FIDEURAM
INTESA SANPAOLO PRIVATE BANKING

Half-Year Report at 30 June 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 Half-Year Report of the Fideuram – Intesa Sanpaolo Private Banking Group at 30 June 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 Half-Year Report consists of the Interim Directors' Report and Condensed Half-Year Consolidated Financial Statements and notes.

2016 is the first financial year to see the Fideuram Group operating at full capacity in the new corporate configuration established last year, and therefore gaining all the benefits of the company transactions completed with effect from 30 June 2015 as part of the project for restructuring Intesa Sanpaolo's Private Banking Division.
The Group company transactions completed with effect from 30 June 2015 were as follows:

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

An analysis comparing the financial and transaction data for the first half 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 Interim Report and 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 Half-Year Report at 30 June 2015. In particular, the reclassified income statement for the first half of 2015 was restated to include the newly-consolidated companies' contributions to the Group results, but the net profit of the three newly-consolidated companies for the first half of 2015 (€153m) was recognised under net profit attributable to non-controlling interests.

The balance sheet and income statement at 30 June 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

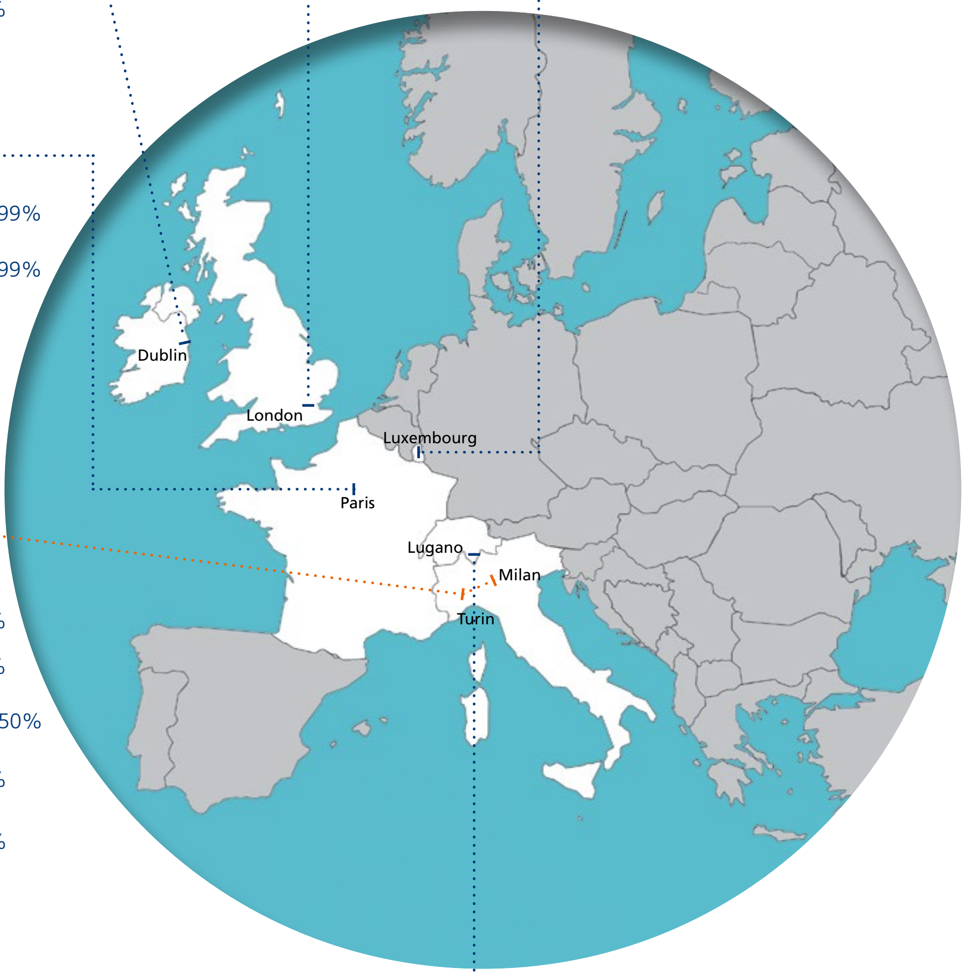
INTESA SANPAOLO PRIVATE BANKING 100%

SANPAOLO INVEST 100%

FIDEURAM INVESTIMENTI 99.50%

SIREFID 100%

FIDEURAM FIDUCIARIA 100%



Switzerland

INTESA SANPAOLO PRIVATE BANK SUISSE 100%

(*) Merged with parent company Financière Fideuram on 1 July 2016.

