

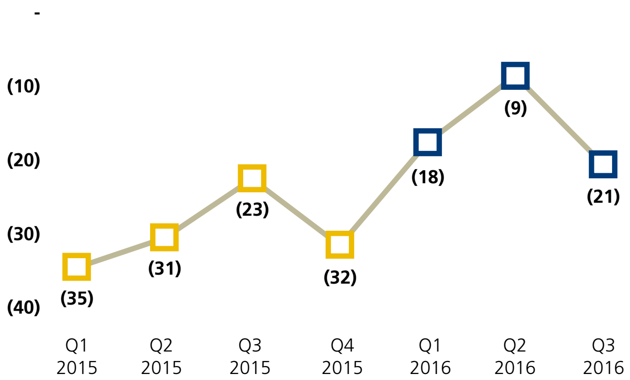
(€m)

	Q1	Q2	Q3	TOTAL
2016	(18)	(9)	(21)	(48)
2015	(35)	(31)	(23)	(89)
Change	**17**	**22**	**2**	**41**

Commission expense for incentives and others totalled €48m, down sharply compared with the first nine months of 2015 (-€41m) due to a decrease in incentive payments to and provisions set aside for the Sales Networks as a result of lower inflows into managed assets and to a change in the amortisation period for incentives paid to the Networks, with the latter having an impact of approximately €27m. This change was brought in at the end of June 2016 to ensure a closer correlation between the bonuses paid to the Financial Adviser Networks (Fideuram and Sanpaolo Invest) and the commission income generated by customer investments, taking into account the increase in the average investment period of client assets in the portfolio in particular, which has grown steadily in recent years. The Group's sales policies foster stable customer relationships and improve the sustainability of income over time. Growth in the average investment period of client assets is a clear indicator of strong customer satisfaction in investors who feel confident tackling the current uncertainties in the financial markets with the support of their Personal Financial Advisers.

Quarterly commission expense for incentives and other

(€m)



Net impairment came to -€3m, principally due to loan impairment.

Operating expenses

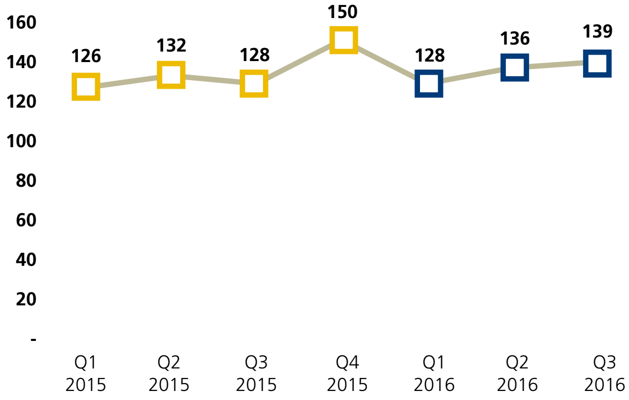
(€m)

	9 MONTHS 2016	9 MONTHS 2015	CHANGE AMOUNT	CHANGE %
Personnel expenses	213	210	3	1
Other administrative expenses	179	164	15	9
Depreciation and amortisation	11	12	(1)	-8
Total	**403**	**386**	**17**	**4**

Operating expenses came to €403m, up €17m (+4%) on the figure for the first nine months of last year.
Analysis of the item shows that personnel expenses, which totalled €213m, were up €3m on the figure for the corresponding period in 2015, with the increased cost of fixed components related to the quantitative and qualitative consolidation of our personnel (+96 staff) and the provision for seniority bonuses being partially offset by decreased provisions for the variable component of remuneration.
Other administrative expenses totalled €179m, up €15m compared with the corresponding period last year, principally as a result of the expenses of the Group's contributions to the Single Resolution Fund and Deposit Guarantee Scheme (€14m). Depreciation and amortisation totalled €11m, down €1m from the figure for the first nine months of 2015.

Quarterly operating expenses

(€m)



Net provisions for risks and charges

(€m)

	9 MONTHS 2016	9 MONTHS 2015	CHANGE AMOUNT	%
Personal Financial Advisers' termination indemnities and incentives	29	4	25	n.s.
Litigation, securities in default and complaints	6	10	(4)	-40
Network Loyalty Schemes	5	2	3	150
Other	-	6	(6)	-100
Total	**40**	**22**	**18**	**82**

Net provisions for risks and charges came to €40m, up €18m from the figure for the corresponding period last year. Analysis of the item shows that the provision for the termination of Personal Financial Adviser agency agreements increased substantially to €29m, largely due to the discounting of the long-term liability in the first nine months of 2016, which had a strong impact on the expense recorded in the income statement as a result of the sharp falls in market rates in the period. The provision for litigation, securities in default and complaints totalled €6m, down €4m compared with the corresponding period last year as a result of the lower overall risk of the new litigation initiated in the period and of a number of cases having been concluded with lower expenses than estimated. The provisions set aside for the Network Loyalty Schemes totalled €5m, up €3m from the corresponding period last year, principally due to the aforementioned impact of market rates on the discounting of the liability, which led to an increase in the expense recorded in the income statement. The item Other provisions was zero in the first nine months of 2016, a €6m improvement compared with the corresponding period last year, when it was made up entirely of the estimated expenses of our contributions to the Deposit Guarantee Scheme (DGS) introduced by Directive 2014/49/EU and to the Single Resolution Fund introduced by Directive 2014/59/EU of the European Parliament and of the Council.

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 in line with the figure for the first nine months of last year.

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, improved to a negative balance of -€1m in the first nine months of 2016 compared with a negative balance of -€5m in the corresponding period of 2015, when it was largely made up of customer compensation expenses.

Income taxes, for which €245m was set aside in the period, were down €16m from the figure for the first nine months of 2015 as a result of decreased profit before tax in the period. The tax rate was 29% (compared with 30% in the corresponding period last financial year).

Non-recurring income and expenses net of tax, which include income and expenses that are not ordinary operating expenses, came to €22m (compared with €17m in the first nine months of 2015), principally due to the expenses incurred integrating Intesa Sanpaolo Private Banking, Intesa Sanpaolo Private Bank (Suisse) and Sirefid in the Fideuram Group.

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.

Each segment is analysed using data that show its contribution to Group income after consolidation adjustments.

Business segmentation at 30 September 2016

(€m)

	MANAGED FINANCIAL ASSETS	LIFE INSURANCE ASSETS	BANKING SERVICES	TOTAL FOR FIDEURAM GROUP
Net interest income	-	-	121	121
Net profit (loss) on financial assets and liabilities	-	-	29	29
Net fee and commission income	700	323	117	1,140
Operating income before net impairment	**700**	**323**	**267**	**1,290**
Operating expenses	(197)	(53)	(153)	(403)
Other	(25)	(12)	2	(35)
Profit before tax from continuing operations	**478**	**258**	**116**	**852**
Average Client Assets	**86,383**	**43,475**	**58,171**	**188,029**
Client Assets	**87,658**	**45,740**	**58,644**	**192,042**
Key indicators				
Cost / Income Ratio	28%	16%	56%	31%
Annualised profit before tax / Average Client Assets	0.7%	0.8%	0.3%	0.6%
Annualised net fee and commission income / Average Client Assets	1.1%	1.0%	0.3%	0.8%

MANAGED FINANCIAL ASSETS SEGMENT

The Managed Financial Assets Segment covers the Group's discretionary account and mutual fund business, which totalled €87.7bn at 30 September 2016 (45% of total client assets), an increase of €625m (+0.7%) on 30 September 2015 as a result of an increase in discretionary accounts (+€1.5bn). Net inflows were negative, with a net outflow of €1.3bn, down €5bn from the figure at 30 September 2015, largely as a result of the high volatility of the financial markets in the first nine months of the year.
The segment's contribution to profit before tax from continuing operations totalled €478m, down €26m from the figure for the corresponding period of the previous financial year as a result of decreased net fee and commission income (-€10m) and increased operating expenses (+€8m) and provisions (+€8m). 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%.

Managed Financial Assets

(€m)

	30.9.2016	30.9.2015	% CHANGE
Net interest income	-	-	-
Net profit (loss) on financial assets and liabilities	-	-	-
Net fee and commission income	700	710	-1
Operating income before net impairment	**700**	**710**	**-1**
Operating expenses	(197)	(189)	4
Other	(25)	(17)	47
Profit before tax from continuing operations	**478**	**504**	**-5**
Average Client Assets	**86,383**	**90,629**	**-5**
Client Assets	**87,658**	**87,033**	**1**
Key indicators			
Cost / Income Ratio	28%	27%	
Annualised profit before tax / Average Client Assets	0.7%	0.7%	
Annualised net fee and commission income / Average Client Assets	1.1%	1.0%	

LIFE INSURANCE ASSETS SEGMENT

This segment covers the Group's life insurance and pension funds business, which totalled €45.7bn at 30 September 2016 (24% of total client assets), up €5.5bn on the figure for the corresponding period of the previous financial year principally due to strong life insurance performance (+€5.3bn). Total net inflows in the segment came to €2.7bn, a decrease of €1.3bn compared with the corresponding period in the previous financial year.
The contribution of this segment to profit before tax from continuing operations totalled €258m, up €20m on the corresponding period in the previous financial year due to increased net fee and commission income. The ratio of net fee and commission income to client assets was 1%, while the ratio of profit before tax to client assets was 0.8%.

Life Insurance Assets

(€m)

	30.9.2016	30.9.2015	% CHANGE
Net interest income	-	-	-
Net profit (loss) on financial assets and liabilities	-	-	-
Net fee and commission income	323	291	11
Operating income before net impairment	**323**	**291**	**11**
Operating expenses	(53)	(46)	15
Other	(12)	(7)	71
Profit before tax from continuing operations	**258**	**238**	**8**
Average Client Assets	**43,475**	**39,427**	**10**
Client Assets	**45,740**	**40,237**	**14**
Key indicators			
Cost / Income Ratio	16%	16%	
Annualised profit before tax / Average Client Assets	0.8%	0.8%	
Annualised net fee and commission income / Average Client Assets	1.0%	1.0%	

BANKING SERVICES SEGMENT

The Banking Services Segment covers the Group's banking and financial services, together with its central departments, holding activities and finance activities, as well as - generally speaking - the coordination and control activities for its other operating segments.
This segment includes non-managed assets, mainly securities and current accounts, which totalled €58.6bn at 30 September 2016 (31% of total client assets), up €1.7bn compared with the figure at 30 September 2015. Total net inflows came to €4.5bn, a €6.6bn improvement compared with the corresponding period in the previous financial year. The contribution of this segment to profit before tax from continuing operations was €116m. The €18m decrease in profit before tax compared with the corresponding period of the previous financial year was principally due to decreased operating income before net impairment. The ratio of net fee and commission income to client assets and of profit before tax to client assets was 0.3%.

