FIDEURAM
INTESA SANPAOLO PRIVATE BANKING

Interim Report at 31 March 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 31 March 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 will be the first financial year in which the Fideuram Group operates at full capacity in the new corporate configuration established last year, 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.

An analysis comparing the financial and transaction data for the first quarter of 2016 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 31 March 2015. In particular, the reclassified income statement for the first quarter of 2015 was restated to include the new equity investments' contributions to the Group results, but the net profit of the three newly-consolidated companies for the first quarter of 2015 (€75m) was recognised under net profit attributable to non-controlling interests.

The balance sheet and income statement at 31 March 2016 referred to in the notes to the financial statements 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%

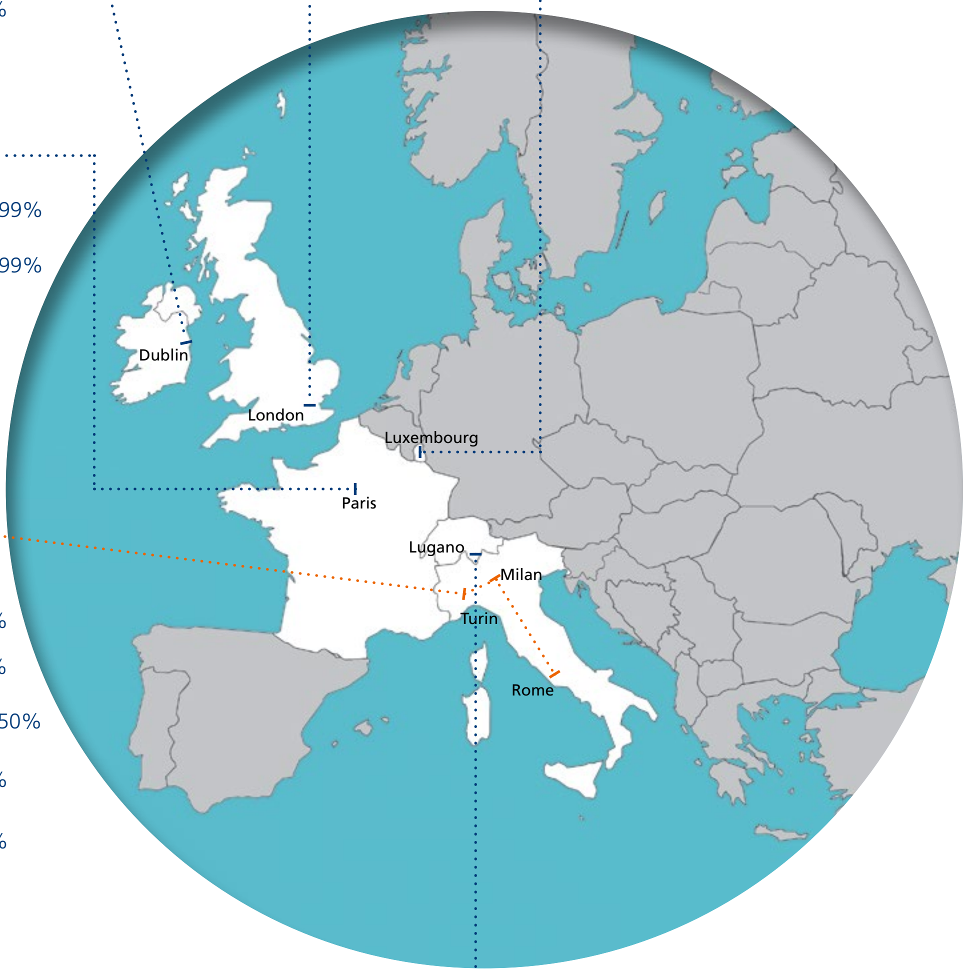
Ireland

FIDEURAM ASSET MANAGEMENT IRELAND 100%

France

FINANCIÈRE FIDEURAM 99.99%

EURO-TRÉSORERIE 99.99%



Italy

FIDEURAM
INTESA SANPAOLO PRIVATE BANKING

INTESA SANPAOLO PRIVATE BANKING 100%

SANPAOLO INVEST 100%

FIDEURAM INVESTIMENTI 99.50%

SIREFID 100%

FIDEURAM FIDUCIARIA 100%

Switzerland

INTESA SANPAOLO PRIVATE BANK SUISSE 100%

Company Officers

at 3 May 2016

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

Board of Statutory Auditors

Chairman
CARLO GIUSEPPE ANGELINI

Statutory Auditors
MARCO ANTONIO MODESTO DELL'ACQUA

LORENZO GINISIO

Acting Auditors
ALESSANDRO COTTO

GIAN PAOLO GRIMALDI

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

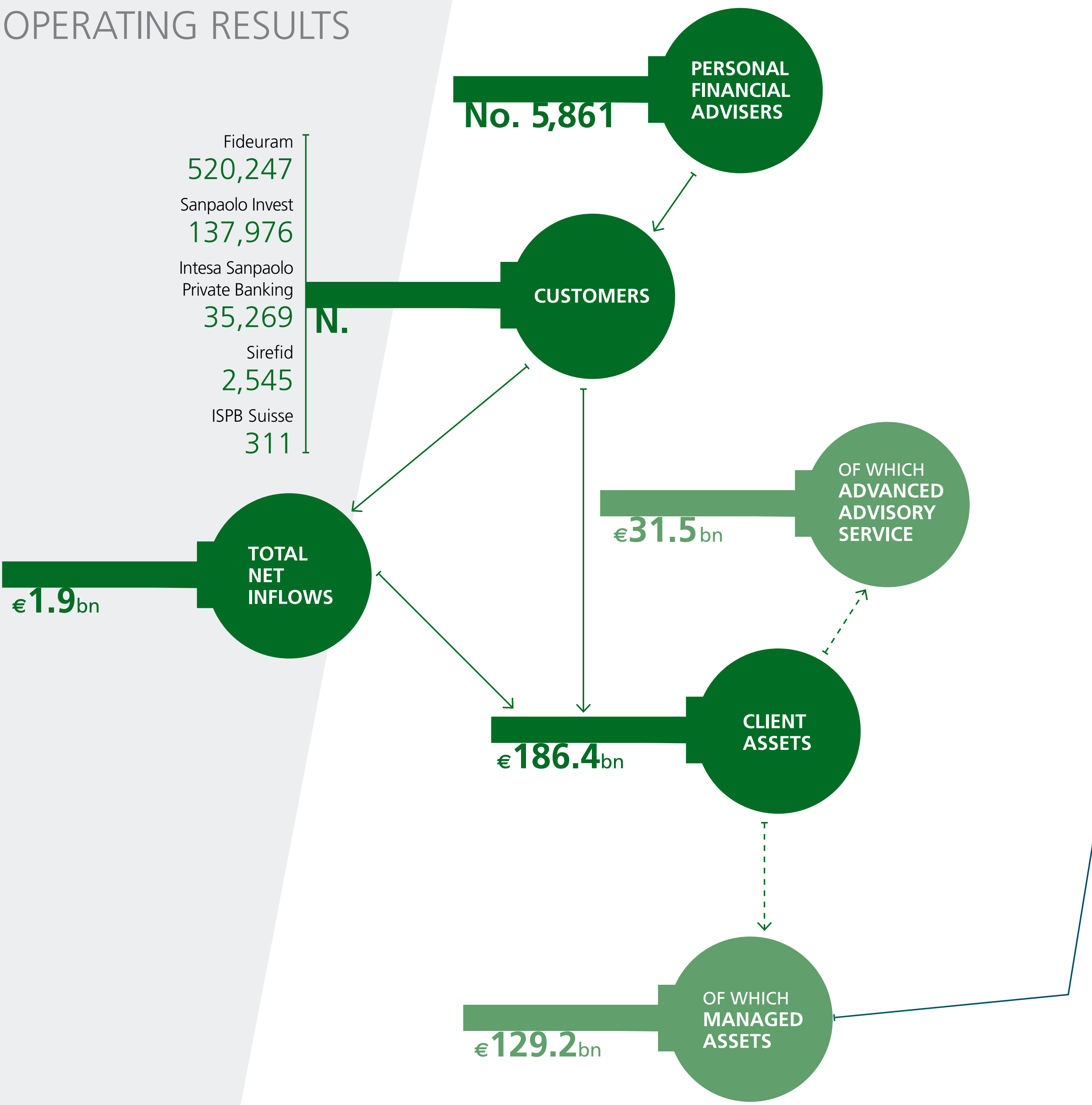
PAOLO BACCIGA

Independent Auditors

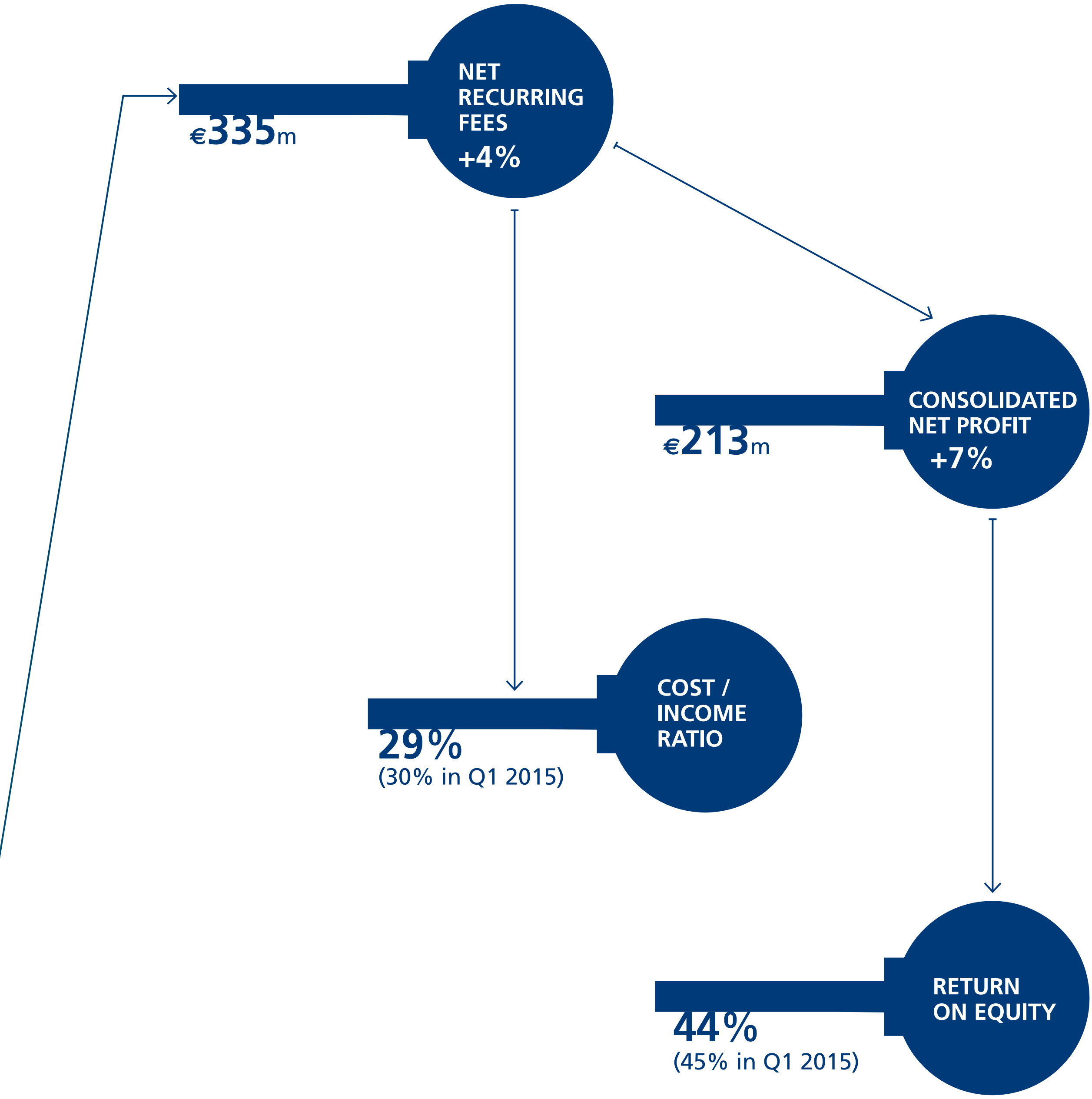
KPMG S.p.A.

Key drivers

Key drivers of the business model



FINANCIAL RESULTS (*)



(*) Restated where necessary to take the changes in the scope of consolidation into account so that straight comparisons can be made. In particular, the figures for the first quarter 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

	31.3.2016	31.3.2015 (*)	% CHANGE
CUSTOMER FINANCIAL ASSETS			
Net inflows into managed assets (€m)	(322)	4,448	n.s.
Total net inflows (€m)	1,874	2,135	-12
Client Assets (€m)	186,354	190,868	-2
OPERATING STRUCTURE			
Personal Financial Advisers (No.)	5,861	5,865	
Staff (No.)	2,963	2,902	
- women (No.)	1,312	1,276	
- outside Italy (No.)	149	146	
Personal Financial Advisers' Offices (No.)	326	327	
Bank Branches (No.)	228	231	
CONSOLIDATED FINANCIAL RESULTS			
Consolidated net profit (€m)	213	200	7
Group shareholders' equity (€m)	2,014	1,896	6
Basic consolidated net earnings per share (€)	0.142	0.134	6
Consolidated pay-out ratio (%)	75.1	72.7	
Fideuram pay-out ratio (%)	99.7	97.9	
Total assets (€m)	30,356	27,578	10
Wealth created (€m)	635	633	-
Economic value distributed (€m)	577	579	-
PROFITABILITY INDICATORS			
Return on Equity (%)	44	45	
Return on Assets (%)	3	3	
Cost / Income ratio (%)	29	30	
Payroll costs / Operating income before net impairment (%)	16	16	
Annualised net profit / Average client assets (%)	0.5	0.4	
Economic Value Added (€m)	192	180	

Counterparty rating (Standard & Poor's)	**Long term: BBB-**	**Short term: A-3**	**Outlook: Stable**

n.s.: not significant

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

	31.3.2016	31.12.2015	CHANGE	
			AMOUNT	%
ASSETS				
Cash and cash equivalents	49	60	(11)	-18
Financial assets (other than loans and held-to-maturity investments)	4,463	4,672	(209)	-4
Held-to-maturity investments	198	297	(99)	-33
Loans and advances to banks	14,274	13,223	1,051	8
Loans and advances to customers	9,825	8,973	852	9
Hedging derivatives	-	2	(2)	-100
Equity investments	133	129	4	3
Property and equipment	39	39	-	-
Intangible assets and goodwill	171	175	(4)	-2
Tax assets	189	217	(28)	-13
Other assets	1,015	1,052	(37)	-4
TOTAL ASSETS	**30,356**	**28,839**	**1,517**	**5**
LIABILITIES				
Due to banks	3,201	3,110	91	3
Due to customers	22,300	21,419	881	4
Financial liabilities held for trading	52	28	24	86
Hedging derivatives	1,152	977	175	18
Tax liabilities	85	80	5	6
Other liabilities	1,099	917	182	20
Provisions for risks and charges	453	431	22	5
Equity attributable to owners of the parent company	2,014	1,877	137	7
TOTAL LIABILITIES	**30,356**	**28,839**	**1,517**	**5**