Company Officers

Shareholders' Meeting

Board of Directors

Chairman
MATTEO COLAFRANCESCO
(Non-Executive)

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

Deputy Chairman
FRANCA CIRRI FIGNAGNANI
(Independent Non-Executive)

Managing Director
PAOLO MOLESINI

Directors
CLAUDIA DE BENEDETTI
(Independent Non-Executive)

CESARE DOSI
(Independent Non-Executive)

OSCAR GIANNONI
(Independent Non-Executive)

CESARE IMBRIANI
(Independent Non-Executive)

PIERO LUONGO
(Non-Executive)

GIUSEPPE RUSSO
(Independent Non-Executive)

Secretary to the Board of Directors
FILIPPO MAMMOLA

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

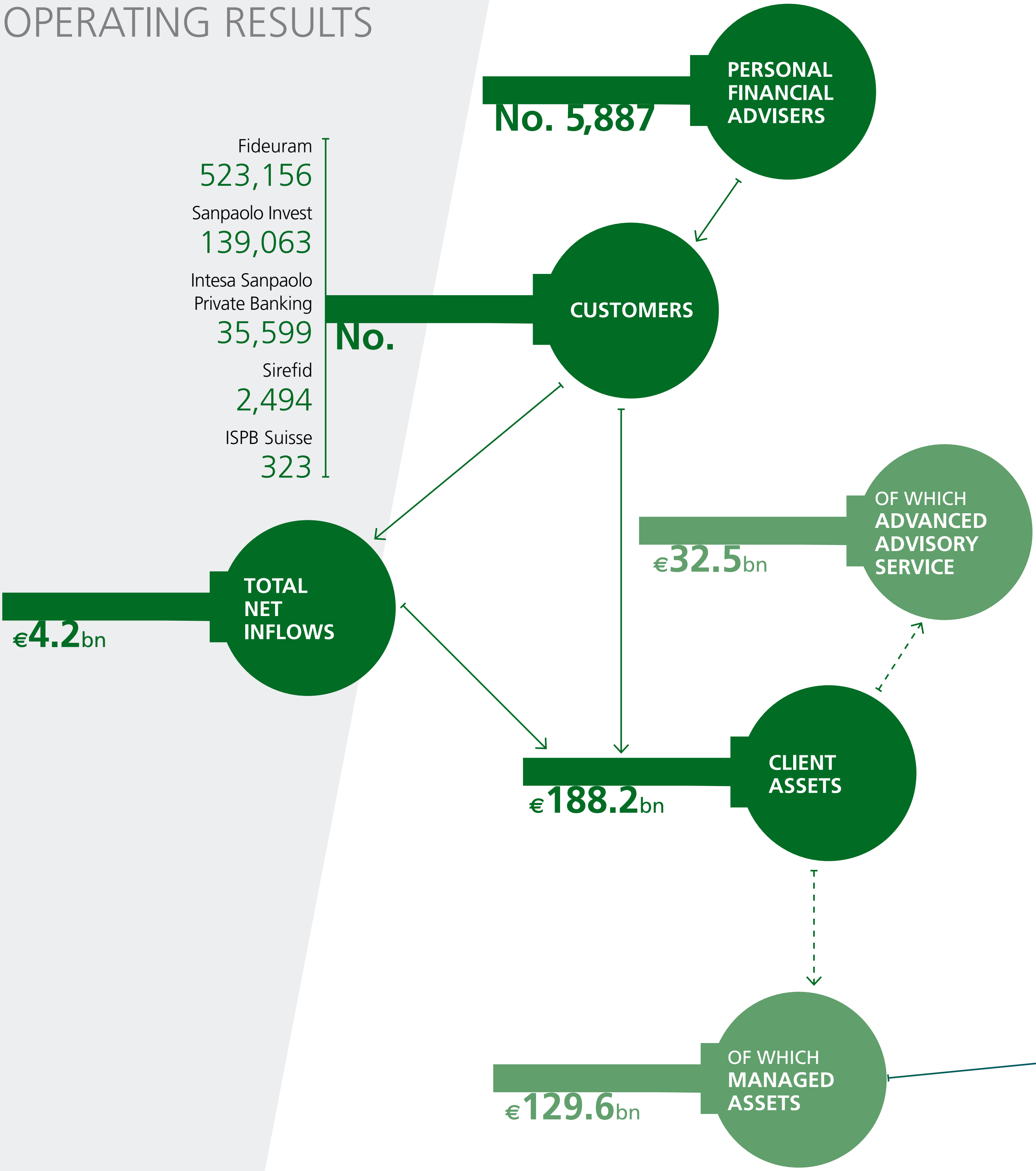
Manager responsible for the preparation of the company accounts
PAOLO BACCIGA