Banking Services

(€m)

	30.9.2016	30.9.2015	% CHANGE
Net interest income	121	139	-13
Net profit (loss) on financial assets and liabilities	29	18	61
Net fee and commission income	117	122	-4
Operating income before net impairment	**267**	**279**	**-4**
Operating expenses	(153)	(151)	1
Other	2	6	-67
Profit before tax from continuing operations	**116**	**134**	**-13**
Average Client Assets	**58,171**	**57,925**	**-**
Client Assets	**58,644**	**56,900**	**3**
Key indicators			
Cost / Income Ratio	56%	52%	
Annualised profit before tax / Average Client Assets	0.3%	0.3%	
Annualised net fee and commission income / Average Client Assets	0.3%	0.3%	

Distribution of value

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 table below showing the Wealth created by the Group was prepared using the income statement figures from the Consolidated Financial Statements at 30 September 2016, reclassified in accordance with the guidelines of the Italian Banking Association (Associazione Bancaria Italiana - ABI). The Wealth created is the economic value generated in the period, which is for the most part distributed to the stakeholders with whom the Group has relations as part of its daily operations. The Value retained is the difference between the Wealth created and the Value distributed, and it is used for productive investments 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 €1.9bn at 30 September 2016, down €25m from the figure at 30 September 2015. This wealth was distributed to stakeholders as follows:

- Colleagues (employees and Personal Financial Advisers) received 37.3% of the Wealth created, amounting to a total of €701m. This included the remuneration paid to employees and the amounts set aside for and paid to the Personal Financial Adviser Networks.
- Our shareholder received 31.2% of the Wealth created, in the form of the proposed dividend, for a total of €585m.
- The government, public authorities, institutions and the community received €375m, principally in the form of direct and indirect taxes, equating to 20% of the Wealth created.
- Suppliers received 9.8% of the Wealth created, totalling €183m paid for goods and services.
- The remaining €32m was retained by the Group and regarded the following items in particular: deferred tax assets and liabilities, amortisation and depreciation, and provisions for risks and charges.

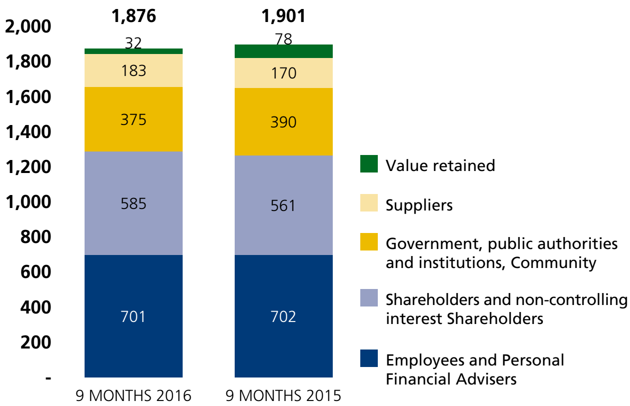
Economic value added

(€m)

	9 MONTHS 2016	9 MONTHS 2015	CHANGE	
			AMOUNT	%
Wealth created	**1,876**	**1,901**	**(25)**	**-1**
Value distributed	**(1,844)**	**(1,823)**	**(21)**	**1**
Employees and Personal Financial Advisers	(701)	(702)	1	-
Suppliers	(183)	(170)	(13)	8
Shareholders and non-controlling interest Shareholders	(585)	(561)	(24)	4
Government, public authorities and institutions, Community	(375)	(390)	15	-4
Value retained	**32**	**78**	**(46)**	**-59**

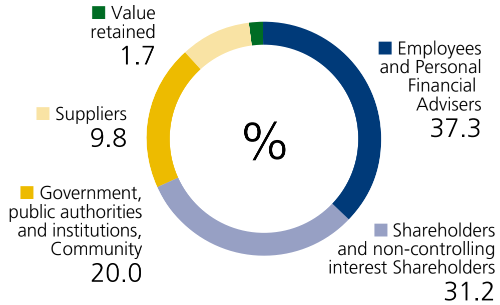
Wealth created

(€m)

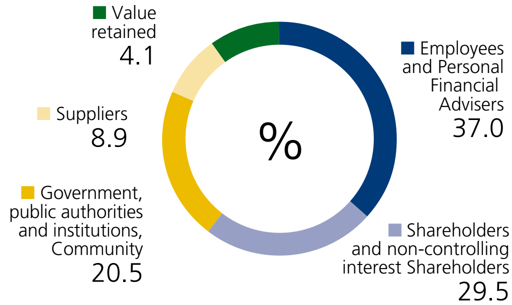


Analysis of wealth created

9 MONTHS 2016



9 MONTHS 2015



Asset and liability management

The tables below show the main balance sheet items compared with the corresponding figures at 31 December 2015.

Group **financial assets** held for treasury and investment purposes totalled €4.7bn, down €265m from the figure at the end of 2015 (-5%), due to a €134m decrease in financial assets available for sale following the sale of a number of securities in the third quarter of the year and the repayment of two bonds in the held-to-maturity portfolio (-€139m).

Financial assets

(€m)

	30.9.2016	31.12.2015	CHANGE	
			AMOUNT	%
Financial assets held for trading	35	45	(10)	-22
Financial assets designated at fair value through profit or loss	187	168	19	11
Financial assets available for sale	4,325	4,459	(134)	-3
Held-to-maturity investments	158	297	(139)	-47
Hedging derivatives	1	2	(1)	-50
Total	**4,706**	**4,971**	**(265)**	**-5**

Financial liabilities

(€m)

	30.9.2016	31.12.2015	CHANGE	
			AMOUNT	%
Financial liabilities held for trading	19	28	(9)	-32
Hedging derivatives	1,268	977	291	30
Total	**1,287**	**1,005**	**282**	**28**

Financial liabilities, consisting of derivatives, totalled €1.3bn. This item was up €282m (+28%) on the figure at 31 December 2015, principally as a result of fair value losses on the derivatives used to hedge the interest-rate risk of certain fixed-rate bonds in the portfolio. These losses were accompanied by a corresponding increase in the value of the hedged bonds.

Loans and advances to banks

(€m)

	30.9.2016	31.12.2015	CHANGE	
			AMOUNT	%
Due from Central Banks	258	107	151	141
Current account and demand deposits	4,156	4,446	(290)	-7
Term deposits	6,366	4,585	1,781	39
Other	27	14	13	93
Debt securities	5,480	4,071	1,409	35
Total	**16,287**	**13,223**	**3,064**	**23**

Loans and advances to banks came to €16.3bn, up €3.1bn on the figure at the end of 2015 (+23%), principally due to growth in investments in term deposits and debt securities issued by banks in the Intesa Sanpaolo Group. Current accounts included €2.2bn 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)

	30.9.2016	31.12.2015	CHANGE	
			AMOUNT	%
Current accounts and demand deposits	61	121	(60)	-50
Term deposits	104	25	79	n.s.
Repurchase agreements	2,619	2,957	(338)	-11
Other debts	13	7	6	86
Total	**2,797**	**3,110**	**(313)**	**-10**

n.s.: not significant

Due to banks totalled €2.8bn, down €313m (-10%) from the figure at year-end 2015, mainly due to decreased inflows from repurchase agreements. The Group continued to be a net lender on the interbank market, with net interbank deposits of €13.5bn (€16.3bn deposits and €2.8bn loans), €12.5bn of which (approximately 93% of the total) was held by companies in the Intesa Sanpaolo Group. At 31 December 2015, net interbank deposits totalled €10.1bn.

Loans and advances to customers

(€m)

	30.9.2016	31.12.2015	CHANGE	
			AMOUNT	%
Current accounts	5,173	5,078	95	2
Repurchase agreements	630	966	(336)	-35
Loans	464	380	84	22
Other	1,076	1,013	63	6
Debt securities	1,983	1,525	458	30
Impaired assets	14	11	3	27
Total	**9,340**	**8,973**	**367**	**4**

Loans and advances to customers totalled €9.3bn and mainly comprised short-term loans (repayable within 12 months or revocable loans without a specified term) and unlisted debt securities. The €367m increase on the figure at 31 December 2015 was largely due to growth in investments in debt securities and increased financing and lending business with retail customers, partially offset by decreased loans under repurchase agreements with institutional customers (-€336m).

Net problem loans totalled €14m at the end of September 2016, up €3m (+27%) on the figure at 31 December 2015. Item by item, the situation was as follows:

- Doubtful loans came to €1m, which was in line with the figure at the end of 2015.
- Debtor unlikely to pay loans totalled €7m, unchanged from 31 December 2015.
- Past due or overdue loans came to €6m, up €3m from the figure at 31 December 2015.

Due to customers

(€m)

	30.9.2016	31.12.2015	CHANGE	
			AMOUNT	%
Current accounts and demand deposits	20,601	17,097	3,504	20
Term deposits	3,113	3,634	(521)	-14
Repurchase agreements	31	566	(535)	-95
Other debts	73	122	(49)	-40
Total	**23,818**	**21,419**	**2,399**	**11**

Due to customers totalled €23.8bn, up €2.4bn (+11%) on the figure at the end of December 2015 as a result of strong growth in customer current account deposits (+€3.5bn), which was partially offset by decreased term deposits (-€521m) and repurchase agreements (-€535m).

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	-	-	18	18
Finland	-	-	31	31
France	-	-	42	42
Italy	1,708	11	1,113	2,832
Netherlands	-	-	40	40
United States	-	-	68	68
Total	**1,708**	**11**	**1,333**	**3,052**

(*) 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.