Consolidated Income Statement

(Reclassified - €m)

	Q1 2016	Q1 2015	CHANGE	
			AMOUNT	%
Net interest income	42	44	(2)	-5
Net profit (loss) on financial assets and liabilities	20	10	10	100
Net fee and commission income	384	364	20	5
OPERATING INCOME BEFORE NET IMPAIRMENT	**446**	**418**	**28**	**7**
Net impairment	(1)	(2)	1	-50
OPERATING INCOME	**445**	**416**	**29**	**7**
Personnel expenses	(70)	(68)	(2)	3
Other administrative expenses	(54)	(54)	-	-
Depreciation and amortisation	(4)	(4)	-	-
OPERATING EXPENSES	**(128)**	**(126)**	**(2)**	**2**
Net provisions for risks and charges	(15)	(8)	(7)	88
Profit (loss) on equity investments	3	4	(1)	-25
Other income (expense)	-	(1)	1	-100
PROFIT BEFORE TAX	**305**	**285**	**20**	**7**
Income taxes	(86)	(85)	(1)	1
Net profit (loss) attributable to non-controlling interests	-	(75)	75	-100
NET PROFIT BEFORE NON-RECURRING ITEMS	**219**	**125**	**94**	**75**
Non-recurring income (expenses) net of tax	(6)	-	(6)	n.s.
NET PROFIT	**213**	**125**	**88**	**70**

n.s.: not significant

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

Quarterly Consolidated Balance Sheet

(Reclassified - €m)

	31.3.2016	31.12.2015	30.9.2015	30.6.2015	31.3.2015 (*)
ASSETS					
Cash and cash equivalents	49	60	242	45	43
Financial assets (other than loans and held-to-maturity investments)	4,463	4,672	4,407	4,419	4,348
Held-to-maturity investments	198	297	316	328	331
Loans and advances to banks	14,274	13,223	13,663	13,085	13,437
Loans and advances to customers	9,825	8,973	8,439	8,136	7,877
Hedging derivatives	-	2	2	6	-
Equity investments	133	129	127	122	128
Property and equipment	39	39	38	37	37
Intangible assets and goodwill	171	175	168	164	164
Tax assets	189	217	186	194	205
Other assets	1,015	1,052	944	926	1,008
TOTAL ASSETS	**30,356**	**28,839**	**28,532**	**27,462**	**27,578**
LIABILITIES					
Due to banks	3,201	3,110	3,221	3,451	3,794
Due to customers	22,300	21,419	20,591	19,562	18,813
Financial liabilities held for trading	52	28	16	30	49
Hedging derivatives	1,152	977	1,015	955	1,274
Tax liabilities	85	80	118	95	91
Other liabilities	1,099	917	963	981	1,236
Provisions for risks and charges	453	431	418	408	424
Equity attributable to non-controlling interests	-	-	-	-	550
Equity attributable to owners of the parent company	2,014	1,877	2,190	1,980	1,347
TOTAL LIABILITIES	**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			
	Q1	**Q4**	**Q3**	**Q2 (*)**	**Q1 (*)**
Net interest income	42	48	49	46	44
Net profit (loss) on financial assets and liabilities	20	2	2	6	10
Net fee and commission income	384	344	348	411	364
OPERATING INCOME BEFORE NET IMPAIRMENT	**446**	**394**	**399**	**463**	**418**
Net impairment	(1)	-	-	2	(2)
OPERATING INCOME	**445**	**394**	**399**	**465**	**416**
Personnel expenses	(70)	(79)	(69)	(73)	(68)
Other administrative expenses	(54)	(67)	(55)	(55)	(54)
Depreciation and amortisation	(4)	(4)	(4)	(4)	(4)
OPERATING EXPENSES	**(128)**	**(150)**	**(128)**	**(132)**	**(126)**
Net provisions for risks and charges	(15)	(14)	(10)	(4)	(8)
Profit (loss) on equity investments	3	-	3	2	4
Other income (expense)	-	(1)	-	(4)	(1)
PROFIT BEFORE TAX	**305**	**229**	**264**	**327**	**285**
Income taxes	(86)	(69)	(77)	(99)	(85)
Net profit (loss) attributable to non-controlling interests	-	-	-	(78)	(75)
NET PROFIT BEFORE NON-RECURRING ITEMS	**219**	**160**	**187**	**150**	**125**
Non-recurring income (expenses) net of tax	(6)	(11)	(5)	(12)	-
NET PROFIT	**213**	**149**	**182**	**138**	**125**

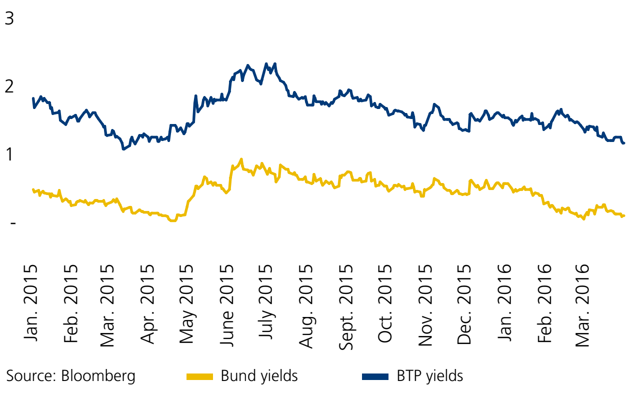
(*) Restated taking the changes in the scope of consolidation into account so that straight comparisons can be made.

The economic scenario

The early weeks of 2016 were marked by significant tensions in the financial markets, initially sparked by an unexpected weakening of the Chinese yuan at the very beginning of the year and by the fears resulting from the implications of falling oil prices for companies in the energy sector. These factors were subsequently compounded by the risks of recession in the American economy and the Bank of Japan's decision at the end of January to introduce a negative interest rate on reserves deposited with the central bank. The latter measure, with its negative implications for the banks' profitability, contributed to a further weakening of the outlook for the banking sector globally. There was, however, a recovery in the markets from mid February due to the combined impact of a series of factors. The risk of recession in the U.S.A. receded, the Chinese authorities stabilised the exchange rate and introduced measures to support the economy, and oil prices started to rise again. In addition, monetary policy took an expansionary turn globally. The Federal Reserve softened its approach considerably, deferring the interest-rate increase planned for the first half of the year, while the European Central Bank adopted a new package of measures that further expand the operations under its Quantitative Easing programme, aiming to rebalance the economy through its TLTRO II refinancing operations rather than by weakening the exchange rate (although the deposit rate fell by a further 10 basis points). Lastly, the Bank of Japan decided against making further cuts to its rates on reserves although it did not introduce any new expansionary measures.

10-year Bund and BTP yields

(%)



Source: Bloomberg

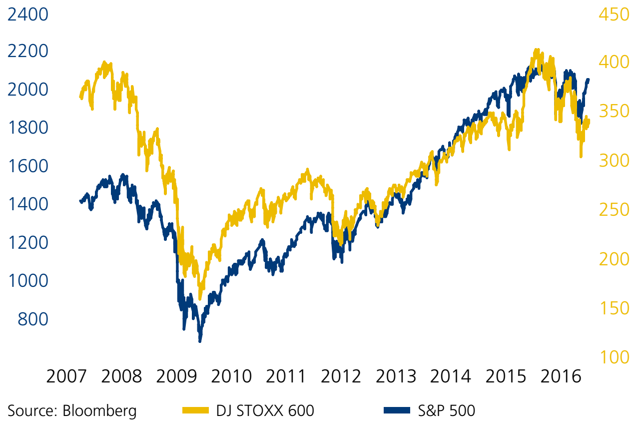
In the **U.S.A.**, economic growth, which was already slowing towards the end of 2015, continued to decelerate in the early months of 2016, due to disappointing consumer spending and the persistent negative contribution of foreign trade resulting from the increasing strength of the dollar. The conditions of the manufacturing sector were particularly weak, although it did show signs of recovery towards the end of the quarter. Labour market conditions continued to be robust notwithstanding this weak growth in economic activity, with a substantial increase in new jobs that was not, however, accompanied by an acceleration in wages. The first quarter of the year saw an unexpected increase in core inflation, which the Federal Reserve considered both transitory and insufficiently significant to alter its "wait-and-see" monetary policy approach.

In the **euro area**, 2016 got off to a troubled start due to the high volatility of the financial markets, which had begun to question the effectiveness of the central banks' stimulus measures, and to the challenges that the refugee crisis and terrorism posed for European governance, putting considerable strain on the Schengen Agreement. The real data surprised, however, showing a rise following the disappointing second half of 2015, when it was impacted by falling foreign demand caused by the difficulties of China and the emerging economies. Domestic demand continued to be the main driver of the recovery, above all consumer spending, which was stimulated by newly-falling oil prices and a gradual but steady improvement in the labour market. The continuing falls in commodities prices took euro area inflation back into negative territory in February. It subsequently rose to zero in March against a backdrop of extreme uncertainty regarding the world economic outlook, providing further grounds for the European Central Bank's expansionary measures.

Asia also suffered from the slowdown in global growth. In China there were, however, signs that growth is stabilising, with investments recovering as a result of a sharp acceleration in bank lending. The authorities were also able to stabilise the exchange rate, following strong capital outflows at the beginning of the year, and to stop the fall in currency reserves. In Japan, growth remained sluggish, with a high risk of dipping back into recession. There was a general perception that the package of economic policy measures dubbed Abenomics adopted in recent years was proving inadequate, and this was above all reflected in the Bank of Japan's decisions.

Improved macroeconomic data and the central banks' response prompted a recovery in the stock markets from the lows of mid-February, which took the U.S. stock exchange to end the quarter at the same levels as at the beginning of the year (S&P 500 +1%), while the performance of the European and Japanese markets continued to be negative (DJ STOXX 600 index -6.7% and Topix index -12.3%), with the Italian stock exchange falling even more markedly (-14.2%) partly due to the situation of the banking sector. The emerging markets recovered, on the other hand, with the MSCI Emerging Markets dollar index up 5%. The bond market was impacted by the downward revision of growth prospects and the central banks' expansionary measures, with a significant correction in ten-year government bond yields, which were down by almost 50 basis points in both the U.S.A. and Germany at the end of the quarter. The ten-year Bund yield, in particular, returned to the historic lows of close to zero reached in April 2015. The largely wait-and-see approach of the Federal Reserve, combined with the European Central Bank's decision not to cut the deposit rate further into negative territory, led the euro to appreciate against the dollar, with the exchange rate rising to 1.14 at the beginning of April.

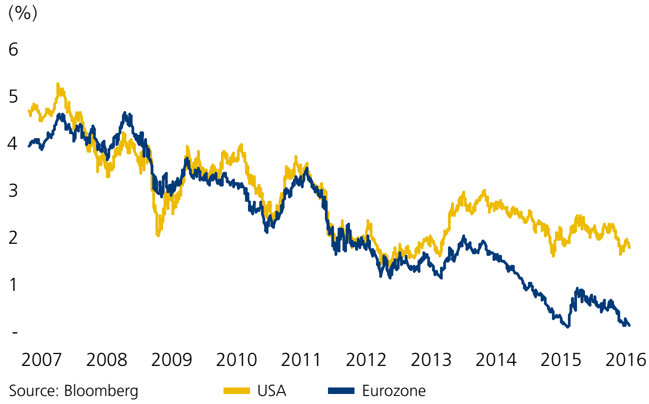
Share markets performance



Source: Bloomberg

Bond markets performance

(10-year government bond yields)



Source: Bloomberg

Overview of consolidated results

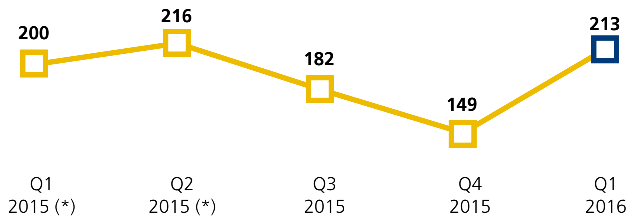
The Fideuram – Intesa Sanpaolo Private Banking Group ended the first quarter of 2016 with **consolidated net profit** of **€213m**, up €88m (+70%) on the corresponding period in 2015 (€125m). The Wealth created by the Group's business totalled €635m at 31 March 2016, up €2m compared with the same period last year.
Return on equity (R.O.E.) was 44%.
Analysis of the main income-statement items shows that this increase in profit before tax was due to a €29m increase in operating income which was partially offset by a €7m increase in net provisions for risks and charges and a €2m increase in operating expenses. The Group's Cost/Income Ratio improved to 29% compared with 30% in the first quarter of 2015.

The quarterly trend of **consolidated net profit including the newly-consolidated companies**, obtained restating the result for the first two quarters of last year so as to include the contributions of the equity investments acquired with effect from 30 June 2015, shows the Group's outstanding performance in the first quarter of 2016 notwithstanding the still highly-volatile market scenario.

At 31 March 2016, the number of Personal Financial Advisers in the Group's networks totalled 5,861, compared with 5,846 at 31 December and 5,865 at 31 March 2015. Total Group staff came to 2,963, up from 2,928 at 31 December 2015. Bank branches totalled 228. Personal Financial Advisers' offices totalled 326.

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 the fourth largest in the euro area with more than €186bn 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..

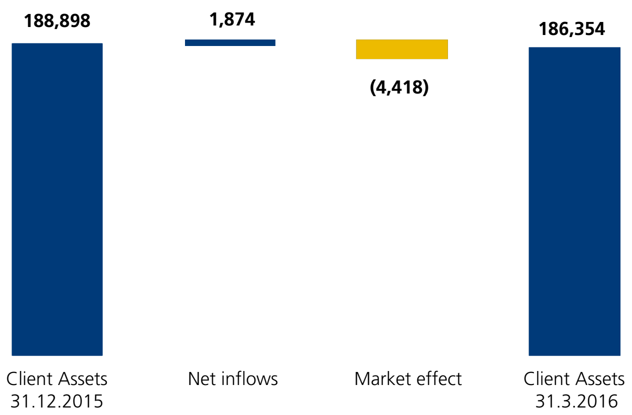
Client financial assets

Client Assets totalled €186.4bn at 31 March 2016, down €2.5bn (-1%) from the figure at 31 December 2015 as a result of the market performance of the assets themselves (-€4.4bn), which was partially offset by solid net inflows (+€1.9bn).

Analysis of the item shows that managed assets, which totalled €129.2bn (69% of total client assets), were down €2.8bn (-2%) from the figure at 31 December 2015 as a result of decreases in mutual funds (-€2.3bn) and discretionary accounts (-€1bn), which were partially offset by growth in life insurance (+€0.5bn). Non-managed assets totalled €57.1bn, up €0.3bn on the figure at 31 December 2015.