Independent Auditors
KPMG S.p.A.

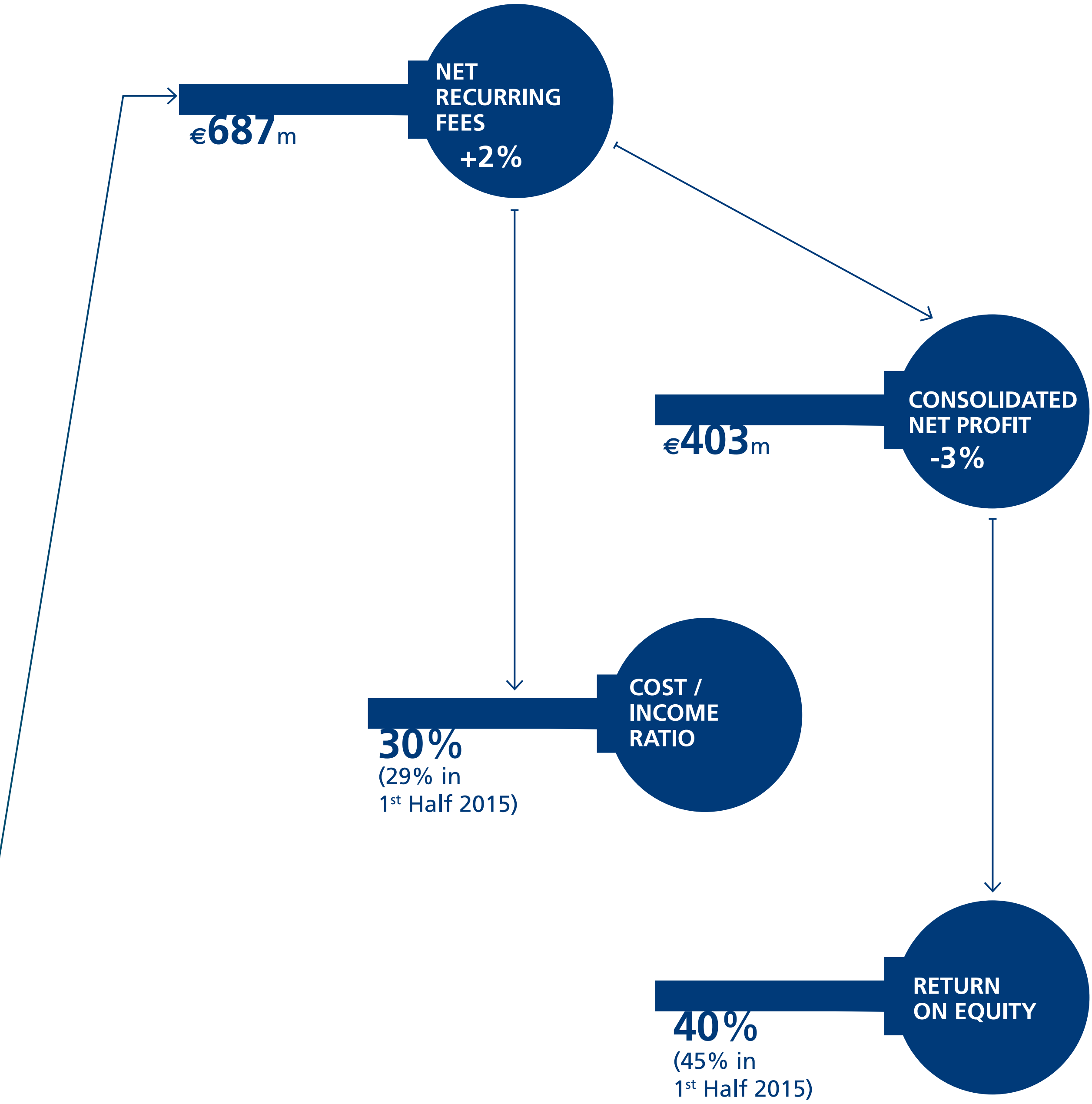
Key drivers

Key indicators of the business model

OPERATING RESULTS



FINANCIAL RESULTS (*)



(*) Restated where necessary to take the changes in the scope of consolidation into account so that straight comparisons can be made. The figures for the first half of 2015 take the contributions of Intesa Sanpaolo Private Banking, Sirefid and Intesa Sanpaolo Private Bank (Suisse) into account as if the company transactions had become effective as of 1 January 2015.

Highlights

	30.6.2016	30.6.2015 (*)	% CHANGE
CUSTOMER FINANCIAL ASSETS			
Net inflows into managed assets (€m)	(396)	6,722	n.s.
Total net inflows (€m)	4,174	4,399	-5
Client Assets (€m)	188,202	188,555	-
OPERATING STRUCTURE			
Personal Financial Advisers (No.)	5,887	5,855	
Staff (No.)	2,999	2,913	
- women (No.)	1,327	1,276	
- outside Italy (No.)	147	147	
Personal Financial Advisers' Offices (No.)	326	327	
Bank Branches (No.)	228	229	
CONSOLIDATED FINANCIAL RESULTS			
Consolidated net profit (€m)	403	416	-3
Group shareholders' equity (€m)	2,188	1,980	11
Basic consolidated net earnings per share (€)	0.268	0.277	-3
Consolidated pay-out ratio (%)	75.1	72.7	
Fideuram pay-out ratio (%)	99.7	97.9	
Total assets (€m)	32,138	27,462	17
Wealth created (€m)	1,253	1,317	-5
Economic value distributed (€m)	1,129	1,190	-5