Intangible assets totalled €169m, including €140m goodwill regarding Private Banking divisions acquired by subsidiary Intesa Sanpaolo Private Banking between 2009 and 2013.

The provisions for risks and charges at 30 September 2016 were up €25m (+6%) on the figure at 31 December 2015, as shown below.

Provisions for risks and charges

(€m)

	30.9.2016	31.12.2015	CHANGE	
			AMOUNT	%
Litigation, securities in default and complaints	109	113	(4)	-4
Personnel expenses	49	54	(5)	-9
Personal Financial Advisers' termination indemnities	210	184	26	14
Network Loyalty Schemes	77	73	4	5
Other	11	7	4	57
Total	**456**	**431**	**25**	**6**

The provision for litigation, securities in default and complaints was down €4m from the figure at the end of 2015 as a result of utilisation in the first nine months of the year. The provision for the termination of Personal Financial Adviser agency agreements and the Network Loyalty Schemes was up €30m, largely as a result of additional provisions set aside in the period. The item Other funds includes €10m for the staff pension and severance fund, which increased by approximately €4m from the figure at 31 December 2015.

Shareholders' equity

Group shareholders' equity including net profit for the period totalled €2.4bn at 30 September 2016, having changed as follows:

Group Shareholders' Equity

(€m)

Shareholders' equity at 31 December 2015	**1,877**
Change in financial assets available for sale	(16)
Dividend distribution	(60)
Exchange rate differences and other changes	4
Net profit	585
Shareholders' equity at 30 September 2016	**2,390**

The €16m decrease in financial assets available for sale was principally due to an increase in the negative reserve generated by fair value losses on securities holdings in the period. At the end of September 2016, the reserve for available-for-sale financial assets was negative to the tune of €83m and among other items included €24m 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 Group did not hold any treasury shares at 30 September 2016.

Fideuram's own funds calculated on the basis of its separate accounts totalled €1bn at 30 September 2016. 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.p.A.'s own funds and main capital ratios at 30 September 2016 are shown below.

Fideuram S.p.A. Capital Ratios

(€m)

	30.9.2016
CET1	1,025
Tier 1	1,025
Own funds	1,025
Total risk-weighted assets	6,899
CET1 Ratio	**14.9%**
Tier 1 Ratio	**14.9%**
Total Capital Ratio	**14.9%**

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 30 September 2016, our Common Equity Tier 1 Ratio was estimated to be 16.4%.

Risk management and control

CREDIT RISK

The Fideuram Group's lending activities support its core business of providing investment services to private customers. Loans and advances to customers principally consist of repayable-upon-demand current account overdrafts to counterparties who also receive investment services. Loans are mainly granted in the technical form of agreeing a current account overdraft facility and are linked directly to the bank's private banking business. Loans and advances to banks are predominantly short-term interbank loans, principally to leading banks in the euro area.

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 impaired loans. Credit risk management is carried out by a central unit that is separate from those in charge of granting and managing loans.

The Group's 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.

In order to mitigate the credit risk of loans and advances to customers, the Group normally obtains collateral, bank guarantees or irrevocable mandates to sell financial instruments. The types of collateral obtained are principally products distributed by the Fideuram Group (mutual funds and 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 lending transactions 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.

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 categories appropriate to their risk profile. These loans are classified as doubtful loans when the borrower is insolvent or in a substantially equivalent position. 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 past due and/or overdue which have exceeded the objective overdue payment conditions specified by the Bank of Italy are also considered problem loans. The Group's internal lending regulations govern the procedures for transferring performing positions to non-performing assets, and specify the different types of problem loans, their management and the company bodies empowered to authorise the transfer of positions between different classes of loans. Doubtful loans net of 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 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)

	30.9.2016		31.12.2015		CHANGE
	NET EXPOSURE	%	NET EXPOSURE	%	NET EXPOSURE
Doubtful loans	1	-	1	-	-
Unlikely to pay	7	-	7	-	-
Past due or overdue loans	6	-	3	-	3
Non-performing assets	**14**	**-**	**11**	**-**	**3**
Performing loans	7,343	79	7,437	83	(94)
Debt instruments	1,983	21	1,525	17	458
Loans and advances to customers	**9,340**	**100**	**8,973**	**100**	**367**

LIQUIDITY RISK

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 laws and regulations demand highly-prudential rules to govern 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 operational 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 adopted with the Group Liquidity Risk Governance Policy, as updated to align it with the Intesa Sanpaolo Group's Guidelines and approved by the Board of Directors on 16 June 2016. The new provisions principally implement the European Commission Delegated Regulation of 10 October 2014 (the "Delegated Act") with specific regard to Commission Implementing Regulation 2016/313, which amended the community regulation to align it with the functioning of the Union, specifying the short-term liquidity requirements for EU credit institutions in detail, introducing additional liquidity monitoring metrics and, among other things, updating the minimum ratios for both normal and stress conditions. 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.

MARKET RISK

Fideuram 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 Risk Committee meets quarterly as a rule to analyse investment performance, proposing strategic guidelines to the Managing Director on the basis of the risk situation identified. 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 Chief Risk Officer continually monitors market risk exposure and compliance with the limits specified by the Investment Policy, and periodically informs the Managing Director, Risk Committee and Finance and Treasury Manager regarding the levels of exposure to the different types of risk subject to operating limits. Similar information is presented to the Board of Directors on a quarterly basis.

The composition of the securities 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. It 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.
The bank portfolio comprises interest rate hedging derivatives as well as long-term investment securities. The Group's investment portfolio totalled €11.9bn at 30 September 2016 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.

Banking Book

(€m)

	30.9.2016	31.12.2015	CHANGE	
			AMOUNT	%
Financial assets available for sale	4,325	4,459	(134)	-3
Held-to-maturity investments	158	297	(139)	-47
Debt securities classified as loans and advances to banks	5,480	4,071	1,409	35
Debt securities classified as loans and advances to customers	1,983	1,525	458	30
Hedging derivatives	1	2	(1)	-50
Total	**11,947**	**10,354**	**1,593**	**15**

At 30 September 2016, the Group portfolio had the following overall composition with respect to product type and rating.

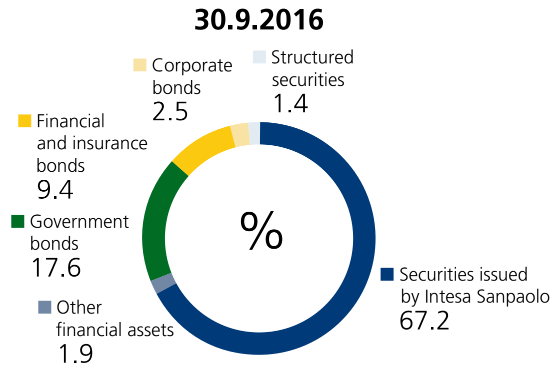
The Group's exposure to interest rate risk is, moreover, also influenced by other typical banking balance sheet items (customer deposits and loans). The financial risk of the bank portfolio is measured using the following methods:

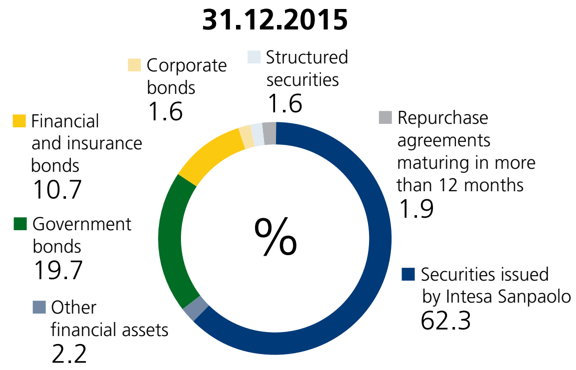
- Value at Risk (VaR) for the available-for-sale portfolio only.
- Sensitivity analysis for the entire bank portfolio.

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 which takes interest rates and credit spreads into account.

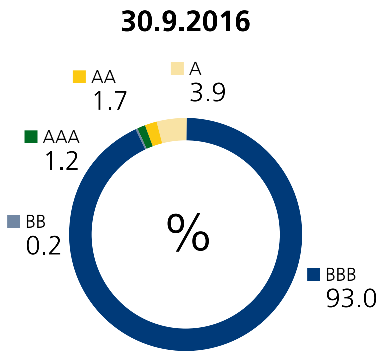
At 30 September 2016, the Value at Risk calculated for a one-day time horizon was €13.7m, which was within the limit assigned to the Fideuram Group (€16.5m).

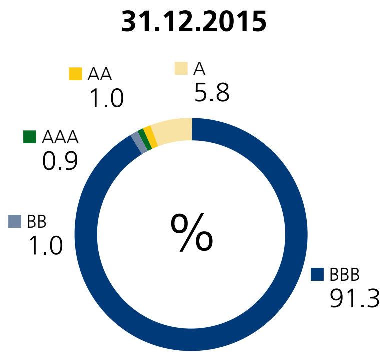
Analysis by product type





Analysis by rating





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 monitored 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 -€15.5m at the end of September 2016.
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 calculates 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, using estimates and assumptions formulated by the valuer (mark-to-model).

Which of these methods 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 Group's financial assets and liabilities are analysed by fair value level in the table below.

Financial assets and liabilities: analysis by fair value level

(€m)

	30.9.2016			31.12.2015		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
Financial assets held for trading	14	21	-	17	28	-
Financial assets designated at fair value through profit or loss	1	186	-	3	165	-
Financial assets available for sale	3,800	520	5	3,874	585	-
Hedging derivatives	-	1	-	-	2	-
Total	**3,815**	**728**	**-**	**3,894**	**780**	**-**
Financial liabilities held for trading	-	19	-	-	28	-
Hedging derivatives	-	1,268	-	-	977	-
Total	**-**	**1,287**	**-**	**-**	**1,005**	**-**

The priority of market prices is put into practice through a process based on market-maker prices. The valuation price is calculated as the average of the prices available, selected using objectively-identified criteria. The number of contributions, the bid/ask spread and the reliability of the contributors are monitored regularly, enabling the Group to keep market prices as the appropriate prime parameter for the determination of fair value.

The 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 holdings meet the ready liquidity criteria for securities recorded in the financial statements.
The portfolio of Level 2 Financial assets measured at fair value through profit or loss 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 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 Chief Risk Officer 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 valued using special pricing models.