Client Assets

(€m)



Client Assets

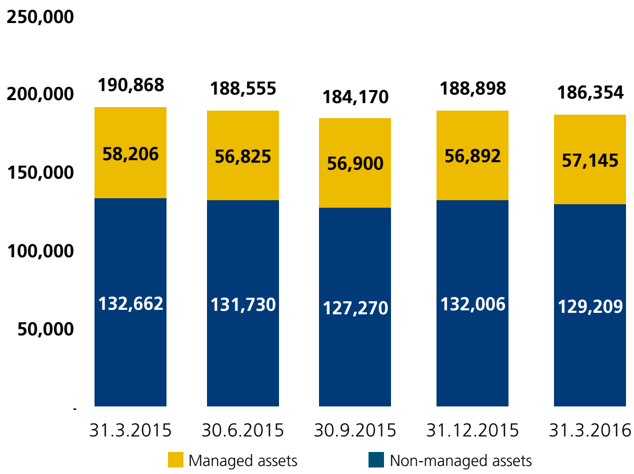
(€m)

	31.3.2016	31.12.2015	CHANGE	
			AMOUNT	%
Mutual funds	46,425	48,759	(2,334)	-5
Discretionary accounts	39,482	40,448	(966)	-2
Life insurance	41,905	41,424	481	1
including: Fideuram Vita / Intesa Sanpaolo Vita unit linked	*26,759*	*26,503*	*256*	*1*
Pension funds	1,397	1,375	22	2
Total managed assets	**129,209**	**132,006**	**(2,797)**	**-2**
Total non-managed assets	**57,145**	**56,892**	**253**	**-**
including: Securities	*38,738*	*40,557*	*(1,819)*	*-4*
Total Client Assets	**186,354**	**188,898**	**(2,544)**	**-1**

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

Client Assets - by type of inflows (*)

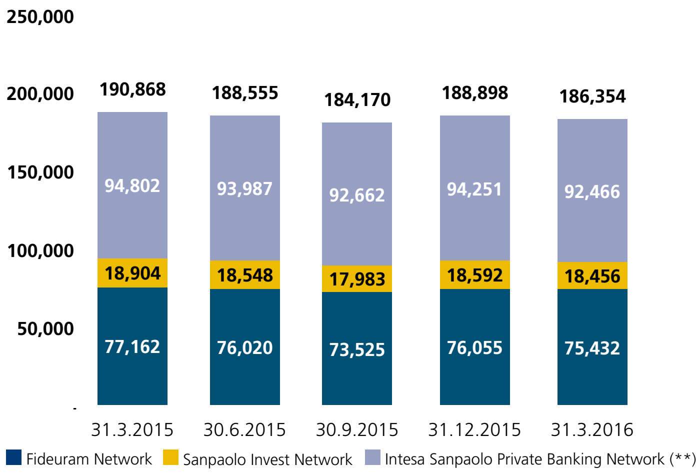
(€m)



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

Client Assets - by sales network (*)

(€m)



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

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

Inflows into managed and non-managed assets

The Group's distribution networks (Fideuram Network, Intesa Sanpaolo Private Banking Network and Sanpaolo Invest Network) brought in €1.9bn net inflows in the first quarter of 2016, down €261m from the total for the corresponding period last year.
Analysis of the item shows that there was a net outflow of €322m from managed assets, which suffered from the high volatility of the financial markets in the first quarter of 2016, a decrease of €4.8bn compared with the same period in 2015 that principally regarded discretionary accounts (-€3.8bn compared with the first quarter of last year) and life insurance (-€0.8bn).
Non-managed assets showed strong growth with a net inflow of €2.2bn, a €4.5bn improvement on the net outflow of €2.3bn in the same period last year, attracting customers interested in reducing the risk of their investments during the first quarter of 2016 while waiting for the markets to recover.

Net inflows

(€m)

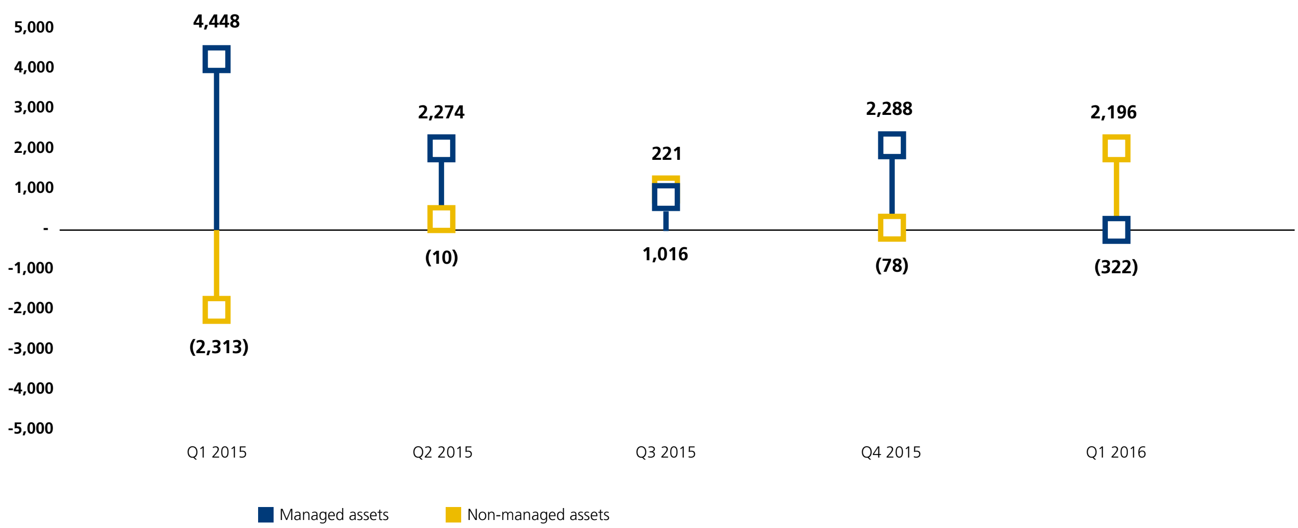
	Q1 2016	Q1 2015 (*)	CHANGE AMOUNT	CHANGE %
Mutual funds	(1,088)	(934)	(154)	16
Discretionary accounts	(117)	3,716	(3,833)	n.s.
Life insurance	860	1,646	(786)	-48
including: Fideuram Vita / Intesa Sanpaolo Vita unit linked	*1,298*	*1,026*	*272*	*27*
Pension funds	23	20	3	15
Total managed assets	**(322)**	**4,448**	**(4,770)**	**n.s.**
Total non-managed assets	**2,196**	**(2,313)**	**4,509**	**n.s.**
including: Securities	*571*	*(2,311)*	*2,882*	*n.s.*
Total Net inflows	**1,874**	**2,135**	**(261)**	**-12**

n.s.: not significant

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

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 31 March 2016

- Fideuram: €75,432m
- Sanpaolo Invest: €18,456m
- Intesa Sanpaolo Private Banking: €87,662m
- Sirefid: €3,989m
- Intesa Sanpaolo Private Bank (Suisse): €815m

No. CUSTOMERS at 31 March 2016

- Fideuram: 520,247
- Sanpaolo Invest: 137,976
- Intesa Sanpaolo Private Banking: 35,269 (*)
- Sirefid: fiduciary mandates 2,545
- Intesa Sanpaolo Private Bank (Suisse): 311

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

Analysis of the Group's customer distribution shows strong concentration in the Private Banking and High Net Worth Individual (HNWI) segments. 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 table and graphs below analyse client assets by type of customer.

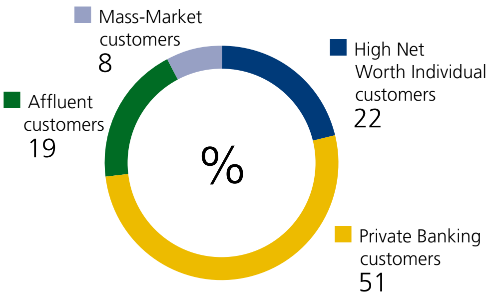
Client assets by type of customer

(€m)

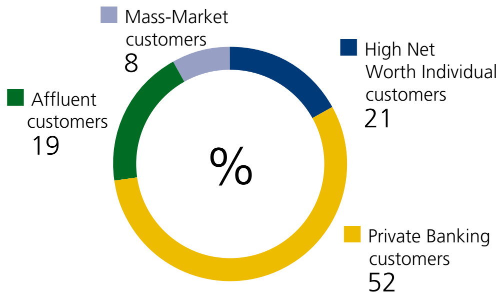
	31.3.2016	31.12.2015	CHANGE	
			AMOUNT	%
High Net Worth Individual customers	40,251	40,013	238	1
Private Banking customers	95,714	98,664	(2,950)	-3
Affluent customers	35,665	35,730	(65)	-
Mass-Market customers	14,724	14,491	233	2
Total	**186,354**	**188,898**	**(2,544)**	**-1**

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

31.3.2016



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 service

The Fideuram Group is a leading Italian banking group in the provision of financial advisory services and in the distribution, development and management of financial services and products for private individuals.
The Group's principal distinctive strengths, emblematic of its market leadership, are founded on a **business model** that anchors the distribution of products and services in the professional relationships between our Personal Financial Advisers and customers, supported by the strength of a banking group with three renowned brands - Fideuram, Intesa Sanpaolo Private Banking and Sanpaolo Invest - and a network of 228 bank branches and 326 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 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 over time from a global standpoint.
A total of approximately 67,000 customers were subscribed to our Advanced Advisory Services at the end of March 2016, accounting for approximately €31.5bn client assets.

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

Customers subscribed to Advanced Advisory Services

(No.)

	31.3.2016	31.12.2015	CHANGE	
			AMOUNT	%
High Net Worth Individual customers	481	522	(41)	-8
Private Banking customers	14,329	14,923	(594)	-4
Affluent customers	34,510	34,970	(460)	-1
Mass-Market customers	17,644	17,262	382	2
Total	**66,964**	**67,677**	**(713)**	**-1**

Advanced Advisory Service client assets

(€m)

	31.3.2016	31.12.2015	CHANGE	
			AMOUNT	%
High Net Worth Individual customers	3,945	3,579	366	10
Private Banking customers	17,928	19,250	(1,322)	-7
Affluent customers	8,572	8,707	(135)	-2
Mass-Market customers	1,075	1,036	39	4
Total	**31,520**	**32,572**	**(1,052)**	**-3**

Advanced Advisory Service Fee and Commission Income

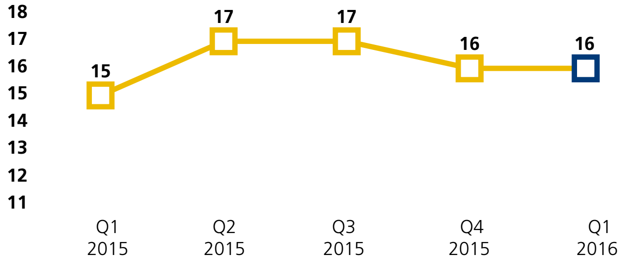
(€m)

	Q1 2016	Q1 2015 (*)	CHANGE	
			AMOUNT	%
Fee and commission income	28	27	1	4
Fee and commission expense	(12)	(12)	-	-
Net fee and commission income	**16**	**15**	**1**	**7**

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

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

(€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 marked by high volatility of the financial markets, the Fideuram Group ended the first quarter of 2016 with consolidated net profit of €213m, up €88m (+70%) on the figure for the first quarter of last year. Comparing net profit for this quarter with the figure for the first quarter of 2015 on a like-for-like basis, which is to say restating the result so as to include the contributions of the equity investments acquired with effect from 30 June 2015 (totalling €75m), shows growth of €13m (+7%).

Operating income before net impairment came to €446m, up €28m (+7%) on the first quarter of 2015 (€418m) as a result of:
- Growth in net fee and commission income (+€20m).
- Decreased net interest income (-€2m).
- Increased net profit on financial assets (+€10m).

Net interest income

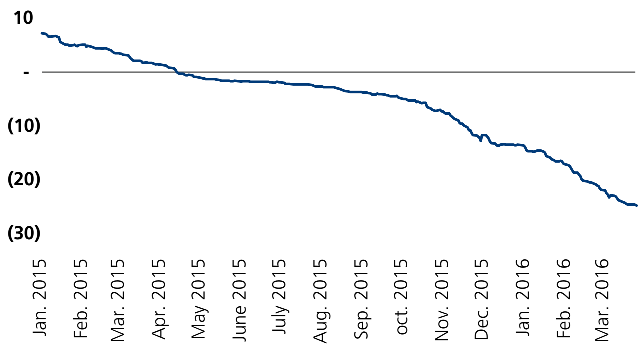
(€m)

	Q1 2016	Q1 2015	CHANGE AMOUNT	CHANGE %
Interest expense on due to customers	(11)	(20)	9	-45
Interest expense on due to banks	(8)	(7)	(1)	14
Interest income on debt securities	52	49	3	6
Interest income on loans	32	42	(10)	-24
Net interest on hedging derivatives	(22)	(20)	(2)	10
Other net interest income	(1)	-	(1)	n.s.
Total	**42**	**44**	**(2)**	**-5**

n.s.: not significant

Euribor 3 months rate

(bp)

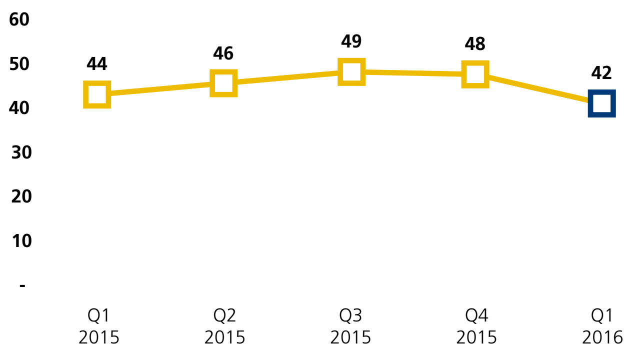


Source: Bloomberg

Net interest income totalled €42m, down €2m (-5%) compared with the same period last year, impacted by sharp falls in the reference interest rates, which took them into negative territory from the second quarter of 2015, without this being accompanied by any corresponding elasticity of the deposit-lending rate spread. This decrease was partially offset by growth in average interest-bearing assets and the increased profitability of the investments themselves. The fall in net interest income in the first quarter of 2016 (-13%) was entirely due to the further fall in interest rates in the first quarter of 2016 compared with the fourth quarter of 2015.