PROFITABILITY AND SOLVENCY INDICATORS			
R.O.E. (%)	40	45	
R.O.A. (%)	3	3	
Cost / Income ratio (%)	30	29	
Payroll costs / Operating income before net impairment (%)	16	16	
Annualised net profit / Average client assets (%)	0.4	0.4	
Economic Value Added (€m)	361	377	
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.

Managed savings overview

Assets (€bn)	**2015 (*)**	**2014**	**2013**	**2012**	**2011**
Household financial assets in Italy (HFA)	**4,117**	**4,030**	**3,951**	**3,775**	**3,592**
Managed assets (MA)	1,406	1,257	1,086	1,020	882
- Mutual funds	280	251	206	189	192
- Discretionary accounts	801	737	639	625	439
- Life insurance technical reserves	583	529	514	468	477
- Pension funds	94	84	75	69	60
- Adjustments	(352)	(344)	(348)	(331)	(286)
MA as % of HFA	**34%**	**31%**	**27%**	**27%**	**25%**

Flows (€bn)	**2015 (*)**	**2014**	**2013**	**2012**	**2011**
Household financial assets in Italy (HFA)	**24**	**18**	**10**	**36**	**41**
Managed assets (MA)	113	111	(34)	3	17
- Mutual funds	30	40	(30)	(19)	(7)
- Discretionary accounts	44	25	(16)	6	7
- Life insurance technical reserves	55	15	46	(9)	42
- Pension funds	4	5	5	5	9
- Adjustments	(20)	26	(39)	20	(34)
MA as % of HFA	**n.s.**	**n.s.**	**n.s.**	**8%**	**41%**

Source: Bank of Italy

n.s.: not significant

(*) The figures of 2015 are estimated.