OPERATIONAL RISK

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 and reputational risk.
Intesa Sanpaolo has drawn up regulations and organisational processes for measuring, managing and monitoring operational risk. The Group assigns responsibility for operational risk management to its Board of Directors, which is charged with developing the Group's risk management policies, and to its Management Control Committee, which is charged with approving and monitoring the implementation of said policies, as well as with 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 in its 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 Operational Risk Management which are responsible for their Operational Risk Management processes.
Fideuram has developed a system of governance for the operational risk management process which assigns responsibility as follows:

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 determining the bank's capital requirement.
b) The Internal Audit Committee is responsible for monitoring the suitability of the operational risk management and control system, and for ascertaining whether 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 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 Operational Risk Committee is a consultative body that is responsible for analysing the reports on the ope-

rational risk profile and proposing any actions required to prevent and mitigate operational risk.

f) The Decentred Operational Risk Management Unit in the Risk Management Department 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 Self-Diagnosis Process, 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 analysis of IT risk exposure.
- 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 the Financial Management Governance Unit and with the Compliance and Internal 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.

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 valuation 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 follows a traditional policy for transferring operational risk (to cover offences such as employee misconduct, theft and damage, the transport of valuables, computer fraud, forgery, cybercrime, 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. In addition, the Group has its own operational continuity solutions that can be deployed to contain risks regarding its premises and infrastructures and the impact of events such as environmental disasters, international crises and social disturbances.
At 30 September 2016 there were no emerging phenomena of note. The largest loss item, Internal Misconduct, which is typically the most significant class of risk for the Group, saw new provisions of approximately €2.7m set aside in the first nine months of the year to cover fraudulent events due to five Personal Financial Advisers. In addition, significant provisions were set aside (€6.3m by Fideuram and Fideuram Investimenti in total) following the granting of an appeal in the Court of Cassation regarding a customer complaint in respect of the legal requirements for information on financial products. Operational losses totalled €11.4m at the end of September.

LEGAL AND TAX RISK

The Group monitors any 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 matters highlighted by the aforesaid legal advisers during litigation. The Group has set aside provisions for legal disputes to cover, among other things, the liabilities that could, according to internal and external legal advice, be incurred as a result of pending legal and other disputes.

At 30 September 2016, these provisions totalled €109m. 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. At 30 September 2016, the number and value of pending proceedings were not sufficient to have any potential significant impact on the business, assets or financial situation of the Group.

The situation regarding legal and tax risk at 30 September 2016 had changed as follows with respect to the situation described in the consolidated financial statements at 31 December 2015.

Disputes regarding supervisory investigations

This category concerns two pending judgements that 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 are contesting 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 subsequently filed their defence. On 15 July 2016, the Court of Cassation overturned the Court of Appeal's judgment of 11 February 2011 and again remitted the case to another section of the Rome Court of Appeal.

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. The company and managers therefore resumed the proceedings in the Rome Court of Appeal.

Tax disputes

In 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. This inspection was subsequently 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.

In that year, the bank settled in compliance with the assessment regarding the deductibility of the various items in respect of IRES corporate income tax and IRAP regional business tax, but appealed to the Rome Provincial Tax Commission in 2015 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.

In 2016, the bank was served the notices of assessment regarding all the matters contested in the report. The bank settled in compliance regarding the matter of IRES corporate income tax, while appealing to the Rome Provincial Tax Commission over the question of non-compliance in respect of withholding tax on mutual fund interest.

Since these claims are groundless, no provision has been made in the provision for tax disputes regarding the disputes that have arisen in the past two-year period.

Transactions with related parties

Fideuram – Intesa Sanpaolo Private Banking S.p.A. is wholly owned and controlled directly by Intesa Sanpaolo S.p.A..

In accordance with the law and the internal procedures issued by Intesa Sanpaolo and by Fideuram, all transactions with related parties between 1 January and 30 September 2016 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 each transaction and Group interests into account. The bank did not in any case engage in any atypical or unusual transactions and/or transactions under non-standard financial and contractual conditions for the types of related parties concerned.

The Fideuram Board of Directors meeting of 3 May 2016 approved the renewal of the service contracts in place with Intesa Sanpaolo Group Services S.C.p.A. and Intesa Sanpaolo S.p.A., which were signed the following June. These contracts will result in the payment of total remuneration of approximately €73.5m in 2016, a 5% increase on the amount paid in 2015 (€69.8m).

The Board of Directors meeting of 29 July 2016 was informed that Fideuram has authorised Intesa Sanpaolo to include it in the agreement amending, among other things, the contract between Fideuram and Setefi Services S.p.A. regarding the management services for:

- Transactions using Intesa Sanpaolo business customer merchant point of sale terminals.
- Cash withdrawal/advance transactions at Group automatic teller machines (ATMs).
- Payment cards.

This agreement provides for a number of additional clauses to align and unify at Intesa Sanpaolo Group level the contracts in place between Setefi Services S.p.A. and each of the Group banks who have signed them.

Lastly, the Fideuram Board of Directors' Meeting of 29 September 2016:

- Adopted the amendment to the Regulations governing the management of transactions with Intesa Sanpaolo Related Parties, Group Associated Parties and Insiders in accordance with article 136 of the Italian Banking Consolidation Act.
- Approved the new Addendum containing the Decision-Making Rules and Procedures adopted by Fideuram, including in compliance with Title V, Section 5 of Bank of Italy Circular No. 263 of 27 December 2006.

The new regulations, which are due to come into force on 31 October 2016, were also adopted by all the other Fideuram Group companies.

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 30 September 2016 in respect of companies in the Intesa Sanpaolo Group are summarised in the tables below:

Assets 30.9.2016

(€m)

	TRANSACTIONS WITH INTESA SANPAOLO GROUP	
	AMOUNT	%
Debt securities	7,207	60
Equities and units in mutual funds	2	1
Loans and advances to banks	10,052	93
Loans and advances to customers	164	2
Financial derivatives	9	38
Other	18	2

Liabilities 30.9.2016

(€m)

	TRANSACTIONS WITH INTESA SANPAOLO GROUP	
	AMOUNT	%
Due to banks	2,635	94
Due to customers	387	2
Financial derivatives	709	55
Other	79	7
Guarantees and commitments	376	58

Income statement 9 months 2016

(€m)

	TRANSACTIONS WITH INTESA SANPAOLO GROUP	
	AMOUNT	%
Interest income	136	56
Interest expense	(71)	63
Fee and commission income	572	35
Fee and commission expense	(25)	5
Operating income on financial activities	(159)	n.s.
Administrative expenses	(68)	12

n.s.: not significant

Human capital

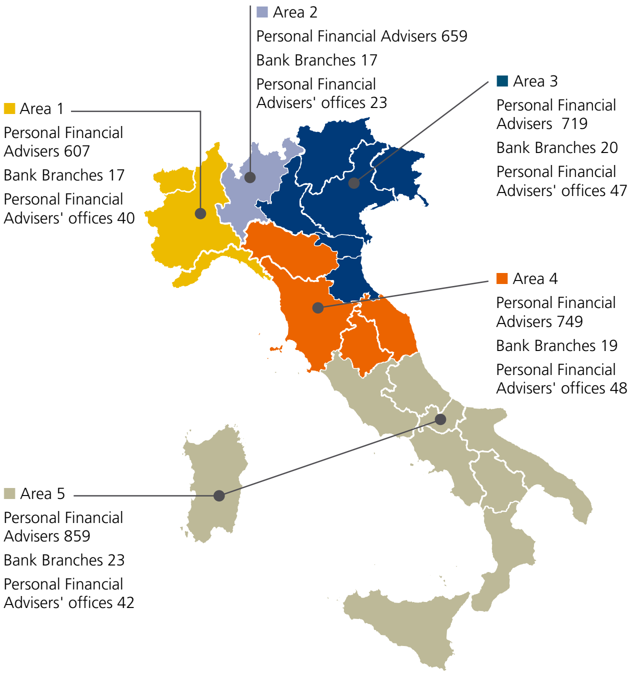
DISTRIBUTION NETWORKS

The Group's distribution networks (Fideuram, Sanpaolo Invest and Intesa Sanpaolo Private Banking Networks) totalled 5,879 Personal Financial Advisers at 30 September 2016 compared with 5,846 at 31 December 2015.

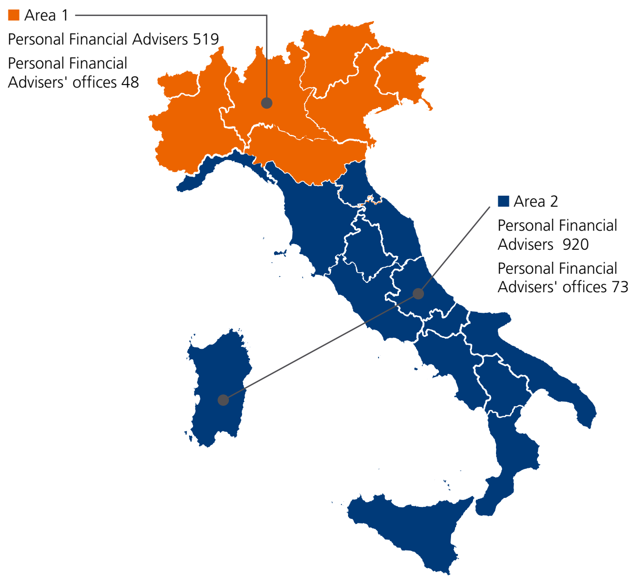
Personal Financial Advisers

	BEGINNING OF PERIOD 1.1.2016	IN	OUT	NET	END OF PERIOD 30.9.2016
Fideuram Network	3,589	109	105	4	3,593
Sanpaolo Invest Network	1,436	54	51	3	1,439
Intesa Sanpaolo Private Banking Network	821	45	19	26	847
Total	**5,846**	**208**	**175**	**33**	**5,879**