Quarterly net interest income

(€m)



Net profit (loss) on financial assets and liabilities

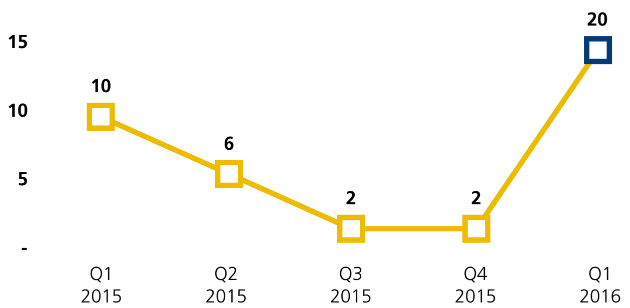
(€m)

	Q1 2016	Q1 2015	CHANGE AMOUNT	%
Net profit (loss) on sale of loans and financial assets	18	10	8	80
Net profit (loss) on trading activities	2	3	(1)	-33
Net profit (loss) on hedging derivatives	-	(3)	3	-100
Total	**20**	**10**	**10**	**100**

Net profit on financial assets and liabilities came to €20m, up €10m from the figure for the first quarter of 2015.
Analysis of the item shows that net profit on sale of loans and financial assets (€18m) increased €8m from the figure for the same period last year due to increased sales of investment securities. Net profit on trading activities came to €2m, down €1m from the figure for the first quarter of 2015, principally as a result of decreased profit on foreign exchange transactions. Net profit on hedging derivatives, resulting from the ineffective hedging of interest-rate derivatives, increased €3m due to an upward shift in the interest rate curve, which in particular regarded the repricing dates of the largest volumes of derivative hedges in the securities holdings.

Quarterly net profit (loss) on financial assets and liabilities

(€m)



Fee and commission income

(€m)

	Q1 2016	Q1 2015	CHANGE AMOUNT	%
Fee and commission income	543	545	(2)	-
Fee and commission expense	(159)	(181)	22	-12
Net fee and commission income	**384**	**364**	**20**	**5**

Net fee and commission income totalled €384m, up €20m (+5%) from €364m in the first quarter of 2015.

Net fee and commission income

(€m)

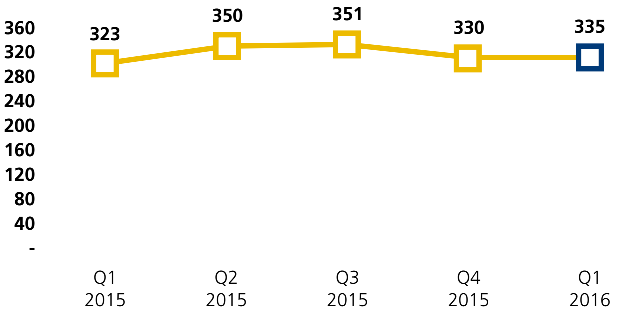
	Q1 2016	Q1 2015	CHANGE AMOUNT	%
Net recurring fees	335	323	12	4
Net performance fees	-	9	(9)	-100
Net front-end fees	67	67	-	-
Other commission expense, net incentives and other	(18)	(35)	17	-49
Total	**384**	**364**	**20**	**5**

Net recurring fees

Net recurring fees totalled €335m, an increase of €12m (+4%) on the figure for the first quarter of the previous financial year notwithstanding the negative performance of the financial markets, due to strong growth in average managed assets, which rose from €126.4bn at 31 March 2015 to approximately €127.8bn at the end of March 2016 (+€1.4bn), and to a shift in the asset product mix, principally towards unit-linked policies and discretionary accounts. In addition, profitability continued to benefit from the increasing contribution of client assets connected with our Advanced Advisory Services, which generated net fee and commission income of €16m, up €1m from €15m in the first quarter of 2015.
The quarter-on-quarter performance of net recurring fees showed a €5m increase on the figure for the fourth quarter of 2015, principally as a result of growth in fees on insurance products.

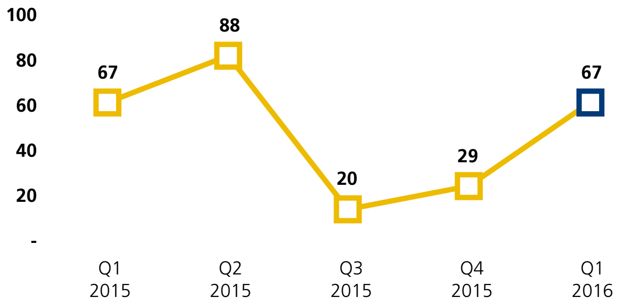
Quarterly net recurring fees

(€m)



Quarterly net front-end fees

(€m)



Net performance fees

Performance fees were not charged in the first quarter of 2016, whereas they totalled €9m in the first quarter of 2015, when they were almost entirely due to the solid performance of the 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

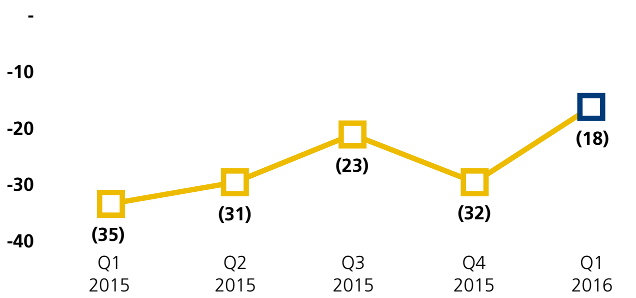
Net front-end fees totalled €67m, which was in line with the figure for the first quarter of the previous financial year, with a fall in front-end fee income from managed asset products that was entirely offset by increased front-end fee income from the placement of bonds and certificates. The Group's sales networks in fact distributed a number of Intesa Sanpaolo and Banca IMI bond loans and certificates that brought in approximately €2bn gross inflows in the period compared with €1.2bn in the first quarter of 2015. Net front-end fees rose €38m in the first quarter of 2016 from the figure for the fourth quarter of last year as a result of increased bond and certificate sales by the Group's sales networks in the period.

Commission expense for incentives and others

Commission expense for incentives and others totalled €18m, down €17m compared with the first quarter of 2015 as a result of lower incentive payments to and provisions set aside for the Personal Financial Adviser Networks, mainly as a result of the decreased proportion of inflows into managed assets.

Quarterly commission expense for incentives and other

(€m)



Net impairment came to -€1m, principally due to write-downs of loans, compared with -€2m in the first quarter 2015.

Operating expenses

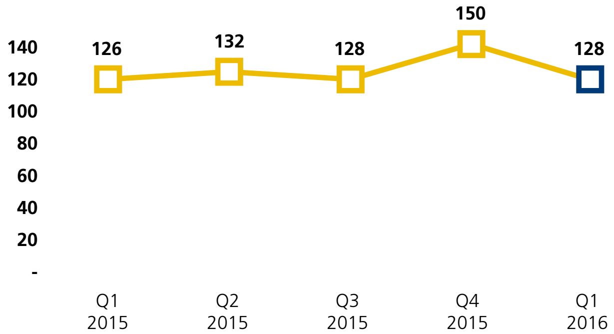
(€m)

	Q1 2016	Q1 2015	CHANGE AMOUNT	CHANGE %
Personnel expenses	70	68	2	3
Other administrative expenses	54	54	-	-
Depreciation and amortisation	4	4	-	-
Total	**128**	**126**	**2**	**2**

Operating expenses came to €128m, up €2m (+2%) on the figure for the first quarter of last year.
Analysis of the item shows that personnel expenses, which totalled €70m, were up €2m (+3%) compared with the figure for the corresponding period in 2015, largely due to an increase in the fixed components of remuneration due to increased staff quality and numbers (+61).
Other administrative expenses and depreciation and amortization totalled €54m and €4m respectively, which was in line with the figures for the first quarter of 2015.

Quarterly operating expenses

(€m)



Net provisions for risks and charges

(€m)

	Q1 2016	Q1 2015	CHANGE AMOUNT	CHANGE %
Personal Financial Advisers' termination indemnities and incentives	13	6	7	117
Litigation, securities in default and complaints	(1)	1	(2)	n.s.
Network Loyalty Schemes	3	1	2	n.s.
Total	**15**	**8**	**7**	**88**

Net provisions for risks and charges came to €15m, up €7m 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 €7m to total €13m, principally due to higher market rates causing the discounting of the long-term liability in the first quarter of 2016 to have a greater impact on the expense recorded in the income statement. The movements in the provision for litigation, securities in default and complaints had a positive balance of €1m due to a net reversal to profit and loss of the provisions for risks and charges as a result of a number of legal disputes having been concluded with lower expenses than the amounts set aside for them in prior years. No significant new cases were brought during the quarter. The provisions set aside for the Network Loyalty Schemes totalled €3m, up €2m 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.

Profit on equity investments came to €3m, corresponding to the profit from the Group's 19.99% interest in Fideuram Vita S.p.A., which was down €1m compared with the first quarter of 2015 as a result of the decreased profitability of the company's investment securities.

Other income and expense, which is a residual item for miscellaneous income and expense that cannot be recognised in other items of the income statement, had a zero balance in the first quarter of 2016 compared with a negative balance of €1m in the corresponding period of 2015.

Income taxes show €86m set aside in the period, an increase of €1m compared with the figure for the first quarter of 2015. The tax rate was 28% compared with 30% in the corresponding period of the previous financial year.

Non-recurring income and expenses net of tax, which include net income and expenses that are not ordinary operating expenses, were negative to the tune of €6m due to the expenses incurred for the integration of Intesa Sanpaolo Private Banking, Intesa Sanpaolo Private Bank (Suisse) and Sirefid in the Fideuram Group. Non-recurring expenses were incurred in the first quarter of 2015.

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 31 March 2016

(€m)

	MANAGED FINANCIAL ASSETS	LIFE INSURANCE ASSETS	BANKING SERVICES	TOTAL FOR FIDEURAM GROUP
Net interest income	-	-	42	42
Net profit (loss) on financial assets and liabilities	-	-	20	20
Net fee and commission income	224	101	59	384
Operating income before net impairment	**224**	**101**	**121**	**446**
Operating expenses	(64)	(17)	(47)	(128)
Other	(9)	(4)	-	(13)
Profit before tax	**151**	**80**	**74**	**305**
Average Client Assets	**85,855**	**41,961**	**57,054**	**184,870**
Client Assets	**85,907**	**43,302**	**57,145**	**186,354**
Key indicators				
Cost / Income Ratio	28%	17%	38%	29%
Annualised profit before tax / Average Client Assets	0.7%	0.8%	0.5%	0.7%
Annualised net fee and commission income / Average Client Assets	1.0%	1.0%	0.4%	0.8%

MANAGED FINANCIAL ASSETS SEGMENT

The Managed Financial Assets Segment covers the Group's discretionary account and mutual fund business, which totalled €85.9bn at 31 March 2016 (46% of total client assets), down €6.9bn (-7.5%) from the figure at 31 March 2015, principally as a result of a decrease in mutual funds (-€7.6bn). Net inflows were negative, with a net outflow of €1.2bn, down €4bn from the figure at 31 March 2015, principally as a result of the high volatility of the financial markets in the first quarter of the year.
Profit before tax totalled €151m, down €12m from the figure for the corresponding period in the previous financial year, principally due to decreased net fee and commission income (-€7m). The ratio of net fee and commission income to client assets was 1%, while the ratio of profit before tax to client assets was 0.7%.

LIFE INSURANCE ASSETS SEGMENT

This segment covers the Group's life insurance and pension funds business, which totalled €43.3bn at 31 March 2016 (23% of total client assets), up €3.5bn principally due to strong life insurance performance (+€3.4bn). Total net inflows came to €0.9bn, a decrease of €0.8bn compared with the corresponding period in the previous financial year.
Profit before tax totalled €80m, up €3m 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%.

Managed Financial Assets

(€m)

	31.3.2016	31.3.2015 (*)	% CHANGE
Net interest income	-	-	-
Net profit (loss) on financial assets and liabilities	-	-	-
Net fee and commission income	224	231	-3
Operating income before net impairment	**224**	**231**	**-3**
Operating expenses	(64)	(62)	3
Other	(9)	(6)	50
Profit before tax	**151**	**163**	**-7**
Average Client Assets	**85,855**	**88,613**	**-3**
Client Assets	**85,907**	**92,852**	**-7**
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	1.0%	1.0%	

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

Life Insurance Assets

(€m)

	31.3.2016	31.3.2015 (*)	% CHANGE
Net interest income	-	-	-
Net profit (loss) on financial assets and liabilities	-	-	-
Net fee and commission income	101	95	6
Operating income before net impairment	**101**	**95**	**6**
Operating expenses	(17)	(16)	6
Other	(4)	(2)	100
Profit before tax	**80**	**77**	**4**
Average Client Assets	**41,961**	**37,784**	**11**
Client Assets	**43,302**	**39,803**	**9**
Key indicators			
Cost / Income Ratio	17%	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%	

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

BANKING SERVICES SEGMENT

The Banking Services Segment covers the Group's banking and financial services, together with its central departments, holding activities and finance activities, as well as - generally speaking - the coordination and control activities for its other operating segments.
This segment includes non-managed assets, mainly comprised of securities and current accounts, which totalled €57.2bn at 31 March 2016 (31% of total client assets), down €1.1bn from the figure at 31 March 2015.
Total net inflows came to €2.2bn, an improvement of €4.5bn compared with the corresponding period in the previous financial year.
The contribution of this segment to profit before tax was €74m. The €29m increase in profit before tax compared with the corresponding period in the previous financial year was due to increased operating income before net impairment.
The ratio of net fee and commission income to client assets was 0.4%, while the ratio of profit before tax to client assets was 0.5%.

Banking Services

(€m)

	31.3.2016	31.3.2015 (*)	% CHANGE
Net interest income	42	44	-5
Net profit (loss) on financial assets and liabilities	20	10	100
Net fee and commission income	59	38	55
Operating income before net impairment	**121**	**92**	**32**
Operating expenses	(47)	(48)	-2
Other	-	1	-100
Profit before tax	**74**	**45**	**64**
Average Client Assets	**57,054**	**58,485**	**-2**
Client Assets	**57,145**	**58,213**	**-2**
Key indicators			
Cost / Income Ratio	38%	51%	
Annualised profit before tax / Average Client Assets	0.5%	0.3%	
Annualised net fee and commission income / Average Client Assets	0.4%	0.3%	

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

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 31 March 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 various different 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 €635m at 31 March 2016, up €2m compared with 31 March 2015. This wealth was distributed to stakeholders as follows:

- Colleagues (employees and Personal Financial Advisers) received 37% of the Wealth created, amounting to a total of €235m. This included the remuneration paid to employees and the amounts set aside for and paid to the Personal Financial Adviser Networks.
- Our shareholder received 25.2% of the Wealth created, in the form of the proposed dividend, for a total of €160m.
- The government, public authorities, institutions and the community received €127m, principally in the form of direct and indirect taxes, equating to approximately 20% of the Wealth created.
- Suppliers received 8.7% of the Wealth created, amounting to €55m paid for goods and services.
- The remaining €58m was retained by the Group to maintain the efficiency of the business complex, and regarded the following items in particular: deferred tax assets and liabilities, amortisation and depreciation, provisions for risks and charges and retained profit.