Interim Directors' Report

Reclassified financial statements

Consolidated Balance Sheet

(Reclassified - €m)

	30.6.2016	31.12.2015	CHANGE	
			AMOUNT	%
ASSETS				
Cash and cash equivalents	349	60	289	n.s.
Financial assets (other than loans and held-to-maturity investments)	4,775	4,672	103	2
Held-to-maturity investments	158	297	(139)	-47
Loans and advances to banks	15,459	13,223	2,236	17
Loans and advances to customers	9,819	8,973	846	9
Hedging derivatives	-	2	(2)	-100
Equity investments	137	129	8	6
Property and equipment	38	39	(1)	-3
Intangible assets and goodwill	170	175	(5)	-3
Tax assets	187	174	13	7
Other assets	1,046	1,095	(49)	-4
TOTAL ASSETS	**32,138**	**28,839**	**3,299**	**11**
LIABILITIES				
Due to banks	2,904	3,110	(206)	-7
Due to customers	24,252	21,419	2,833	13
Financial liabilities held for trading	45	28	17	61
Hedging derivatives	1,242	977	265	27
Tax liabilities	60	80	(20)	-25
Other liabilities	1,005	917	88	10
Provisions for risks and charges	442	431	11	3
Equity attributable to owners of the parent company	2,188	1,877	311	17
TOTAL LIABILITIES	**32,138**	**28,839**	**3,299**	**11**

n.s.: not significant

Consolidated Income Statement

(Reclassified - €m)

	1ST HALF 2016	1ST HALF 2015 (*)	CHANGE	
			AMOUNT	%
Net interest income	81	90	(9)	-10
Net profit (loss) on financial assets and liabilities	20	16	4	25
Net fee and commission income	771	775	(4)	-1
OPERATING INCOME BEFORE NET IMPAIRMENT	**872**	**881**	**(9)**	**-1**
Net impairment	(2)	-	(2)	n.s.
OPERATING INCOME	**870**	**881**	**(11)**	**-1**
Personnel expenses	(141)	(141)	-	-
Other administrative expenses	(115)	(109)	(6)	6
Depreciation and amortisation	(8)	(8)	-	-
OPERATING EXPENSES	**(264)**	**(258)**	**(6)**	**2**
Net provisions for risks and charges	(29)	(12)	(17)	142
Profit (loss) on equity investments	8	6	2	33
Other income (expense)	(1)	(5)	4	-80
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	**584**	**612**	**(28)**	**-5**
Income taxes	(165)	(184)	19	-10
Net profit (loss) attributable to non-controlling interests	-	(153)	153	-100
NET PROFIT BEFORE NON-RECURRING ITEMS	**419**	**275**	**144**	**52**
Non-recurring income (expenses) net of tax	(16)	(12)	(4)	33
NET PROFIT	**403**	**263**	**140**	**53**