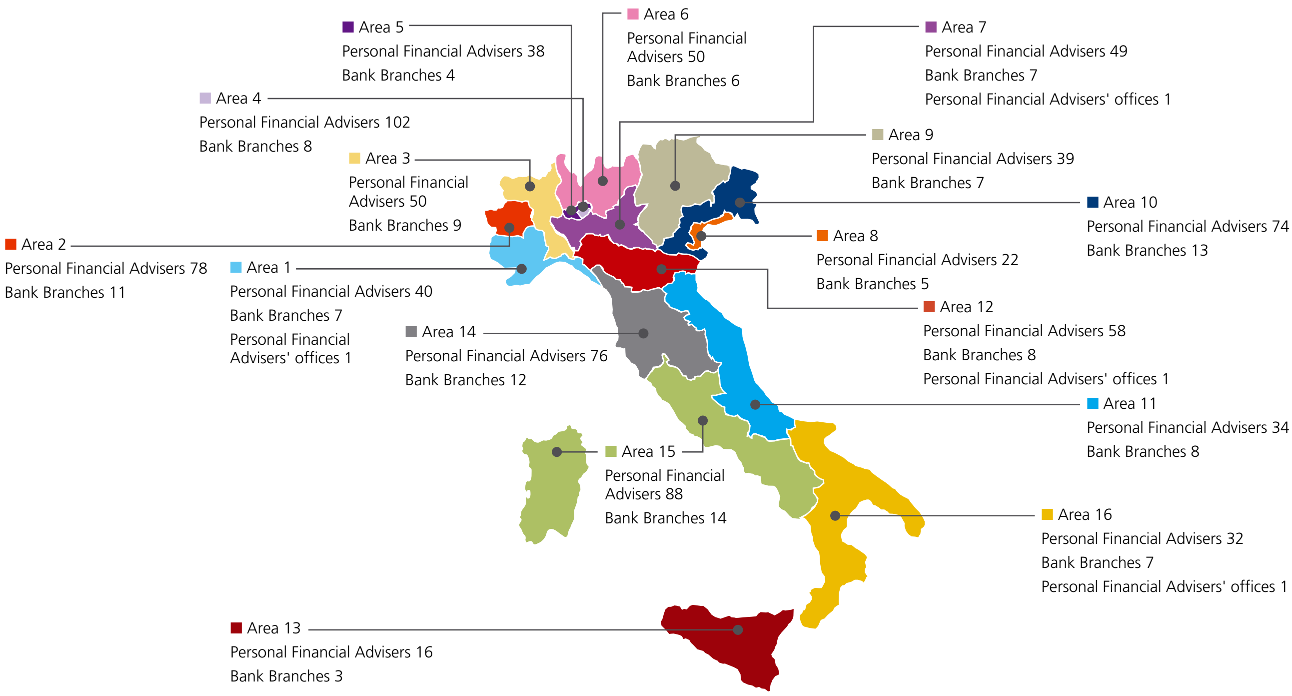
Fideuram Network



Sanpaolo Invest Network



Intesa Sanpaolo Private Banking Network



The Fideuram and Sanpaolo Invest Networks' recruitment programmes brought in 163 new professionals in the first nine months of 2016 (compared with 162 new Personal Financial Advisers recruited in the corresponding period of 2015) and 238 over the past 12 months, compared with 243 in the previous twelve-month period. 156 Personal Financial Advisers left the Group in the first nine months of the year, only 26% of whom, however, moved to competitor networks.

Fideuram Personal Financial Advisers

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
9 months					
1.1.2016 - 30.9.2016	3,589	109	105	4	3,593
1.1.2015 - 30.9.2015	3,572	111	87	24	3,596
Twelve-month period					
1.10.2015 - 30.9.2016	3,596	162	165	(3)	3,593
1.10.2014 - 30.9.2015	3,565	175	144	31	3,596

Sanpaolo Invest Personal Financial Advisers

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
9 months					
1.1.2016 - 30.9.2016	1,436	54	51	3	1,439
1.1.2015 - 30.9.2015	1,472	51	71	(20)	1,452
Twelve-month period					
1.10.2015 - 30.9.2016	1,452	76	89	(13)	1,439
1.10.2014 - 30.9.2015	1,496	68	112	(44)	1,452

The Intesa Sanpaolo Private Banking Network currently numbers 820 Personal Financial Advisers who are salaried employees registered in Italy's Unified Register of Financial Advisers and 27 freelance professionals on agency contracts.

Intesa Sanpaolo Private Banking Financial Advisers

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
9 months					
1.1.2016 - 30.9.2016	821	45	19	26	847
1.1.2015 - 30.9.2015	807	42	23	19	826
Twelve-month period					
1.10.2015 - 30.9.2016	827	47	27	20	847
1.10.2014 - 30.9.2015	800	61	35	26	826

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

Moreover, we continued to see steady growth in the Personal Financial Advisers signed up to our Team Fideuram project, conceived to promote collaboration between Personal Financial Advisers with a view to increasing and better supporting their customers. At the end of September 2016, 777 Personal Financial Advisers had joined together in teams, collectively managing a total of around €5.8bn assets for over 56,000 customers.

EMPLOYEES

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 3,014 at 30 September 2016, compared with 2,928 at the end of December 2015, an increase of 86 which was principally due to the growth of our distribution and sales networks.
Direct employees totalled 2,919.

Human Resources

	30.9.2016	31.12.2015	30.9.2015
Fideuram - Intesa Sanpaolo Private Banking	1,326	1,297	1,294
Intesa Sanpaolo Private Banking	1,310	1,267	1,263
Sanpaolo Invest SIM	51	52	52
Sirefid	58	58	57
Fideuram Fiduciaria	25	23	21
Intesa Sanpaolo Private Bank (Suisse)	25	23	22
Financière Fideuram	4	1	1
Euro-Trésorerie	-	3	3
Asset Management	**215**	**204**	**205**
Fideuram Asset Management (Ireland)	56	52	54
Fideuram Bank (Luxembourg)	66	65	64
Fideuram Investimenti SGR	93	87	87
Total	**3,014**	**2,928**	**2,918**

(*) Including the employees acquired following the merger with Euro-Trésorerie.

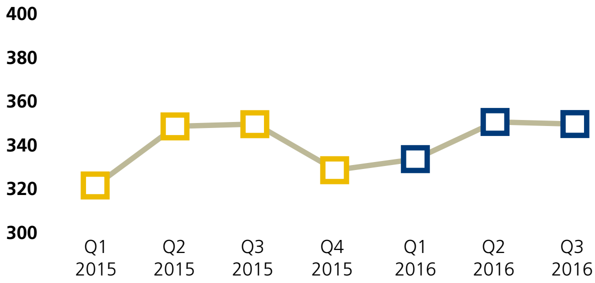
Events after the reporting period and outlook

There were no significant events after the reporting period requiring any changes to be made to the consolidated financial statements at 30 September 2016.

The first nine months of 2016 saw the Group operating to full capacity in its new configuration to pursue the strategic objectives set out in the Intesa Sanpaolo business plan. The high volatility of the financial markets did not impact net recurring fees, which are the foundation of Fideuram's profitability. In the absence of any major corrections in the financial markets, our Group is therefore likely to end the current financial year with growth in net profit compared with 2015.

Quarterly net recurring fees

(€m)



The Board of Directors
Turin, 27 October 2016

Accounting policies

DECLARATION OF COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Consolidated Interim Report at 30 September 2016 has been prepared in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by the European Commission.

BASIS OF PREPARATION

The Consolidated Interim Report comprises the Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity and Statement of Cash Flows, accompanied by explanatory notes on the Group's performance. The report uses the euro as its functional currency, and all the figures herein are stated in millions of euro unless specified otherwise.
This Report was prepared in accordance with the same accounting policies adopted for the financial statements at 31 December 2015, where they are described in greater detail. In order to aid comparison of the figures, €43m withholding tax on capital gains classified under the item Tax assets in the balance sheet at 31 December 2015 has been reclassified as Other assets.
The income statement for the first nine months of 2016 is compared with the income statement for the corresponding period in 2015, and the balance sheet at 30 September 2016 is compared with the balance sheet at 31 December 2015. The Consolidated Interim Report is not subject to an audit by the Independent Auditors.

SCOPE AND METHODS OF CONSOLIDATION

The companies included in the line-by-line consolidation of Fideuram at 30 September 2016 are listed below.

Equity investments at 30.9.2016

NAME	REGISTERED OFFICE	OWNERSHIP %
Sanpaolo Invest SIM S.p.A.	Turin	100.000
Intesa Sanpaolo Private Banking S.p.A.	Milan	100.000
Fideuram Investimenti SGR S.p.A.	Milan	99.500
Sirefid S.p.A.	Milan	100.000
Fideuram Fiduciaria S.p.A.	Turin	100.000
Fideuram Asset Management (Ireland) dac	Dublin	100.000
Fideuram Bank (Luxembourg) S.A.	Luxembourg	100.000
Financière Fideuram S.A.	Paris	99.999
Intesa Sanpaolo Private Bank (Suisse) S.A.	Lugano	100.000

The Consolidated Interim Report includes Fideuram and its direct and indirect subsidiaries and associates subject to significant influence. Fideuram Vita S.p.A., in which Fideuram holds a 19.99% equity interest, is consolidated using the equity method. The financial statements used to prepare the consolidated financial statements are those prepared by the subsidiaries for the reference date 30 September 2016, adjusted where necessary to bring them into line with the Group's accounting policies.
The financial statement data of companies operating outside the European Monetary Union area are translated to euro applying the year-end exchange rates to balance sheet items and the average exchange rates for the period to income statement items. Any exchange rate differences arising from conversions at said exchange rates are recognised in the valuation reserve.
Compared with the situation at 31 December 2015, French subsidiary Euro-Trésorerie S.A. was no longer included in the consolidation of the Group following its merger with its immediate parent company Financière Fideuram S.A. with effect from 1 July 2016.

TRANSFERS BETWEEN CLASSES

In accordance with the related compulsory disclosure requirements, the Group states that it availed itself of the amendment to IAS 39 endorsed by EC Regulation 1004/2008 and reclassified €580m 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 €224m as the difference between the theoretical total negative reserve at 30 September 2016 (€264m) and the total negative reserve actually recorded under shareholders' equity at the reclassification date (€40m). The table below shows the book value, fair value and effects on the Group's total comprehensive income of the bonds reclassified in accordance with said amendment to IAS 39.