Value added

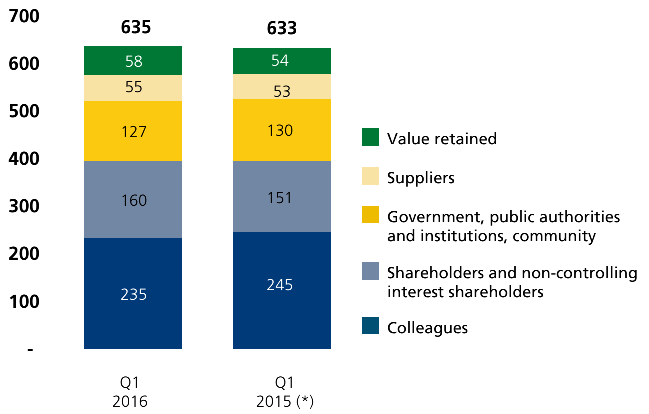
(€m)

	Q1 2016	Q1 2015 (*)	CHANGE AMOUNT	CHANGE %
Wealth created	**635**	**633**	**2**	**-**
Value distributed	**(577)**	**(579)**	**2**	**-**
Employees and Personal Financial Advisers	(235)	(245)	10	-4
Suppliers	(55)	(53)	(2)	4
Shareholders and non-controlling interest	(160)	(151)	(9)	6
Government, public authorities and institutions, Community	(127)	(130)	3	-2
Value retained	**58**	**54**	**4**	**7**

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

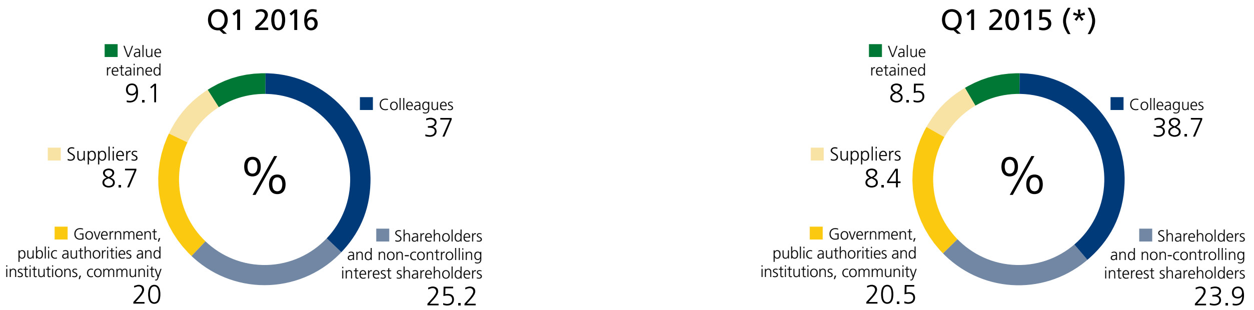
Wealth created

(€m)



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

Distribution of wealth created



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

Asset and liability management

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

Financial assets

(€m)

	31.3.2016	31.12.2015	CHANGE	
			AMOUNT	%
Financial assets held for trading	66	45	21	47
Financial assets designated at fair value	164	168	(4)	-2
Financial assets available for sale	4,233	4,459	(226)	-5
Held-to-maturity investments	198	297	(99)	-33
Hedging derivatives	-	2	(2)	-100
Total	**4,661**	**4,971**	**(310)**	**-6**

Group **financial assets** held for treasury and investment purposes totalled €4.7bn, down €310m from the figure at the end of 2015 (-6%), principally due to a decrease in financial assets available for sale (-€226m) resulting from securities sales in the period and, to a lesser extent, to fair value losses on the back of the declining credit spreads of the issuers of the bonds in the portfolio.

Financial liabilities

(€m)

	31.3.2016	31.12.2015	CHANGE	
			AMOUNT	%
Financial liabilities held for trading	52	28	24	86
Hedging derivatives	1,152	977	175	18
Total	**1,204**	**1,005**	**199**	**20**

Financial liabilities, consisting of derivatives, totalled €1.2bn. This item was up €199m (+20%) 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)

	31.3.2016	31.12.2015	CHANGE	
			AMOUNT	%
Due from Central Banks	178	107	71	66
Current account and demand deposits	5,175	4,446	729	16
Term deposits	4,024	4,585	(561)	-12
Other	20	14	6	43
Debt securities	4,877	4,071	806	20
Total	**14,274**	**13,223**	**1,051**	**8**

Loans and advances to banks came to €14.3bn, up €1.1bn on the figure at the end of 2015 (+8%) due to growth in current account overdrafts and investments in debt securities issued by Intesa Sanpaolo Group banks (+€1.5bn), which was partially offset by a decline in term deposits (-€561m). Current accounts included €2.5bn cash linked to securities lending, secured entirely by cash collateral recognised in the financial statements under Loans and advances to banks and Due to banks (Loans and advances to Intesa Sanpaolo and Due to Banca IMI).

Due to banks

(€m)

	31.3.2016	31.12.2015	CHANGE	
			AMOUNT	%
Current accounts and demand deposits	145	121	24	20
Term deposits	100	25	75	n.s.
Repurchase agreements	2,949	2,957	(8)	-
Other debts	7	7	-	-
Total	**3,201**	**3,110**	**91**	**3**

n.s.: not significant

Due to banks totalled €3.2bn, up €91m (+3%) on the end of 2015 due to increased current account and term deposits. The Group continued to be a net lender on the interbank market, with net interbank deposits of €11.1bn (€14.3bn deposits and €3.2bn loans), €10.5bn of which (approximately 95% 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)

	31.3.2016	31.12.2015	CHANGE	
			AMOUNT	%
Current accounts	5,110	5,078	32	1
Repurchase agreements	1,689	966	723	75
Loans	551	380	171	45
Other	815	1,013	(198)	-20
Debt securities	1,650	1,525	125	8
Impaired assets	10	11	(1)	-9
Total	**9,825**	**8,973**	**852**	**9**

Loans and advances to customers totalled €9.8bn and mainly comprised short-term loans (repayable within 12 months or revocable loans without a predetermined term) and unlisted debt securities. The increase of €852m compared with the figure at 31 December 2015 was largely due to increased loans under repurchase agreements with institutional customers (+€723m).

Net problem loans totalled €10m at the end of March 2016, down €1m from the figure at 31 December 2015 (-9%). 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 €2m, down €1m from the figure at 31 December 2015.

Due to customers

(€m)

	31.3.2016	31.12.2015	CHANGE	
			AMOUNT	%
Current accounts and demand deposits	18,909	17,097	1,812	11
Term deposits	3,191	3,634	(443)	-12
Repurchase agreements	38	566	(528)	-93
Other debts	162	122	40	33
Total	**22,300**	**21,419**	**881**	**4**

Due to customers totalled €22.3bn, an increase of €881m (+4%) on the figure at the end of December 2015, principally as a result of growth in customer current account deposits (+€1.8bn), which was partially offset by decreased term deposits (-€443m) and repurchase agreements (-€528m).

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	-	-	17	17
Finland	-	-	31	31
France	-	-	42	42
Italy	1,620	14	1,150	2,784
Netherlands	-	-	41	41
United States	-	-	66	66
Total	**1,620**	**14**	**1,368**	**3,002**

(*) 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 €171m, including €140m goodwill and intangibles regarding Private Banking divisions acquired by subsidiary Intesa Sanpaolo Private Banking between 2009 and 2013.

The **provisions for risks and charges** at 31 March 2016 were up €22m (+5%) on the figure at 31 December 2015.

Provisions for risks and charges

(€m)

	31.3.2016	31.12.2015	CHANGE	
			AMOUNT	%
Litigation, securities in default and complaints	111	113	(2)	-2
Personnel expenses	65	54	11	20
Personal Financial Advisers' termination indemnities	196	184	12	7
Network Loyalty Schemes	74	73	1	1
Other	7	7	-	-
Total	**453**	**431**	**22**	**5**

The provision for litigation, securities in default and complaints was down €2m from the figure at the end of 2015 as a result of utilisation in the quarter. The provision for the termination of Personal Financial Adviser agency agreements and the Network Loyalty Schemes was up €13m, largely as a result of additional provisions set aside in the period. The item Other funds includes €6m for the staff pension and severance fund, which was unchanged from the figure at 31 December 2015.

Shareholders' equity

Group shareholders' equity including net profit for the period totalled €2bn at 31 March 2016, having changed as follows:

Group Shareholders' Equity

(€m)

Shareholders' equity at 31 December 2015	**1,877**
Change in financial assets available for sale	(21)
Dividends to be distributed	(60)
Exchange rate differences and other changes	5
Net profit	213
Shareholders' equity at 31 March 2016	**2,014**

The €21m 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 March 2016, the reserve for available-for-sale financial assets was negative to the tune of €88m and among other items included €25m 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 31 March 2016.

Fideuram's own funds calculated on the basis of its separate accounts totalled €1bn at 31 March 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 own funds and main capital ratios at 31 March 2016 are shown below.

Fideuram S.p.A. Capital Ratios

(€m)

	31.3.2016
CET1	1,012
Tier 1	1,012
Own funds	1,012
Total risk-weighted assets	5,995
CET1 Ratio	**16.9%**
Tier 1 Ratio	**16.9%**
Total Capital Ratio	**16.9%**

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 31 March 2016, our Common Equity Tier 1 Ratio was estimated to be 17.7%.

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 consisted of repayable-upon-demand current account overdrafts to counterparties who also receive investment services. Loans are mainly granted in the technical form of agreeing a current account overdraft facility and are linked directly to the bank's private banking business. 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 issued and repurchase agreements. ISDA and ISMA/TBMA agreements were used to this end, which also enable one to reduce the regulatory capital allocation while operating in accordance with supervisory regulations.

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)

	31.3.2016		31.12.2015		CHANGE
	NET EXPOSURE	%	NET EXPOSURE	%	NET EXPOSURE
Doubtful loans	1	-	1	-	-
Unlikely to pay	7	-	7	-	-
Past due or overdue loans	2	-	3	-	(1)
Non-performing assets	**10**	**-**	**11**	**-**	**(1)**
Performing loans	8,165	83	7,437	83	728
Debt securities	1,650	17	1,525	17	125
Loans and advances to customers	**9,825**	**100**	**8,973**	**100**	**852**

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 regulatory changes have been to introduce prudential rules regarding both short-term liquidity risk management and long-term liquidity risk management (structural liquidity).
The Group's solidity is based on balance sheet liabilities that are mainly centred on retail customer deposits. These are deposits that benefit from considerable stability over time, meaning that the Group does not need to depend on the interbank market and can thus avoid exposure to the risk of a liquidity crisis in that market.
In addition to the stability of customer deposits, where interest-bearing assets are concerned, the Group has an investment portfolio that is governed by stringent liquidity limits for securities (readily-negotiable and eligible for Central Bank refinancing) in accordance with the provisions of the Group Investment Policy based on highly-prudential criteria suitable for ensuring high and stable liquidity.
The introduction of said Policy also involved setting up an 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 of the Group Liquidity Risk Governance Policy, as updated to align them with the Intesa Sanpaolo Group's Guidelines and approved by the Board of Directors on 4 May 2015. The new provisions principally implement the European Commission Delegated Regulation of 10 October 2014 (the "Delegated Act"), which specifies the new composition of liquid assets eligible for inclusion in the Liquidity Reserves (liquidity coverage buffer), provides a new definition of net liquidity outflows over a 30-calendar-day period for calculating the liquidity coverage ratio (LCR), including in stress periods, and also introduces further monitoring tool ratios. The methods adopted to measure the Group's exposure to liquidity risk follow the cardinal principles of the European Banking Authority (EBA) and the provisions of the Supervisory Regulations and ensure that the assets and liabilities items are calculated in a wholly suitable manner for providing an appropriate representation of anticipated cash flows.

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 Investment Committee established with the adoption of the Investment Policy meets quarterly as a rule to analyse investment performance, proposing strategic guidelines to the Managing Director.
The Managing Director reports quarterly to the Board of Directors on the investment choices made and on the performance of the Group's portfolios and risk management. The Finance and Treasury Manager informs the Managing Director about the investment choices made and the profitability of the portfolios at least quarterly, and likewise keeps the Investment Committee periodically informed.
The Risk Management Unit continually monitors market risk exposure and compliance with the limits specified by the Investment Policy, which was moreover amended as approved at the Board of Directors meeting of 16 March 2015 to support the centralisation of treasury operations connected with the Group's integration with Intesa Sanpaolo Private Banking.
The Risk Management Director periodically informs the Managing Director, Investment Committee and Finance and Treasury Manager regarding the levels of exposure to the different types of risk subject to operating limits. 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 €11bn at 31 March 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.

Bank portfolio

(€m)

	31.3.2016	31.12.2015	CHANGE	
			AMOUNT	%
Financial assets available for sale	4,233	4,459	(226)	-5
Held-to-maturity investments	198	297	(99)	-33
Debt securities classified as loans and advances to banks	4,877	4,071	806	20
Debt securities classified as loans and advances to customers	1,650	1,525	125	8
Hedging derivatives	-	2	(2)	-100
Total	**10,958**	**10,354**	**604**	**6**

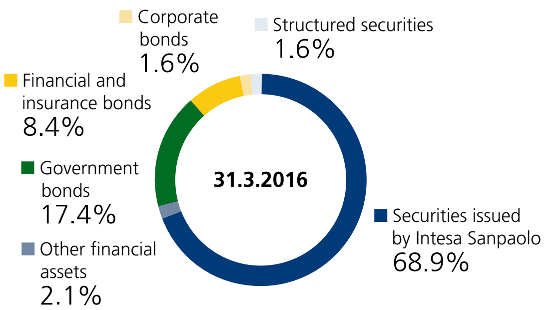
At 31 March 2016, the Group portfolio had the following overall composition with respect to product type and rating.

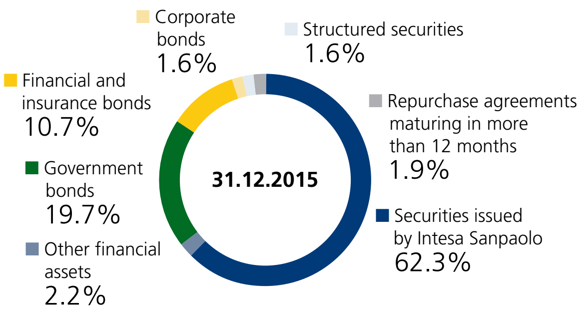
The market risk of this portfolio mainly regards the management of investments in securities. The Group's exposure to interest rate risk is, moreover, also influenced by other typical banking balance sheet items (customer deposits and loans). The financial risk of the bank portfolio is measured using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

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

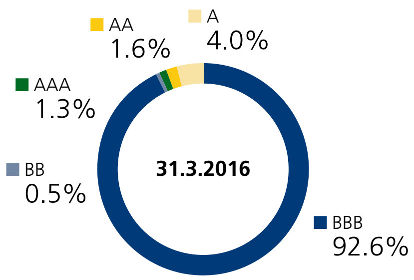
The Value at Risk is the maximum potential amount that the portfolio could lose over the next working day with a confidence interval of 99%, and is calculated using the same method adopted by Intesa Sanpaolo (volatility of the individual risk factors and the historical correlations observed between them). VaR is a risk measurement applied to securities available for sale which takes interest rates and credit spreads into account.
The Value at Risk calculated for a one-day time horizon was €16.82m at 31 March 2016, exceeding the limit assigned to the Fideuram Group due to temporary tensions in the financial markets. This was authorised by the Intesa Sanpaolo Chief Risk Officer and the Value at Risk returned to values substantially below the limit in early April.