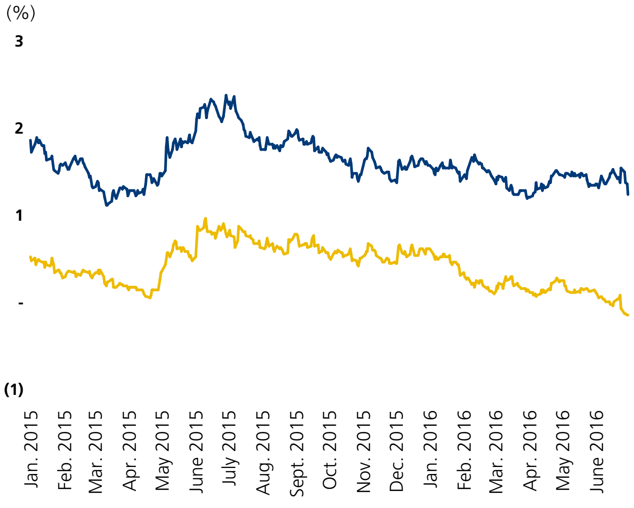
n.s.: not significant

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

Economic scenario

The first half of 2016 was marked by significant tensions in the financial markets, both in the first quarter of the year and at the end of June, following the Brexit vote in the United Kingdom. These tensions were, however, only partially due to a deterioration in the global growth outlook, which was fairly limited overall. A variety of factors weighed on the financial markets at the beginning of the year, including the unexpected depreciation of the Chinese yuan, persistently weak oil prices and worries about the European banking system. In addition, there were perceptions of a sharp slowdown in the American economy that were wholly surprising, especially in the light of the recent Federal Reserve interest rate increase. In the markets, scepticism regarding the central banks' ability to respond adequately to this new economic phase therefore increased, exacerbated by the Bank of Japan's unexpected decision to take interest rates into negative territory at the end of January. From mid-February, market tensions gradually eased. The anticipated sharp slowdown in growth never in fact materialised, oil prices began rising again and China indicated that it had no plans to use the yuan exchange rate as a major economic policy tool. The Federal Reserve and European Central Bank (ECB) changed their monetary policies, taking them in a decidedly expansionary direction. The Federal Reserve adopted a wait-and-see approach, postponing its planned interest rate increases and thus reducing upward pressures on the dollar (particularly challenging for the emerging economies). While the ECB decided not to push interest rates further into negative territory, focusing instead on expanding its quantitative easing programme and policies to directly support the economy.

10-year Bund and BTP yields



Source: Bloomberg

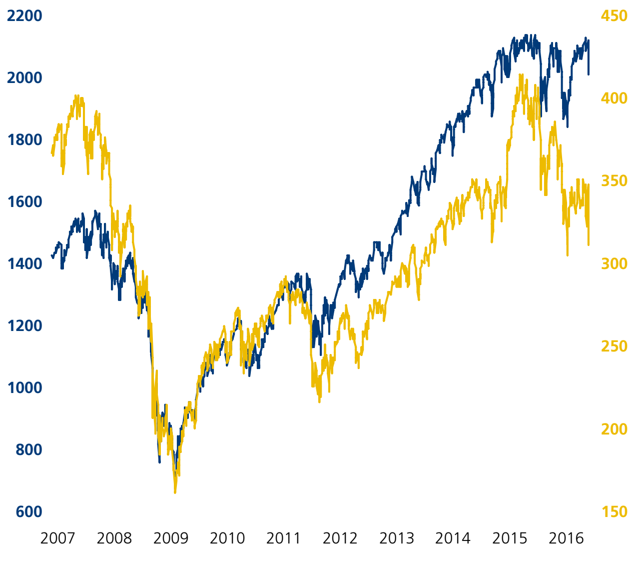
In the **U.S.A.**, economic growth, which was already slowing towards the end of 2015, continued to decelerate in the early months of the year due to disappointing consumer spending and the persistent negative contribution of foreign trade resulting from the increasing strength of the dollar. The conditions of the manufacturing sector were particularly weak. Global tensions in the financial markets and signs of economic weakness led the Federal Reserve to maintain a very cautious approach at its March meeting in particular, and to postpone raising interest rates despite rising employment and an increase in core inflation at the beginning of the year. The spring saw an acceleration in growth, driven by a sustained recovery in consumer spending, while non-residential investments remained weak. The Federal Reserve was, however, discouraged from raising interest rates in the summer as it had previously proposed due to decidedly disappointing employment figures in May and the subsequent significant global uncertainty arising from the UK's Brexit vote.

In the **euro area**, the first half ended on a troubled note, although the real data for the period were better overall than expected. The start of 2016 was marked by increased volatility in the markets, which had begun to doubt the effectiveness of the central banks' measures and the ability of European Union governance to respond to the refugee crisis and terrorism effectively, both of which were placing considerable strain on the Schengen Agreement. The first half ended with another crisis for the European institutions after the United Kingdom voted to leave the European Union, considerably increasing economic uncertainty and political risk across the entire euro area. The introduction of the new bank resolution regulations further increased the pressure on those banking systems still burdened with high levels of doubtful loans, including Italy. Notwithstanding these difficulties, domestic demand continued to drive the recovery in the first quarter of the year and the euro area achieved solid growth. However, the second quarter saw a slowdown in GDP growth. Commodities prices fell again at the beginning of the year, taking inflation back into negative territory until May. The European Central Bank responded with new expansionary measures at its March meeting, stepping up its quantitative easing programme (from €60bn to €80bn per month), and extending it to the purchase of non-bank corporate bonds. The European Central Bank showed it was aware of the limited effectiveness of cutting the deposit rate further into negative territory, preferring to incentivise lending to the private sector using new targeted longer-term refinancing operations (TLTRO-II) that are particularly attractive to the banking system. The first of these operations was conducted in June.