(€m)

TYPE OF FINANCIAL INSTRUMENT	SOURCE CATEGORY	DESTINATION CATEGORY	BOOK VALUE AT 30.9.2016	FAIR VALUE AT 30.9.2016	COMPREHENSIVE INCOME WITHOUT TRANSFER (BEFORE TAX)		COMPREHENSIVE INCOME FOR THE PERIOD (BEFORE TAX)	
					ESTIMATIONS	OTHER	ESTIMATIONS (*)	OTHER
Debt securities	Financial assets available for sale	Loans and advances to customers	1,709	1,485	(83)	34	185	36

(*) Includes changes in fair value attributable to interest-rate hedging.

Consolidated financial statements

Consolidated Balance Sheet

(€m)

	30.9.2016	31.12.2015
ASSETS		
10. Cash and cash equivalents	61	60
20. Financial assets held for trading	35	45
30. Financial assets designated at fair value through profit or loss	187	168
40. Financial assets available for sale	4,325	4,459
50. Held-to-maturity investments	158	297
60. Loans and advances to banks	16,287	13,223
70. Loans and advances to customers	9,340	8,973
80. Hedging derivatives	1	2
90. Adjustments to financial assets subject to macro-hedging	-	-
100. Equity investments	140	129
110. Reinsurers' share of technical reserves	-	-
120. Property and equipment	38	39
130. Intangible assets	169	175
Including: goodwill	140	140
140. Tax assets	182	174
a) Current	27	20
b) Deferred	155	154
Including: convertible to tax credits (Italian Law No. 214/2011)	24	27
150. Non-current assets held for sale and disposal groups	-	-
160. Other assets	1,026	1,095
TOTAL ASSETS	**31,949**	**28,839**

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)

	30.9.2016	31.12.2015
LIABILITIES AND SHAREHOLDERS' EQUITY		
10. Due to banks	2,797	3,110
20. Due to customers	23,818	21,419
30. Debt on issue	-	-
40. Financial liabilities held for trading	19	28
50. Financial liabilities designated at fair value through profit or loss	-	-
60. Hedging derivatives	1,268	977
70. Adjustments to financial liabilities subject to macro-hedging	-	-
80. Tax liabilities	84	80
a) Current	40	24
b) Deferred	44	56
90. Liabilities associated with non-current assets held for sale	-	-
100. Other liabilities	1,060	865
110. Provision for employment termination indemnities	57	52
120. Provisions for risks and charges	456	431
a) Pensions and other commitments	10	6
b) Other provisions	446	425
130. Technical reserves	-	-
140. Valuation reserves	(73)	(50)
150. Redeemable shares	-	-
160. Equity instruments	-	-
170. Reserves	1,372	1,328
175. Interim dividends (-)	-	(501)
180. Share premium reserve	206	206
190. Share capital	300	300
200. Treasury shares (-)	-	-
210. Equity attributable to non-controlling interests	-	-
220. Net profit (loss) for the period	585	594
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**31,949**	**28,839**

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)

	9 MONTHS 2016	9 MONTHS 2015
10. Interest income and similar income	244	217
20. Interest expense and similar expense	(112)	(101)
30. Net interest income	**132**	**116**
40. Fee and commission income	1,613	1,332
50. Fee and commission expense	(485)	(535)
60. Net fee and commission income	**1,128**	**797**
70. Dividends and similar income	-	-
80. Net profit (loss) on trading activities	6	5
90. Net profit (loss) on hedging derivatives	1	-
100. Net profit (loss) on sale or repurchase of:	22	-
a) Loans	8	(1)
b) Financial assets available for sale	14	1
c) Held-to-maturity investments	-	-
d) Financial liabilities	-	-
110. Net profit (loss) on financial assets and liabilities designated at fair value	1	3
120. Total net interest and trading income	**1,290**	**921**
130. Net impairment of:	(3)	1
a) Loans	(3)	1
b) Financial assets available for sale	-	-
c) Held-to-maturity investments	-	-
d) Other financial transactions	-	-
140. Operating income	**1,287**	**922**
150. Net insurance premiums	-	-
160. Other income/expense from insurance activities	-	-
170. Operating income from financing and insurance activities	**1,287**	**922**
180. Administrative expenses:	(582)	(377)
a) Personnel expenses	(237)	(131)
b) Other administrative expenses	(345)	(246)
190. Net provisions for risks and charges	(40)	(22)
200. Depreciation of property and equipment	(2)	(2)
210. Amortisation of intangible assets	(13)	(10)
220. Other income/expense	160	100
230. Operating expenses	**(477)**	**(311)**
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	-	-
280. Profit (loss) before tax	**819**	**620**
290. Income taxes	(234)	(175)
300. Profit (loss) after tax	**585**	**445**
310. Profit (loss) after tax from discontinued operations	-	-
320. Net profit (loss) for the period	**585**	**445**
330. Net profit (loss) for the period attributable to non-controlling interests	-	-
340. Parent company interest in net profit (loss) for the period	**585**	**445**

Chairman of the Board
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Consolidated statement of comprehensive income

(€m)

	9 MONTHS 2016	9 MONTHS 2015
10. Net profit (loss) for the period	**585**	**445**
Other comprehensive income after tax not transferred to income statement	**(7)**	**2**
20. Property and equipment	-	-
30. Intangible assets	-	-
40. Defined-benefit plans	(7)	2
50. Non-current assets held for sale	-	-
60. Valuation reserves related to investments carried at equity	-	-
Other comprehensive income after tax that may be transferred to income statement	**(16)**	**19**
70. Hedges of net investments in foreign operations	-	-
80. Exchange rate differences	-	(2)
90. Cash flows hedges	-	-
100. Financial assets available for sale	(17)	22
110. Non-current assets held for sale	-	-
120. Valuation reserves related to investments carried at equity	1	(1)
130. Total other comprehensive income after tax	**(23)**	**21**
140. Total comprehensive income	**562**	**466**
150. Total comprehensive income attributable to non-controlling interests	-	-
160. Total comprehensive income attributable to parent company	562	466

Chairman of the Board
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Paolo Bacciga

Statement of changes in consolidated equity

(€m)

	BALANCE AT 31.12.2015	CHANGE TO OPENING BALANCE	BALANCE AT 1.1.2016	ALLOCATION OF INCOME FOR THE PREVIOUS YEAR		CHANGES IN THE PERIOD										SHAREHOLDERS' EQUITY AT 30.9.2016	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS
							TRANSACTIONS INVOLVING SHAREHOLDERS' EQUITY											
				RESERVES	DIVIDENDS AND OTHER	CHANGES IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	INTERIM DIVIDENDS	DISTRIBUTION OF EXTRAORDINARY DIVIDENDS	CHANGE IN EQUITY INSTRUMENTS	DERIVATIVES BASED ON TREASURY SHARES	STOCK OPTIONS	CHANGES IN EQUITY INVESTMENTS	TOTAL COMPREHENSIVE INCOME AT 30.9.2016			
Share capital:	**300**	**-**	**300**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**300**	**300**	**-**
a) Ordinary shares	300	-	300	-	-	-	-	-	-	-	-	-	-	-	-	300	300	-
b) Other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	**206**	**-**	**206**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**206**	**206**	**-**
Reserves:	**1,328**	**-**	**1,328**	**33**	**-**	**11**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,372**	**1,372**	**-**
a) From net income	1,254	-	1,254	33	-	11	-	-	-	-	-	-	-	-	-	1,298	1,298	-
b) Other	74	-	74	-	-	-	-	-	-	-	-	-	-	-	-	74	74	-
Valuation reserves	**(50)**	**-**	**(50)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(23)**	**(73)**	**(73)**	**-**
Equity instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Interim dividends	**(501)**	**-**	**(501)**	**501**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Treasury shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net profit (loss) for the period	**594**	**-**	**594**	**(534)**	**(60)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**585**	**585**	**585**	**-**
Shareholders' equity	**1,877**	**-**	**1,877**	**-**	**(60)**	**11**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**562**	**2,390**	**2,390**	**-**
Equity attributable to owners of the parent	**1,877**	**-**	**1,877**	**-**	**(60)**	**11**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**562**	**2,390**		
Equity attributable to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		

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 31.12.2014	CHANGE TO OPENING BALANCE	BALANCE AT 1.1.2015	ALLOCATION OF INCOME FOR THE PREVIOUS YEAR		CHANGES IN THE PERIOD									SHAREHOLDERS' EQUITY AT 30.9.2015	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS
							TRANSACTIONS INVOLVING SHAREHOLDERS' EQUITY										
				RESERVES	DIVIDENDS AND OTHER	CHANGES IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	DISTRIBUTION OF EXTRAORDINARY DIVIDENDS	CHANGE IN EQUITY INSTRUMENTS	DERIVATIVES BASED ON TREASURY SHARES	STOCK OPTIONS	CHANGES IN EQUITY INVESTMENTS	TOTAL COMPREHENSIVE INCOME AT 30.9.2015			
Share capital:	**186**	**-**	**186**	**-**	**-**	**-**	**39**	**-**	**-**	**-**	**-**	**-**	**75**	**-**	**300**	**300**	**-**
a) Ordinary shares	186	-	186	-	-	-	39	-	-	-	-	-	75	-	300	300	-
b) Other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	**9**	**-**	**9**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**197**	**-**	**206**	**206**	**-**
Reserves:	**744**	**-**	**744**	**360**	**-**	**5**	**(39)**	**-**	**-**	**-**	**-**	**-**	**256**	**-**	**1,326**	**1,326**	**-**
a) From net income	631	-	631	360	-	5	-	-	-	-	-	-	256	-	1,252	1,252	-
b) Other	113	-	113	-	-	-	(39)	-	-	-	-	-	-	-	74	74	-
Valuation reserves	**(130)**	**-**	**(130)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**22**	**21**	**(87)**	**(87)**	**-**
Equity instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Treasury shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net profit (loss) for the period	**402**	**-**	**402**	**(360)**	**(42)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**445**	**445**	**445**	**-**
Shareholders' equity	**1,211**	**-**	**1,211**	**-**	**(42)**	**5**	**-**	**-**	**-**	**-**	**-**	**-**	**550**	**466**	**2,190**	**2,190**	**-**
Equity attributable to owners of the parent	**1,211**	**-**	**1,211**	**-**	**(42)**	**5**	**-**	**-**	**-**	**-**	**-**	**-**	**550**	**466**	**2,190**		
Equity attributable to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		