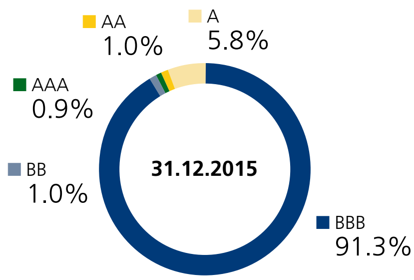
Analysis by product type





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 -€22.93m at the end of March 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.

Accounting categories: analysis by fair value level

(€m)

	31.3.2016			31.12.2015		
	LEVEL 1	**LEVEL 2**	**LEVEL 3**	**LEVEL 1**	**LEVEL 2**	**LEVEL 3**
Financial assets held for trading	17	49	-	17	28	-
Financial assets designated at fair value	2	162	-	3	165	-
Financial assets available for sale	3,696	537	-	3,874	585	-
Hedging derivatives	-	-	-	-	2	-
Total	**3,715**	**748**	**-**	**3,894**	**780**	**-**
Financial liabilities held for trading	-	52	-	-	28	-
Hedging derivatives	-	1,152	-	-	977	-
Total	**-**	**1,204**	**-**	**-**	**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.
All the Group's available-for-sale securities were valued at market bid prices (mark to market) to ensure the maximum transparency of the values in the financial statements. This ensures the overall holdings meet the ready liquidity criteria for items in the financial statements.
The portfolio of Level 2 Financial assets designated at fair value consisted of the insurance policies that the Group took out to insure the market yields of the Personal Financial Adviser Networks' Loyalty Schemes. The fair value of Class I policies is determined using a prospective actuarial method based on the principle of the initial equivalence of the average present values of the contractual commitments of the insurer and the average present values contracted by the policyholder/contracting party. The fair value of Class III policies is calculated as the value of the units at the accounting date plus any pure premiums not yet invested at the valuation date.
The derivatives in the bank portfolio consisted principally of Interest Rate Swaps. The Group as a rule uses fair value hedge derivatives to reduce its exposure to adverse fair value movements due to interest rate risk. The Risk Management Unit is responsible for assessing hedge effectiveness, carrying out prior assessments of the conditions that make hedge accounting applicable and formally documenting each hedging relationship. These assessments use prospective tests when the hedges are taken out, followed by retrospective tests at monthly intervals.
An approach consistent with fair value measurement hierarchy Level 2 is used for the measurement of derivatives, based on commonly-accepted valuation processes and fed by market data providers. Hedging and treasury derivatives taken out in ordinary investment activities - interest and exchange rate derivatives in particular - that are not traded on regulated markets but traded bilaterally with market counterparties, are known as "over-the-counter" (OTC) instruments and 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, from contractual or extra-contractual responsibilities or other disputes, Information and Communication Technology risk and model risk, but does not include strategic risk or reputational risk.
Intesa Sanpaolo has drawn up regulations and organisational processes for measuring, managing and monitoring operational risk. The Intesa Sanpaolo Group assigns responsibility for operational risk management to its Board of Management, which is charged with developing the Group's risk management policies, and to its Supervisory Board, which is charged with approving and monitoring the implementation of said policies, as well as ensuring the smooth operation, efficiency and effectiveness of the operational risk management and control system. In addition, the Group Audit Coordination and Operational Risk Committee is responsible, among other things, for periodically verifying the Group's overall operational risk profile, providing for any corrective actions, coordinating and monitoring the effectiveness of the principal mitigation activities undertaken and approving operational risk transfer strategies. The Group has a centralised operational risk management unit in its 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 its own system of governance for the operational risk management process which establishes the following responsibilities: a) The Board of Directors is responsible for the development and strategic supervision of the risk management policies, and for ensuring the smooth operation, efficiency and effectiveness of the operational risk management and control system over time, while also deciding on matters regarding compliance with the criteria for calculating the bank's capital requirement. b) The 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 operational 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 Integrated 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 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, 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 31 March 2016 there were no emerging phenomena of note. The most significant loss item concerned "Internal Misconduct", which is typically the most significant class of risk for the Fideuram Group. There were 3 cases of misconduct by the same number of Personal Financial Advisers in the first quarter of the year, none of which have as yet had an economic impact since they are still in the process of evaluation by our legal experts. The Group's operational losses for all risk classes totalled €1.7m in the quarter and included, among other items, €800,000 additional provisions for past cases of misconduct (before amounts recovered and reversals totalling approximately €600,000) and a further €700,000 losses regarding customer complaints.

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 cases. 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.
These provisions totalled €111m at 31 March 2016. The total provisions and the amount of the individual provisions set aside are calculated on the basis of external and internal legal advisers' estimations of the proceedings having negative outcomes. As a consequence of said process, certain pending proceedings in which the Group is involved and regarding which a negative outcome is considered either remote or not quantifiable are not included in the provisions for legal disputes. The number and value of pending proceedings were not sufficient to have any eventual significant impact on the business, assets or financial position of the Group at 31 March 2016.

The situation regarding legal risk at 31 March 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, one at the Rome Court of Appeal (remitted from the Court of Cassation) and one at the Court of Cassation. These see Sanpaolo Invest opposing the Italian Ministry of the Economy and Finance and the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB), which launched two penalty proceedings following supervisory investigations, one regarding the years 1992-1997, and the other regarding 2005. In particular, Sanpaolo Invest and the managers involved contest the imposition of financial penalties totalling €213,000 in the first case and €296,500 in the second, and the inefficiencies and/or omissions in its management processes alleged by the Supervisory Authority.
The CONSOB's investigations into the years 1992-1997 led to the formulation of a number of objections regarding the alleged inadequacy of the procedures in place with Personal Financial Advisers for the provision of services and, likewise, the alleged inadequacy of the controls on said procedures, failure to notify the Board of Statutory Auditors of the Personal Financial Advisers' irregularities and failure to provide for a register of the audits performed. The Rome Court of Appeal found in favour of the defence presented by Sanpaolo Invest and the managers concerned, annulling the penalties. The Court of Cassation overturned the Rome Court of Appeal's judgement following an appeal by the CONSOB and Italian Ministry of the Economy and Finance, remitting the case to the Rome Court of Appeal. The Court of Appeal, to which the case was remitted on 11 February 2011, ruled that the penalties against Sanpaolo Invest and its managers be annulled. On 28 March 2012, the Italian Ministry of the Economy and Finance and the CONSOB filed an appeal in Cassation against the Rome Court of Appeal's decision of 11 February 2011. The company and managers have filed their defence.
The CONSOB's 2005 investigation was launched in relation to an audit of the efficiency of the management processes and internal audit system. The penalty proceedings for alleged violations of regulatory provisions, principally regarding internal auditing, led to the imposition of administrative monetary penalties totalling €296,500. Sanpaolo Invest presented submissions and filed statements in the course of the proceedings, highlighting that its procedures complied with the applicable regulations. The appeal against these penalties at the Rome Court of Appeal was rejected. The company and managers therefore filed an appeal at the Court of Cassation. On 26 November 2015, the Court found in favour of their appeal, overturned the penalties and remitted the case to the Rome Court of Appeal. The company and managers therefore resumed the proceedings in the Rome Court of Appeal in the first quarter of 2016.

There were no significant changes regarding tax risk in the first quarter of 2016 from the situation described in the consolidated financial statements at 31 December 2015, where the main pending disputes are described in detail.

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 Fideuram, all transactions with related parties between 1 January and 31 March 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 the transaction and Group interests into account. The bank did not in any case engage in any atypical or unusual transactions and/or transactions under non-standard financial and contractual conditions for the types of related parties concerned.

All Fideuram's relations with its subsidiaries, as well as its relations with Intesa Sanpaolo and the latter's subsidiaries, may be considered to form part of the Bank's ordinary operations. Fideuram uses the brokerage services of Banca IMI for buying and selling securities. These transactions are conducted under arm's-length conditions.

All amounts receivable and payable, and all income and expenses at 31 March 2016 between the companies in the Intesa Sanpaolo Group are summarised in the tables below:

Assets 31.3.2016

(€m)

	TRANSACTIONS WITH INTESA SANPAOLO GROUP	
	AMOUNT	%
Debt securities	6,662	61
Equities and units in mutual funds	3	2
Loans and advances to banks	8,854	94
Loans and advances to customers	156	2
Financial derivatives	18	36
Other	20	2

Liabilities 31.3.2016

(€m)

	TRANSACTIONS WITH INTESA SANPAOLO GROUP	
	AMOUNT	%
Due to banks	2,955	92
Due to customers	482	2
Financial derivatives	640	53
Other	141	13
Guarantees and commitments	364	27

Income statement Q1 2016

(€m)

	TRANSACTIONS WITH INTESA SANPAOLO GROUP	
	AMOUNT	%
Interest income	44	52
Interest expense	(19)	50
Fee and commission income	206	38
Fee and commission expense	(9)	5
Operating income on financial activities	(99)	n.s.
Administrative expenses	(23)	13

n.s.: not significant

Human capital

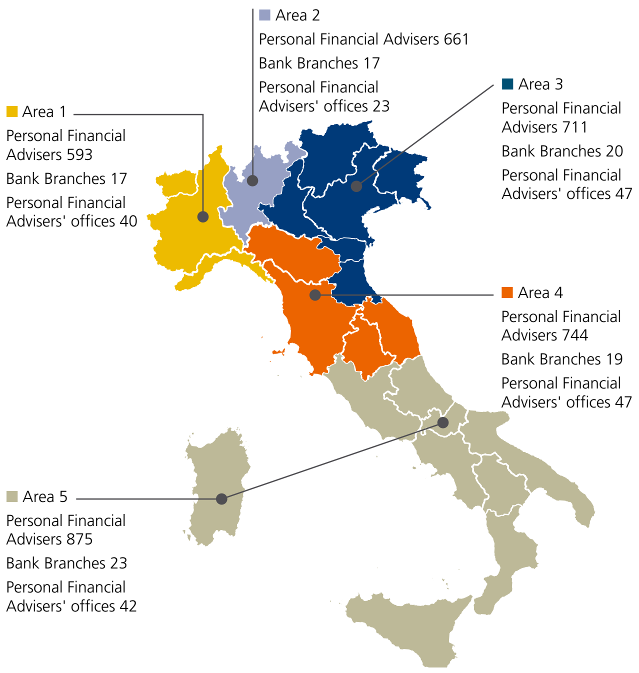
DISTRIBUTION NETWORKS

The Group's distribution structure (Fideuram, Sanpaolo Invest and Intesa Sanpaolo Private Banking Networks) totalled 5,861 Personal Financial Advisers at 31 March 2016 compared with 5,846 at 31 December 2015.

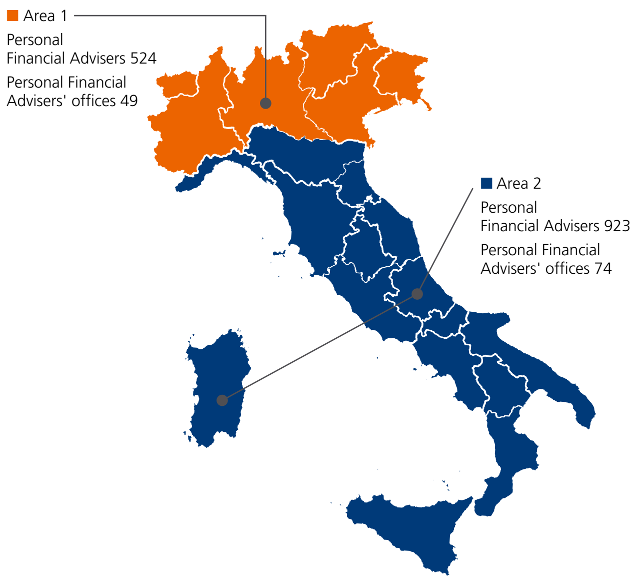
Personal Financial Advisers

	BEGINNING OF PERIOD 1.1.2016	IN	OUT	NET	END OF PERIOD 31.3.2016
Fideuram Network	3,589	49	54	(5)	3,584
Sanpaolo Invest Network	1,436	28	17	11	1,447
Intesa Sanpaolo Private Banking Network	821	14	5	9	830
Total	**5,846**	**91**	**76**	**15**	**5,861**

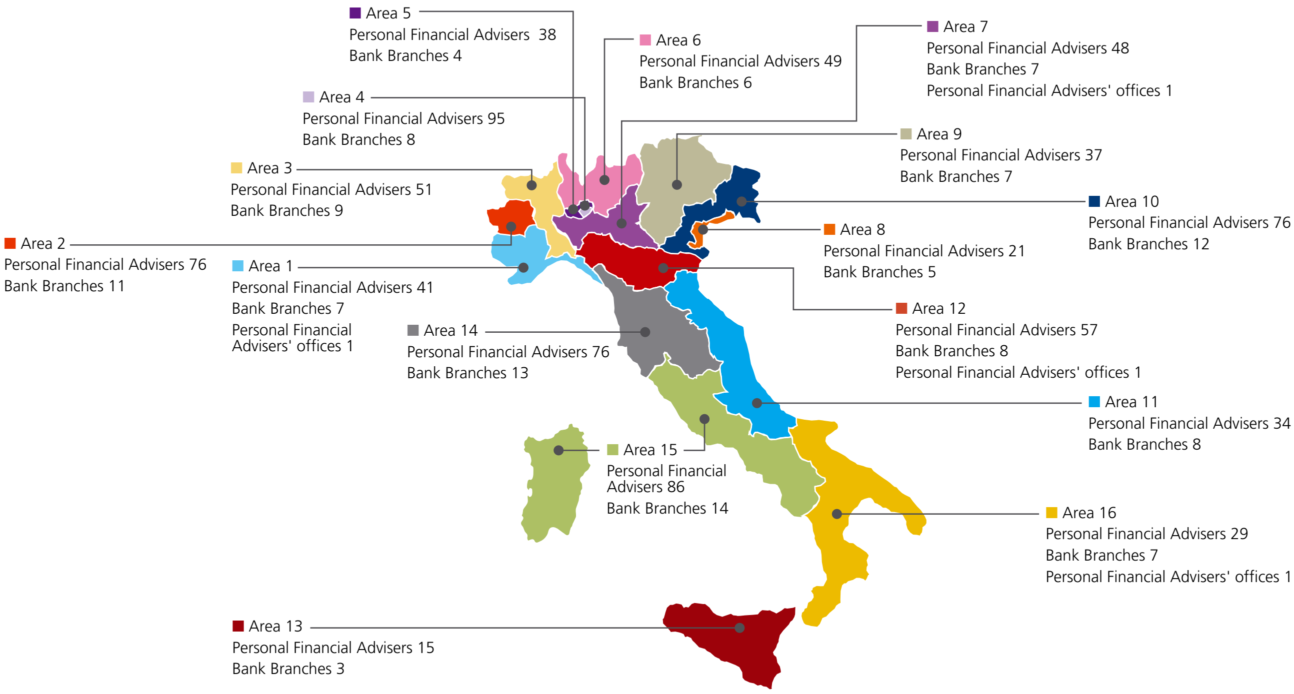
Fideuram Network



Sanpaolo Invest Network



Intesa Sanpaolo Private Banking Network



The Fideuram and Sanpaolo Invest Networks' recruitment programmes brought in 77 new professionals in the first quarter of 2016, compared with 71 new Personal Financial Advisers recruited in the corresponding period of 2015, and 243 over the past 12 months, compared with 280 in the previous twelve-month period. 71 Personal Financial Advisers left the Group in the first quarter of the year, only 27% of whom, however, moved to competitor networks.

Fideuram Personal Financial Advisers

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
Q1					
1.1.2016 - 31.3.2016	3,589	49	54	(5)	3,584
1.1.2015 - 31.3.2015	3,572	45	36	9	3,581
Twelve-month period					
1.4.2015 - 31.3.2016	3,581	168	165	3	3,584
1.4.2014 - 31.3.2015	3,549	196	164	32	3,581

Sanpaolo Invest Personal Financial Advisers

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
Q1					
1.1.2016 - 31.3.2016	1,436	28	17	11	1,447
1.1.2015 - 31.3.2015	1,472	26	28	(2)	1,470
Twelve-month period					
1.4.2015 - 31.3.2016	1,470	75	98	(23)	1,447
1.4.2014 - 31.3.2015	1,511	84	125	(41)	1,470

The Intesa Sanpaolo Private Banking Network currently numbers 805 Personal Financial Advisers who are salaried employees registered in Italy's Unified Register of Financial Advisers and 25 freelance professionals on agency contracts.

Intesa Sanpaolo Private Banking Personal Financial Advisers

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
Q1					
1.1.2016 - 31.3.2016	821	14	5	9	830
1.1.2015 - 31.3.2015	807	18	11	7	814
Twelve-month period					
1.4.2015 - 31.3.2016	814	42	26	16	830
1.4.2014 - 31.3.2015	820	57	63	(6)	814

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 operations 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 develop collaboration between Personal Financial Advisers with a view to increasing and better supporting their customers. At the end of March 2016, more than 700 Personal Financial Advisers had joined together in teams, collectively managing some €5.1bn assets for a total of approximately 51,000 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 2,963 at 31 March 2016, compared with 2,928 at the end of December 2015, an increase of 35.
Direct employees totalled 2,873.

Human Resources

	31.3.2016	31.12.2015	31.3.2015 (*)
Fideuram - Intesa Sanpaolo Private Banking	1,305	1,297	1,173
Intesa Sanpaolo Private Banking	1,288	1,267	1,365
Sanpaolo Invest SIM	51	52	52
Sirefid	58	58	57
Fideuram Fiduciaria	24	23	21
Intesa Sanpaolo Private Bank (Suisse)	24	23	22
Financière Fideuram	1	1	1
Euro-Trésorerie	2	3	3
Asset Management	**210**	**204**	**208**
Fideuram Asset Management (Ireland)	56	52	53
Fideuram Bank (Luxembourg)	66	65	67
Fideuram Investimenti SGR	88	87	88
Total	**2,963**	**2,928**	**2,<902**

(*) Restated taking the changes in the scope of consolidation into account so that straight comparisons can be made. The figures in particular include the human resources of Intesa Sanpaolo Private Banking, Sirefid and Intesa Sanpaolo Private Bank (Suisse), which became part of the Group as of 30 June 2015.

Events after the reporting period and outlook

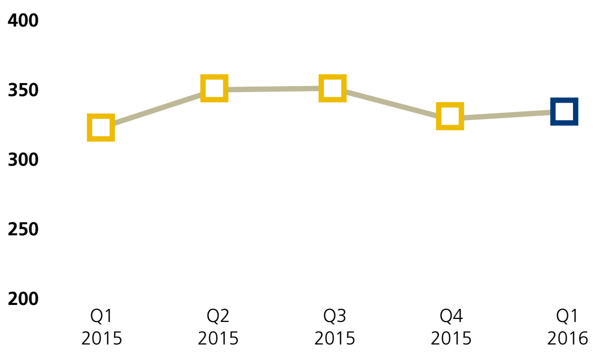
There were no significant events after the reporting period requiring any changes to this Report.

An Extraordinary Shareholders' Meeting of 7 April 2016 approved the transfer of the registered office of Fideuram - Intesa Sanpaolo Private Banking S.p.A. from Rome to Turin, with the consequent amendment of article 2 of the By-Laws to change the address to 156 Piazza San Carlo. The transfer of the registered office became effective as of 15 April 2016.

2016 will be a landmark year for the Group as the first in which it operates to full capacity in its new configuration to pursue the strategic objectives set out in the Intesa Sanpaolo business plan. The first quarter of 2016 was marked by high volatility in the financial markets which impacted the performance of client assets and net recurring fees, which are the foundation of the Group's profitability. Net profit for the period nevertheless totalled €213m, a level which will - combined with the Group's inflow growth policies and constant focus on risk management - enable us to continue the sustainable growth embarked on last year.

Quarterly net recurring fees

(€m)



The Board of Directors
Turin, 3 May 2016

Accounting policies

DECLARATION OF COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Consolidated Interim Report at 31 March 2016 was 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.
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.

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.
The income statement for the first quarter of 2016 is compared with the income statement for the corresponding period of 2015, while the balance sheet at 31 March 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 31 March 2016 are listed below.

Equity investments in wholly owned subsidiaries 31.3.2016

NAME	REGISTERED OFFICE	OWNERSHIP		
		% DIRECT	% INDIRECT	% TOTAL
Sanpaolo Invest SIM S.p.A.	Rome (*)	100.000	-	100.000
Intesa Sanpaolo Private Banking S.p.A.	Milan	100.000	-	100.000
Fideuram Investimenti SGR S.p.A.	Milan	99.500	-	99.500
Sirefid S.p.A.	Milan	100.000	-	100.000
Fideuram Fiduciaria S.p.A.	Turin	100.000	-	100.000
Fideuram Asset Management (Ireland) Ltd	Dublin	100.000	-	100.000
Fideuram Bank (Luxembourg) S.A.	Luxembourg	100.000	-	100.000
Financière Fideuram S.A.	Paris	99.999	-	99.999
Euro-Trésorerie S.A.	Paris	-	99.999	99.999
Intesa Sanpaolo Private Bank (Suisse) S.A.	Lugano	100.000	-	100.000

(*) The Board of Directors of Sanpaolo Invest SIM approved the transfer of the company's registered office from Rome to 156 Piazza San Carlo, Turin, on 7 April 2016.

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 31 March 2016, adjusted where necessary to bring them into line with the Group's accounting policies.
The scope of consolidation of the Group at 31 March 2016 was unchanged from 31 December 2015.

TRANSFERS BETWEEN CLASSES

In accordance with the related compulsory disclosure requirements, the Group states that it availed itself of the amendment to IAS 39 introduced by EC Regulation 1004/2008 and reclassified €593.3m available-for-sale bonds as Loans & Receivables in the third quarter of 2008. If the Group had not availed itself of the option to reclassify these bonds, they would have suffered a further loss of approximately €181m as the difference between the theoretical total negative reserve at 31 March 2016 (€221m) and the total negative reserve 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 31.3.2016	FAIR VALUE AT 31.3.2016	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	1,621	1,440	(39)	11	121	12

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

Consolidated financial statements

Consolidated balance sheet

(€m)

ASSETS	31.3.2016	31.12.2015
10. Cash and cash equivalents	49	60
20. Financial assets held for trading	66	45
30. Financial assets designated at fair value	164	168
40. Financial assets available for sale	4,233	4,459
50. Held-to-maturity investments	198	297
60. Loans and advances to banks	14,274	13,223
70. Loans and advances to customers	9,825	8,973
80. Hedging derivatives	-	2
90. Adjustments to financial assets subject to macro-hedging	-	-
100. Equity investments	133	129
110. Reinsurers' share of technical reserves	-	-
120. Property and equipment	39	39
130. Intangible assets	171	175
Including: goodwill	140	140
140. Tax assets	189	217
a) Current	27	63
b) Deferred	162	154
Including: convertible to tax credits (Italian law No. 214/2011)	26	27
150. Non-current assets held for sale and disposal groups	-	-
160. Other assets	1,015	1,052
TOTAL ASSETS	**30,356**	**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)

LIABILITIES AND SHAREHOLDERS' EQUITY	31.3.2016	31.12.2015
10. Due to banks	3,201	3,110
20. Due to customers	22,300	21,419
30. Debt on issue	-	-
40. Financial liabilities held for trading	52	28
50. Financial liabilities designated at fair value	-	-
60. Hedging derivatives	1,152	977
70. Adjustments to financial liabilities subject to macro-hedging	-	-
80. Tax liabilities	85	80
a) Current	50	24
b) Deferred	35	56
90. Liabilities associated with non-current assets held for sale	-	-
100. Other liabilities	1,045	865
110. Provision for employment termination indemnities	54	52
120. Provisions for risks and charges	453	431
a) Pensions and other commitments	6	6
b) Other provisions	447	425
130. Technical reserves	-	-
140. Valuation reserves	(74)	(50)
150. Redeemable shares	-	-
160. Equity instruments	-	-
170. Reserves	1,369	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	213	594
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**30,356**	**28,839**

Chairman of the
Board of Directors
Matteo Colafrancesco

Managing Director
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Manager Responsible for the Preparation
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Paolo Bacciga

Consolidated Income Statement

(€m)

	Q1 2016	Q1 2015
10. Interest income and similar income	84	60
20. Interest expense and similar expense	(38)	(29)
30. Net interest income	**46**	**31**
40. Fee and commission income	543	396
50. Fee and commission expense	(163)	(178)
60. Net fee and commission income	**380**	**218**
70. Dividends and similar income	-	-
80. Net profit (loss) on trading activities	2	2
90. Net profit (loss) on hedging derivatives	-	(3)
100. Net profit (loss) on sale or repurchase of:	18	-
a) Loans	8	-
b) Financial assets available for sale	10	-
c) Held-to-maturity investments	-	-
d) Financial liabilities	-	-
110. Net profit (loss) on financial assets and liabilities designated at fair value	(2)	9
120. Total net interest and trading income	**444**	**257**
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	**443**	**256**
150. Net insurance premiums	-	-
160. Other income/expense from insurance activities	-	-
170. Operating income from financing and insurance activities	**443**	**256**
180. Administrative expenses:	(180)	(93)
a) Personnel expenses	(77)	(32)
b) Other administrative expenses	(103)	(61)
190. Net provisions for risks and charges	(14)	(13)
200. Depreciation of property and equipment	(1)	(1)
210. Amortisation of intangible assets	(4)	(3)
220. Other income/expense	49	21
230. Operating expenses	**(150)**	**(89)**
240. Profit (loss) on equity investments	3	4
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	**296**	**171**
290. Income taxes	(83)	(46)
300. Profit (loss) after tax	**213**	**125**
310. Profit (loss) after tax from discontinued operations	-	-
320. Net profit (loss) for the period	**213**	**125**
330. Net profit (loss) for the period attributable to non-controlling interests	-	-
340. Parent company interest in net profit (loss) for the period	**213**	**125**

Chairman of the
Board of Directors
Matteo Colafrancesco

Managing Director
Paolo Molesini

Manager Responsible for the Preparation
of the Company Accounts
Paolo Bacciga

Consolidated statement of comprehensive income

(€m)

		Q1 2016	Q1 2015
10.	**Net profit (loss) for the period**	**213**	**125**
	Other comprehensive income after tax not transferred to income statement	**(3)**	**-**
20.	Property and equipment	-	-
30.	Intangible assets	-	-
40.	Defined-benefit plans	(3)	-
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	**(21)**	**50**
70.	Hedges of net investments in foreign operations	-	-
80.	Exchange rate differences	-	-
90.	Cash flows hedges	-	-
100.	Financial assets available for sale	(22)	45
110.	Non-current assets held for sale	-	-
120.	Valuation reserves related to investments carried at equity	1	5
130.	**Total other comprehensive income after tax**	**(24)**	**50**
140.	**Total comprehensive income**	**189**	**175**
150.	Total comprehensive income attributable to non-controlling interests	-	-
160.	Total comprehensive income attributable to parent company	189	175

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 31.12.2015	CHANGE TO OPENING BALANCE	BALANCE AT 1.1.2016	ALLOCATION OF INCOME FOR THE PREVIOUS YEAR		CHANGES IN THE PERIOD										SHAREHOLDERS' EQUITY AT 31.3.2016	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 31.3.2016			
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**	**-**	**8**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,369**	**1,369**	**-**
a) From net income	1,254	-	1,254	33	-	8	-	-	-	-	-	-	-	-	-	1,295	1,295	-
b) Other	74	-	74	-	-	-	-	-	-	-	-	-	-	-	-	74	74	-
Valuation reserves	**(50)**	**-**	**(50)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(24)**	**(74)**	**(74)**	**-**
Equity instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Interim dividends	**(501)**	**-**	**(501)**	**501**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Treasury shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net profit (loss) for the period	**594**	**-**	**594**	**(534)**	**(60)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**213**	**213**	**213**	**-**
Shareholders' equity	**1,877**	**-**	**1,877**	**-**	**(60)**	**8**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**189**	**2,014**	**2,014**	**-**
Equity attributable to owners of the parent	**1,877**	**-**	**1,877**	**-**	**(60)**	**8**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**189**	**2,014**		
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 31.3.2015	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	VARIAZIONI INTERESSENZE PARTECIPATIVE	TOTAL COMPREHENSIVE INCOME AT 31.3.2015			
Share capital:	**186**	**-**	**186**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**186**	**186**	**-**
a) Ordinary shares	186	-	186	-	-	-	-	-	-	-	-	-	-	-	-	186	186	-
b) Other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	**9**	**-**	**9**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9**	**9**	**-**
Reserves:	**744**	**-**	**744**	**360**	**-**	**3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,107**	**1,107**	**-**
a) From net income	631	-	631	360	-	3	-	-	-	-	-	-	-	-	-	994	994	-
b) Other	113	-	113	-	-	-	-	-	-	-	-	-	-	-	-	113	113	-
Valuation reserves	**(130)**		**(130)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**50**	**(80)**	**(80)**	**-**
Equity instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Treasury shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net profit (loss) for the period	**402**	**-**	**402**	**(360)**	**(42)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**125**	**125**	**125**	**-**
Shareholders' equity	**1,211**	**-**	**1,211**	**-**	**(42)**	**3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**175**	**1,347**	**1,347**	**-**
Equity attributable to owners of the parent	**1,211**	**-**	**1,211**	**-**	**(42)**	**3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**175**	**1,347**		**-**
Equity attributable to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		