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)

	9 MONTHS 2016	9 MONTHS 2015
A. OPERATING ACTIVITIES		
1. Operations	**860**	**637**
Net profit	585	445
Net profit (loss) on financial assets held for trading and on assets/liabilities designated at fair value	(7)	(6)
Net profit (loss) on hedging activities	(1)	(1)
Net impairment	3	(1)
Net depreciation and amortisation	15	12
Net provisions for risks and charges and other expense/income	41	22
Uncollected net insurance premiums	-	-
Uncollected other insurance income/expense	-	-
Unpaid taxes and tax credits	234	175
Net adjustments to net value after tax of disposal groups	-	-
Other adjustments	(10)	(9)
2. Cash from/used in financing activities	**(2,986)**	**(3,449)**
Financial assets held for trading	10	31
Financial assets designated at fair value through profit of loss	(18)	14
Financial assets available for sale	388	(1,005)
Loans and advances to banks: demand deposits	290	892
Loans and advances to banks: other receivables	(3,354)	(3,069)
Loans and advances to customers	(368)	(336)
Other assets	66	24
3. Cash from/used in financial liabilities	**2,056**	**3,068**
Due to banks: demand deposits	(60)	1,401
Due to banks: other debts	(253)	(163)
Due to customers	2,399	1,950
Debt on issue	-	-
Financial liabilities held for trading	(3)	(28)
Financial liabilities designated at fair value through profit of loss	-	-
Hedging derivatives	8	23
Other liabilities	(35)	(115)
Net cash from/used in operating activities	**(70)**	**256**
B. INVESTING ACTIVITIES		
Net cash from	**139**	**18**
Disposal of equity investments	-	-
Dividend income from equity investments	-	-
Sale/repayment of held-to-maturity investments	139	18
Sale of property and equipment	-	-
Sale of intangible assets	-	-
Sale of subsidiaries and company divisions	-	-
Cash used in	**(8)**	**(30)**
Acquisition of equity investments	-	-
Purchase of held-to-maturity investments	-	-
Acquisition of property and equipment	(1)	(2)
Purchase of intangible assets	(7)	(11)
Acquisition of subsidiaries and company divisions	-	(17)
Net cash from/used in investing activities	**131**	**(12)**
C. FUNDING ACTIVITIES		
Issue/purchase of treasury shares	-	-
Issue/purchase of equity instruments	-	-
Distribution of dividends and other	(60)	(42)
Net cash from/used in funding activities	**(60)**	**(42)**
NET CASH GENERATED/USED IN THE PERIOD	**1**	**202**

Reconciliation

Cash and cash equivalents at beginning of period	60	39
Net cash generated/used in the period	1	202
Cash and cash equivalents: effect of changes in exchange rates	-	-
Cash and cash equivalents at end of period	61	241

Chairman of the Board
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Matteo Colafrancesco

Managing Director
Paolo Molesini

Manager Responsible for the
Preparation of the Company Accounts
Paolo Bacciga

Certification by the Manager responsible for the preparation of the company accounts

The Manager responsible for the preparation of the company accounts, Paolo Bacciga, hereby certifies in accordance with article 154 bis, subparagraph 2, of the Italian Finance Consolidation Act that the accounting information contained in this Consolidated Interim Report at 30 September 2016 corresponds to the accounting documents, records and books.

Turin, 27 October 2016

Paolo Bacciga
Manager responsible for the preparation
of the Company Accounts

Schedules

Basis of preparation of the restated and reclassified financial statements

The financial data for the first nine months of 2016 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:
- Purchase of Intesa Sanpaolo Holding International's 100% equity interest in Intesa Sanpaolo Private Bank (Suisse).
- Purchase and transfer of Intesa Sanpaolo Private Banking's Governance Division.
- Purchase and transfer of Intesa Sanpaolo's 100% equity interest in Intesa Sanpaolo Private Banking.
- Purchase and transfer of Intesa Sanpaolo's 100% equity interest in Sirefid.

An analysis comparing the income statement data for the first nine months of 2016 with the data for the corresponding period in 2015 would be heavily skewed by the impact of these company transactions. The financial statement data have therefore been restated where necessary to reflect the effects of the changes in the scope of consolidation appropriately so that straight comparisons can be made. The restated statements were prepared making the adjustments to the historical data required to reflect retrospectively the changes in the scope of consolidation that became effective as of 30 June 2015 as if the company transactions concerned had become effective as of 1 January 2015, without however changing the net profit stated in the official financial statements published in the Interim Report at 30 September 2015. The reclassified income statement for the first nine months of 2015 was therefore restated to include the new equity investments' contributions to the Group's results, but the net profit of the three newly-consolidated companies for the first half of 2015 (€153m) was recognised under net profit attributable to non-controlling interests.

The balance sheet and income statement at 30 September 2016 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 consolidated income statement has been changed as follows to provide a clearer presentation of the Group's operating performance:
- Net profit (loss) on financial assets, fee and commission income and expense, and the provisions have been stated net of the returns on the insurance policies taken out as part of the Personal Financial Adviser Networks' Loyalty Schemes, recognised in the official Bank of Italy schedule as net profit (loss) on assets measured at fair value, which - in pertaining to the Personal Financial Advisers - have been recognised as 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 30 September 2015 and restated consolidated income statement at 30 September 2015

(€m)

	9 MONTHS 2015 PUBLISHED	CHANGE IN SCOPE OF CONSOLIDATION (*)	9 MONTHS 2015 RESTATED
10 Interest income and similar income	217	62	279
20. Interest expense and similar expense	(101)	(27)	(128)
30. Net interest income	**116**	**35**	**151**
40. Fee and commission income	1,332	329	1,661
50. Fee and commission expense	(535)	(16)	(551)
60. Net fee and commission income	**797**	**313**	**1,110**
70. Dividends and similar income	-	-	-
80. Net profit (loss) on trading activities	5	1	6
90. Net profit (loss) on hedging derivatives	-	-	-
100. Net profit (loss) on sale or repurchase of:	-	12	12
a) Loans	(1)	-	(1)
b) Financial assets available for sale	1	12	13
c) Held-to-maturity investments	-	-	-
d) Financial liabilities	-	-	-
110. Net profit (loss) on financial assets and liabilities designated at fair value	3	(1)	2
120. Total net interest and trading income	**921**	**360**	**1,281**
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	-	-	-
140. Operating income from financing activities	**922**	**359**	**1,281**
150. Net insurance premiums	-	-	-
160. Other income/expense from insurance activities	-	-	-
170. Operating income from financing and insurance activities	**922**	**359**	**1,281**
180. Administrative expenses:	(377)	(180)	(557)
a) Personnel expenses	(131)	(97)	(228)
b) Other administrative expense	(246)	(83)	(329)
190. Net provisions for risks and charges	(22)	(1)	(23)
200. Depreciation of property and equipment	(2)	-	(2)
210. Amortisation of intangible assets	(10)	-	(10)
220. Other income/expense	100	52	152
230. Operating expenses	**(311)**	**(129)**	**(440)**
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	-	-	-
280. Profit (loss) before tax	**620**	**230**	**850**
290. Income taxes	(175)	(77)	(252)
300. Profit (loss) after tax	**445**	**153**	**598**
310. Profit (loss) after tax from discontinued operations	-	-	-
320. Net profit (loss) for the period	**445**	**153**	**598**
330. Net profit (loss) for the period attributable to non-controlling interests	-	153	153
340. Parent company interest in net profit (loss) for the period	**445**	**-**	**445**

(*) Data regarding the contributions of Intesa Sanpaolo Private Banking, Sirefid and Intesa Sanpaolo Private Bank (Suisse) for the first half of 2015.

Reconciliation of consolidated balance sheet and reclassified consolidated balance sheet

(€m)

RECLASSIFIED CONSOLIDATED BALANCE SHEET - ASSETS	CONSOLIDATED BALANCE SHEET - ASSETS	30.9.2016	31.12.2015
Cash and cash equivalents		61	60
	Item 10. Cash and cash equivalents	*61*	*60*
Financial assets (other than loans and held-to-maturity investments)		4,547	4,672
	Item 20. Financial assets held for trading	*35*	*45*
	Item 30. Financial assets designed at fair value through profit or loss	*187*	*168*
	Item 40. Financial assets available for sale	*4,325*	*4,459*
Held-to-maturity investments		158	297
	Item 50. Held-to-maturity investments	*158*	*297*
Loans and advances to banks		16,287	13,223
	Item 60. Loans and advances to banks	*16,287*	*13,223*
Loans and advances to customers		9,340	8,973
	Item 70. Loans and advances to customers	*9,340*	*8,973*
Hedging derivatives		1	2
	Item 80. Hedging derivatives	*1*	*2*
Equity investments		140	129
	Item 100. Equity investments	*140*	*129*
Property and equipment		38	39
	Item 120. Property and equipment	*38*	*39*
Intangible assets and goodwill		169	175
	Item 130. Intangible assets	*169*	*175*
Tax assets		182	174
	Item 140. Tax assets	*182*	*174*
Other assets		1,026	1,095
	Item 160. Other assets	*1,026*	*1,095*
Total assets	**Total assets**	**31,949**	**28,839**

RECLASSIFIED CONSOLIDATED BALANCE SHEET - LIABILITIES	CONSOLIDATED BALANCE SHEET - LIABILITIES	30.9.2016	31.12.2015
Due to banks		2,797	3,110
	Item 10. Due to banks	*2,797*	*3,110*
Due to customers		23,818	21,419
	Item 20. Due to customers	*23,818*	*21,419*
Financial liabilities held for trading		19	28
	Item 40. Financial liabilities held for trading	*19*	*28*
Hedging derivatives		1,268	977
	Item 60. Hedging derivatives	*1,268*	*977*
Tax liabilities		84	80
	Item 80. Tax liabilities	*84*	*80*
Other liabilities		1,117	917
	Item 100. Other liabilities	*1,060*	*865*
	Item 110. Provision for employment termination indemnities	*57*	*52*
Provision for risks and charges		456	431
	Item 120. Provision for risks and charges	*456*	*431*
Equity attributable to owners of the parent company		2,390	1,877
	Items 140, 170, 175, 180, 190, 220 Equity attributable to owners of the parent company	*2,390*	*1,877*
Total liabilities	**Total liabilities and shareholders' equity**	**31,949**	**28,839**

Reconciliation of consolidated income statement and reclassified consolidated income statement

(€m)

RECLASSIFIED CONSOLIDATED INCOME STATEMENT	CONSOLIDATED INCOME STATEMENT	9 MONTHS 2016	9 MONTHS 2015
Net interest income		121	139
	Item 30. Net interest income	*132*	*151*
	- Item 60. (partial) Net fee and commission income related to net interest income	*(11)*	*(12)*
Net profit (loss) on financial assets and liabilities		29	18
	Item 80. Net profit (loss) on trading activities	*6*	*6*
	Item 90. Net profit (loss) on hedging derivatives	*1*	*-*
	Item 100. Net profit (loss) on sales and repurchases	*22*	*12*
	Item 110. Net profit (loss) on financial assets and liabilities designated at fair value through profit or loss	*1*	*2*
	- Item 60. (partial) Return on insurance policies for network loyalty schemes	*(1)*	*(1)*
	- Item 190. (partial) Return on insurance policies for network loyalty schemes	*-*	*(1)*
Net fee and commission income		1,140	1,123
	Item 60. Net fee and commission income	*1,128*	*1,110*
	- Item 60. (partial) Net fee and commission income related to net interest income	*11*	*12*
	- Item 60. (partial) Return on insurance policies for network loyalty schemes	*1*	*1*
Operating income before net impairment		**1,290**	**1,280**
Net impairment		(3)	-
	Item 130. Net impairment	*(3)*	*-*
Operating income		**1,287**	**1,280**
Personnel expenses		(213)	(210)
	Item 180. a) Personnel expenses	*(237)*	*(228)*
	- Item 180. a) (partial) Expenses connected with the Intesa Sanpaolo business plan	*24*	*18*
Other administrative expenses		(179)	(164)
	Item 180. b) Other administrative expenses	*(345)*	*(329)*
	- Item 220. (partial) Recovery of indirect taxes	*161*	*157*
	- Item 180. b) (partial) Expenses connected with the Intesa Sanpaolo business plan	*5*	*8*
Depreciation and amortisation		(11)	(12)
	Item 200. Depreciation of property and equipment	*(2)*	*(2)*
	Item 210. Amortisation of intangible assets	*(13)*	*(10)*
	- Item 210. (partial) Expenses connected with the Intesa Sanpaolo business plan	*4*	*-*
Operating expenses		**(403)**	**(386)**
Net provisions for risks and charges		(40)	(22)
	Item 190. Net provisions for risks and charges	*(40)*	*(23)*
	- Item 190. (partial) Return on insurance policies for network loyalty schemes	*-*	*1*
Profit (loss) on equity investments		9	9
	Item 240. Profit (loss) on equity investments	*9*	*9*
Other income (expense)		(1)	(5)
	Item 220. Other income/expense	*160*	*152*
	- Item 220. (partial) Recovery of indirect taxes	*(161)*	*(157)*
Profit before tax from continuing operations		**852**	**876**
Income taxes		(245)	(261)
	Item 290. Income taxes	*(234)*	*(252)*
	- Item 290. (partial) Tax impact of expenses connected with the Intesa Sanpaolo business plan	*(11)*	*(9)*
Net profit (loss) attributable to non-controlling interests		-	(153)
	Item 330. Net profit (loss) for the period attributable to non-controlling interests	*-*	*(153)*
Net profit before non-recurring items		**607**	**462**
Non-recurring income (expenses) net of tax		(22)	(17)
	- Item 180. a) (partial) Expenses connected with the Intesa Sanpaolo business plan	*(24)*	*(18)*
	- Item 180. b) (partial) Expenses connected with the Intesa Sanpaolo business plan	*(5)*	*(8)*
	- Item 210. (partial) Expenses connected with the Intesa Sanpaolo business plan	*(4)*	*-*
	- Item 290. (partial) Tax impact of expenses connected with the Intesa Sanpaolo business plan	*11*	*9*
Net profit	**Item 340. Parent company interest in net profit (loss) for the period**	**585**	**445**

Consolidated income statement - New scope of consolidation

The reclassified consolidated income statement for the new scope of consolidation of the Fideuram – Intesa Sanpaolo Private Banking Group is shown below, retrospectively reflecting - including with respect to net profit - the changes in the scope of consolidation effective as of 30 June 2015, resulting from the company transactions in that year. The reclassified consolidated income statement has in particular been restated as if the company transactions concerned had become effective as of 1 January 2015 so as to include the newly-consolidated companies' contributions in the Group results for the first nine months of 2015.

Consolidated income statement - New scope of consolidation

(Reclassified - €m)

	9 MONTHS 2016	9 MONTHS 2015	CHANGE	
			AMOUNT	%
Net interest income	121	139	(18)	-13
Net profit (loss) on financial assets and liabilities	29	18	11	61
Net fee and commission income	1,140	1,123	17	2
OPERATING INCOME BEFORE NET IMPAIRMENT	**1,290**	**1,280**	**10**	**1**
Net impairment	(3)	-	(3)	n.s.
OPERATING INCOME	**1,287**	**1,280**	**7**	**1**
Personnel expenses	(213)	(210)	(3)	1
Other administrative expenses	(179)	(164)	(15)	9
Depreciation and amortisation	(11)	(12)	1	-8
OPERATING EXPENSES	**(403)**	**(386)**	**(17)**	**4**
Net provisions for risks and charges	(40)	(22)	(18)	82
Profit (loss) on equity investments	9	9	-	-
Other income (expense)	(1)	(6)	5	-83
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	**852**	**875**	**(23)**	**-3**
Income taxes	(245)	(261)	16	-6
NET PROFIT BEFORE NON-RECURRING ITEMS	**607**	**614**	**(7)**	**-1**
Non-recurring income (expenses) net of tax	(22)	(17)	(5)	29
NET PROFIT	**585**	**597**	**(12)**	**-2**

n.s.: not significant

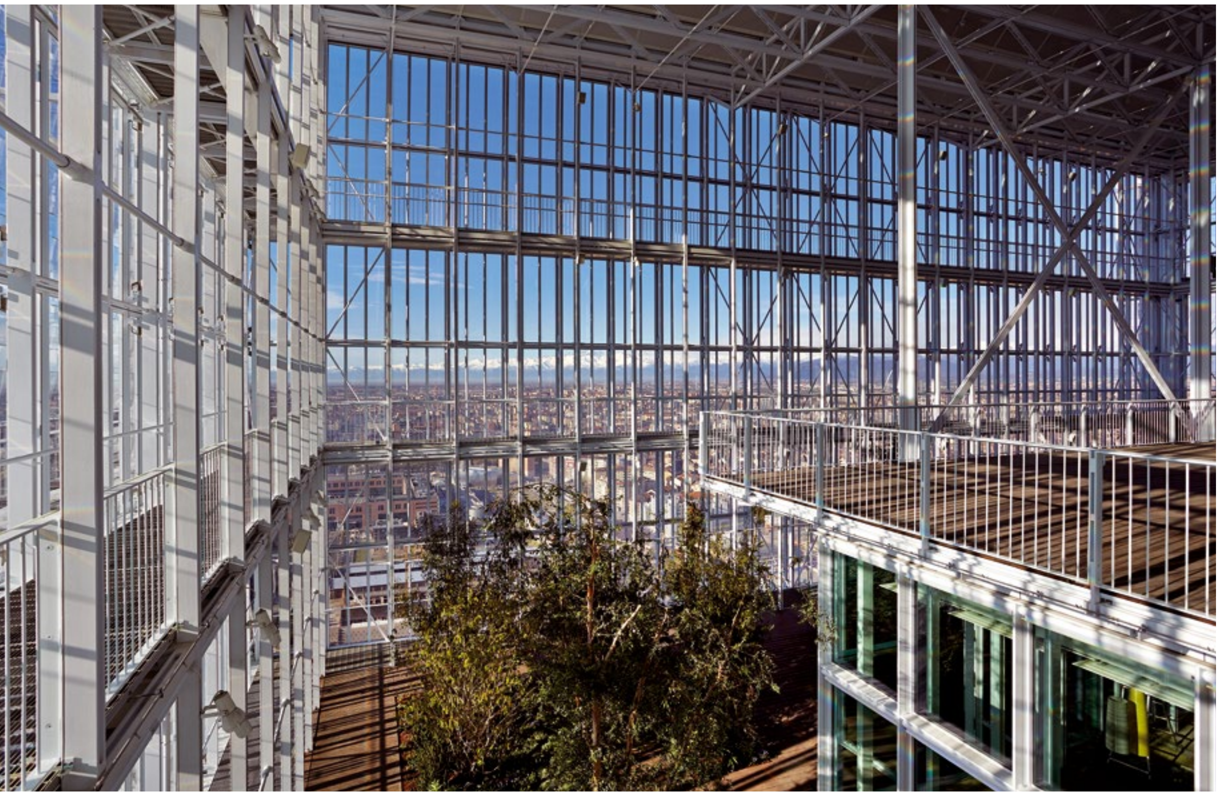
Graphic Design and Development:

mercurio GP
www.mercuriogp.eu

English Language version:
Michael Benis BA FCIOL MITI

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 *m² basement surface area*

38 *floors above ground (27 devoted to offices)*

1,600 *m² photovoltaic panels*

15,000 *m³ 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.

Cover: ***Intesa Sanpaolo skyscraper Turin*** *- Bioclimatic greenhouse - detail*
Photos: ***Enrico Cano, Andrea Cappello, Fabio Polosa***

FIDEURAM
INTESA SANPAOLO PRIVATE BANKING

Turin - Registered Office
156 Piazza San Carlo - 10121 Turin
Tel. 011 5773511 - Fax 011 548194

Milan - Permanent Secondary Office
Corso di Porta Romana, 16 - 20122 Milan
Tel. 02 85181 - Fax 02 85185235
www.fideuram.it