Chairman of the
Board of Directors
Matteo Colafrancesco

Managing Director
Paolo Molesini

Manager Responsible for the Preparation
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Paolo Bacciga

Statement of consolidated cash flows

(Indirect method)

(€m)

	Q1 2016	Q1 2015
A. OPERATING ACTIVITIES		
1. Operations	**313**	**177**
Net profit	213	125
Net profit (loss) on financial assets held for trading and on assets/liabilities designated at fair value	1	(11)
Net profit (loss) on hedging activities	-	3
Net impairment	1	1
Net depreciation and amortisation	5	4
Net provisions for risks and charges and other expense/income	14	13
Uncollected net insurance premiums	-	-
Uncollected other insurance income/expense	-	-
Unpaid taxes and tax credits	83	46
Net adjustments to net value after tax of disposal groups	-	-
Other adjustments	(4)	(4)
2. Cash from/used in financing activities	**(1,473)**	**(1,713)**
Financial assets held for trading	(21)	18
Financial assets designated at fair value	1	2
Financial assets available for sale	374	(554)
Loans and advances to banks: demand deposits	(4,728)	(143)
Loans and advances to banks: other receivables	3,677	(901)
Loans and advances to customers	(853)	(29)
Other assets	77	(106)
3. Cash from/used in financial liabilities	**1,051**	**1,520**
Due to banks: demand deposits	24	577
Due to banks: other debts	67	1
Due to customers	881	734
Debt on issue	-	-
Financial liabilities held for trading	26	5
Financial liabilities designated at fair value	-	-
Hedging derivatives	(5)	14
Other liabilities	58	189
Net cash from/used in operating activities	**(109)**	**(16)**
B. INVESTING ACTIVITIES		
Net cash from	**99**	**2**
Disposal of equity investments	-	-
Dividend income from equity investments	-	-
Sale/repayment of held-to-maturity investments	99	2
Sale of property and equipment	-	-
Sale of intangible assets	-	-
Sale of subsidiaries and company divisions	-	-
Cash used in	**(1)**	**-**
Acquisition of equity investments	-	-
Purchase of held-to-maturity investments	-	-
Acquisition of property and equipment	-	-
Purchase of intangible assets	(1)	-
Acquisition of subsidiaries and company divisions	-	-
Net cash from/used in investing activities	**98**	**2**
C. FUNDING ACTIVITIES		
Issue/purchase of treasury shares	-	-
Issue/purchase of equity instruments	-	-
Distribution of dividends and other	-	-
Net cash from/used in funding activities	**-**	**-**
NET CASH GENERATED/USED IN THE PERIOD	**(11)**	**(14)**

Reconciliation

	Q1 2016	Q1 2015
Cash and cash equivalents at beginning of period	60	39
Net cash generated/used in the period	(11)	(14)
Cash and cash equivalents: effect of changes in exchange rates	-	-
Cash and cash equivalents at end of period	49	25

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Managing Director
Paolo Molesini

Manager Responsible for the Preparation
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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, has certified 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 31 March 2016 corresponds to the accounting documents, records and books.

Turin, 3 May 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 quarter 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 quarter of 2016 with the data for the corresponding period in 2015 would be heavily skewed by the impact of these company transactions. The 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 31 March 2015. In particular, the reclassified income statement for the first quarter of 2015 was 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 quarter of 2015 (€75m) was recognised under net profit attributable to non-controlling interests.

The balance sheet and income statement at 31 March 2016 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 bank'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 designated 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 31 March 2015 and restated consolidated income statement at 31 March 2015

(€m)

	Q1 2015 PUBLISHED	CHANGE IN SCOPE OF CONSOLIDATION (*)	Q1 2015 RESTATED
10. Interest income and similar income	60	32	92
20. Interest expense and similar expense	(29)	(15)	(44)
30. Net interest income	**31**	**17**	**48**
40. Fee and commission income	396	149	545
50. Fee and commission expense	(178)	(9)	(187)
60. Net fee and commission income	**218**	**140**	**358**
70. Dividends and similar income	-	-	-
80. Net profit (loss) on trading activities	2	1	3
90. Net profit (loss) on hedging derivatives	(3)	-	(3)
100. Net profit (loss) on sale or repurchase of:	-	10	10
a) Loans	-	-	-
b) Financial assets available for sale	-	10	10
c) Held-to-maturity investments	-	-	-
d) Financial liabilities	-	-	-
110. Net profit (loss) on financial assets and liabilities designated at fair value	9	-	9
120. Total net interest and trading income	**257**	**168**	**425**
130. Net impairment of:	(1)	(1)	(2)
a) Loans	(1)	(1)	(2)
b) Financial assets available for sale	-	-	-
c) Held-to-maturity investments	-	-	-
d) Other financial transactions	-	-	-
140. Operating income from financing activities	**256**	**167**	**423**
150. Net insurance premiums	-	-	-
160. Other income/expense from insurance activities	-	-	-
170. Operating income from financing and insurance activities	**256**	**167**	**423**
180. Administrative expenses:	(93)	(79)	(172)
a) Personnel expenses	(32)	(38)	(70)
b) Other administrative expense	(61)	(41)	(102)
190. Net provisions for risks and charges	(13)	-	(13)
200. Depreciation of property and equipment	(1)	-	(1)
210. Amortisation of intangible assets	(3)	-	(3)
220. Other income/expense	21	26	47
230. Operating expenses	**(89)**	**(53)**	**(142)**
240. Profit (loss) on equity investments	4	-	4
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	**171**	**114**	**285**
290. Income taxes	(46)	(39)	(85)
300. Profit (loss) after tax	**125**	**75**	**200**
310. Profit (loss) after tax from discontinued operations	-	-	-
320. Net profit (loss) for the period	**125**	**75**	**200**
330. Net profit (loss) for the period attributable to non-controlling interests	-	(75)	(75)
340. Parent company interest in net profit (loss) for the period	**125**	**-**	**125**

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

Reconciliation of consolidated balance sheet and reclassified consolidated balance sheet

(€m)

RECLASSIFIED BALANCE SHEET - ASSETS	CONSOLIDATED BALANCE SHEET - ASSETS	31.3.2016	31.12.2015
Cash and cash equivalents		49	60
	Item 10. Cash and cash equivalents	*49*	*60*
Financial assets (other than loans and held-to-maturity investments)		4,463	4,672
	Item 20. Financial assets held for trading	*66*	*45*
	Item 30. Financial assets designed at fair value	*164*	*168*
	Item 40. Financial assets available for sale	*4,233*	*4,459*
Held-to-maturity investments		198	297
	Item 50. Held-to-maturity investments	*198*	*297*
Loans and advances to banks		14,274	13,223
	Item 60. Loans and advances to banks	*14,274*	*13,223*
Loans and advances to customers		9,825	8,973
	Item 70. Loans and advances to customers	*9,825*	*8,973*
Hedging derivatives		-	2
	Item 80. Hedging derivatives	*-*	*2*
Equity investments		133	129
	Item 100. Equity investments	*133*	*129*
Property and equipment		39	39
	Item 120. Property and equipment	*39*	*39*
Intangible assets and goodwill		171	175
	Item 130. Intangible assets	*171*	*175*
Tax assets		189	217
	Item 140. Tax assets	*189*	*217*
Other assets		1,015	1,052
	Item 160. Other assets	*1,015*	*1,052*
Total assets	**Total assets**	**30,356**	**28,839**

RECLASSIFIED BALANCE SHEET - LIABILITIES	CONSOLIDATED BALANCE SHEET - LIABILITIES AND SHAREHOLDERS' EQUITY	31.3.2016	31.12.2015
Due to banks		3,201	3,110
	Item 10. Due to banks	*3,201*	*3,110*
Due to customers		22,300	21,419
	Item 20. Due to customers	*22,300*	*21,419*
Financial liabilities held for trading		52	28
	Item 40. Financial liabilities held for trading	*52*	*28*
Hedging derivatives		1,152	977
	Item 60. Hedging derivatives	*1,152*	*977*
Tax liabilities		85	80
	Item 80. Tax liabilities	*85*	*80*
Other liabilities		1,099	917
	Item 100. Other liabilities	*1,045*	*865*
	Item 110. Provision for employment termination indemnities	*54*	*52*
Provision for risks and charges		453	431
	Item 120. Provision for risks and charges	*453*	*431*
Equity attributable to owners of the parent company		2,014	1,877
	Items 140, 170, 175, 180, 190, 220 Equity attributable to owners of the parent company	*2,014*	*1,877*
Total liabilities	**Total liabilities and shareholders' equity**	**30,356**	**28,839**

Reconciliation of consolidated income statement and reclassified consolidated income statement

(€m)

RECLASSIFIED CONSOLIDATED INCOME STATEMENT	CONSOLIDATED INCOME STATEMENT	Q1 2016	Q1 2015
Net interest income		42	44
	Item 30. Net interest income	*46*	*48*
	- Item 60. (partial) Net fee and commission income related to net interest income	*(4)*	*(4)*
Net profit (loss) on financial assets and liabilities		20	10
	Item 80. Net profit (loss) on trading activities	*2*	*3*
	Item 90. Net profit (loss) on hedging derivatives	*-*	*(3)*
	Item 100. Net profit (loss) on sales and repurchases	*18*	*10*
	Item 110. Net profit (loss) on financial assets and liabilities designed at fair value	*(2)*	*9*
	- Item 60. (partial) Return on insurance policies for Network loyalty schemes	*-*	*(2)*
	- Item 180. a) (partial) Return on Intesa Sanpaolo Shares for bonus scheme	*1*	*(2)*
	- Item 190 (partial) Return on insurance policies for Network loyalty schemes	*1*	*(5)*
Net fee and commission income		384	364
	Item 60. Net fee and commission income	*380*	*358*
	- Item 60. (partial) Net fee and commission income related to net interest income	*4*	*4*
	- Item 60. (partial) Return on insurance policies for Network loyalty schemes	*-*	*2*
Operating income before net impairment		**446**	**418**
Net impairment		(1)	(2)
	Item 130. Net impairment	*(1)*	*(2)*
Operating income		**445**	**416**
Personnel expenses		(70)	(68)
	Item 180. a) Personnel expenses	*(77)*	*(70)*
	- Item 180. a) (partial) Return on Intesa Sanpaolo Shares for bonus scheme	*(1)*	*2*
	- Item 180. a) (partial) Expenses connected with the Intesa Sanpaolo business plan	*8*	*-*
Other administrative expenses		(54)	(54)
	Item 180. b) Other administrative expenses	*(103)*	*(102)*
	- Item 220. (partial) Recovery of indirect taxes	*49*	*48*
Depreciation and amortisation		(4)	(4)
	Item 200. Depreciation of property and equipment	*(1)*	*(1)*
	Item 210. Amortisation of intangible assets	*(4)*	*(3)*
	- Item 210. (partial) Expenses connected with the Intesa Sanpaolo business plan	*1*	*-*
Operating expenses		**(128)**	**(126)**
Net provisions for risks and charges		(15)	(8)
	Item 190. Net provisions for risks and charges	*(14)*	*(13)*
	- Item 190. (partial) Return on insurance policies for Network loyalty schemes	*(1)*	*5*
Profit (loss) on equity investments		3	4
	Item 240. Profit (loss) on equity investments	*3*	*4*
Other income (expense)		-	(1)
	Item 220. Other income/expense	*49*	*47*
	- Item 220. (partial) Recovery indirect taxes	*(49)*	*(48)*
Profit before tax		**305**	**285**
Income taxes		(86)	(85)
	Item 290. Income taxes	*(83)*	*(85)*
	- Item 290. (partial) Tax impact of expenses connected with the Intesa Sanpaolo business plan	*(3)*	*-*
Net profit (loss) attributable to non-controlling interests		-	(75)
	Item 330. Net profit (loss) for the period attributable to non-controlling interests	*-*	*(75)*
Net profit before non-recurring items		**219**	**125**
Non-recurring income (expenses) net of tax		(6)	-
	- Item 180.a) (partial) Expenses connected with the Intesa Sanpaolo business plan	*(8)*	*-*
	- Item 210. (partial) Expenses connected with the Intesa Sanpaolo business plan	*(1)*	*-*
	- Item 290. (partial) Tax impact of expenses connected with the Intesa Sanpaolo business plan	*3*	*-*
Net profit	**Item 340. Parent company interest in net profit (loss) for the period**	**213**	**125**

Reclassified 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 the 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's results for the first quarter of 2015.

Consolidated income statement - New scope of consolidation

(Reclassified - €m)

	Q1 2016	Q1 2015 (*)	CHANGE	
			AMOUNT	%
Net interest income	42	44	(2)	-5
Net profit (loss) on financial assets and liabilities	20	10	10	100
Net fee and commission income	384	364	20	5
OPERATING INCOME BEFORE NET IMPAIRMENT	**446**	**418**	**28**	**7**
Net impairment	(1)	(2)	1	-50
OPERATING INCOME	**445**	**416**	**29**	**7**
Personnel expenses	(70)	(68)	(2)	3
Other administrative expenses	(54)	(54)	-	-
Depreciation and amortisation	(4)	(4)	-	-
OPERATING EXPENSES	**(128)**	**(126)**	**(2)**	**2**
Net provisions for risks and charges	(15)	(8)	(7)	88
Profit (loss) on equity investments	3	4	(1)	-25
Other income (expense)	-	(1)	1	-100
PROFIT BEFORE TAX	**305**	**285**	**20**	**7**
Income taxes	(86)	(85)	(1)	1
NET PROFIT BEFORE NON-RECURRING ITEMS	**219**	**200**	**19**	**10**
Non-recurring income (expenses) net of tax	(6)	-	(6)	n.s.
NET PROFIT	**213**	**200**	**13**	**7**

n.s.: not significant

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

Communications, Graphic Design and Development:

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The Intesa Sanpaolo skyscraper.
Innovation and reinvention in the Bank and the city.

Designed to bring together the central offices and the main management departments of the Bank in a single location, the Intesa Sanpaolo skyscraper is a new meeting point in the city of Turin. Built in a strategic position, at the edge of the city centre in a high traffic area, the building is an original example of "relational architecture". Designed by Renzo Piano Building Workshop and constructed by the most qualified Italian companies at the global level, the skyscraper embodies the values of growth, architectural innovation, social and environmental sustainability and integration between workspaces and areas open to the public. The base and the top of the building have areas that can be accessed by the public, such as the Auditorium and the bioclimatic greenhouse with a restaurant, an exhibition room and a panoramic café. These spaces make the skyscraper a public attraction, contribute to integrating the building in the social fabric of the city, and consolidate the historic bond between the Bank and the territory, which has been innovating and reinventing itself since 1563.

166.26 *m high*

7,000 *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***

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