In **Asia**, economic growth was muted by the global economic slowdown and falling commodities prices, which had a negative impact on exporting countries. In Japan, the volatility of 2015 was followed by surprising growth, which accelerated in the first quarter and then slowed again in the second. At the beginning of the year, the Bank of Japan made the unexpected decision to take the excess reserve rate into negative territory in an attempt to relaunch the economy and achieve its inflation target in a scenario that had seen inflation gradually fall until dropping below zero in April. In China, the progressive slowdown in growth continued, partly due to deceleration in investments. The authorities responded with an accommodative fiscal policy and substantial increase in lending, which however stoked fears over financial stability. In the wake of the large capital outflows that occurred between late 2015 and early 2016, the authorities were able to stabilise currency reserves thanks to the relative stability of the exchange rate and increased control over capital movements.

From mid-May, the financial markets suffered from uncertainty regarding the outcome of the United Kingdom's referendum on membership of the European Union. The unexpected victory of the Leave campaign led to an immediate sharp correction in the markets, which, however, largely recovered in the following weeks. In the USA, the S&P 500 index ended the first half up 2.7% and then hit record highs at the beginning of July. The performance of the emerging markets was also positive, with the MSCI index (in dollars) up 5%. However, the European and Japanese markets ended the first half down at -9.8% for the DJ STOXX 600 index and -19.5% for the Topix index. The performance of the Italian market was particularly weak, aggravated by the situation of the country's banks, with the FTSE-MIB index down 24.3%. The bond market saw a further significant decline in yields, impacted by fears regarding the global economic growth outlook in the absence of inflationary pressures, and the accommodative response of the major central banks, with ten-year government bonds down by around 75-80 basis points in both the USA and euro area. The Bund yield entered negative territory from mid-June, while U.S.A. long-term yields fell to historic lows at the beginning of July.

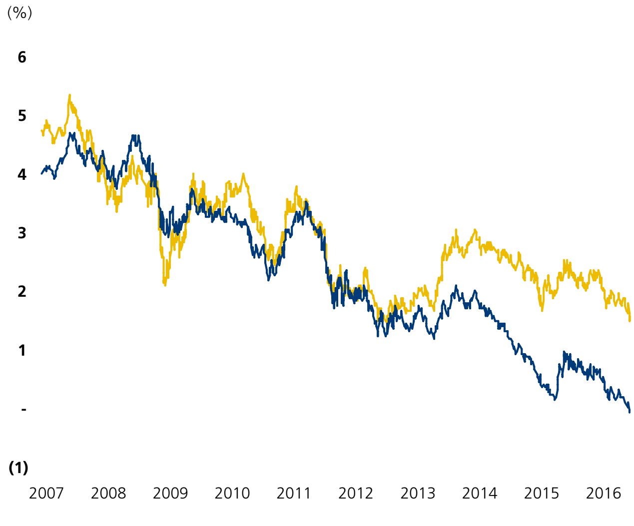
Share markets performance



Source: Bloomberg

Bond markets performance

(10-year government bond yields)



Source: Bloomberg

Overview of consolidated results

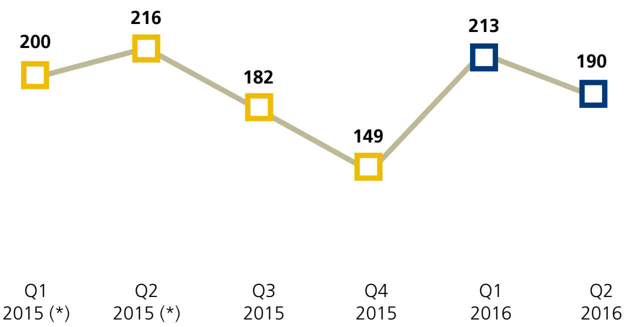
The Fideuram – Intesa Sanpaolo Private Banking Group ended the first half of 2016 with consolidated net profit of €403m for the new scope of consolidation (which includes the contributions of the newly-consolidated companies acquired with effect from 30 June 2015), down €13m (-3%) compared with the figure for the first half of 2015. The Wealth created by the Group's business totalled €1.2bn at 30 June 2016, down €64m compared with the same period last year. The return on equity (R.O.E.) was 40%.
Analysis of the main income-statement items shows that notwithstanding the volatility of the financial markets in the first half of 2016, the Group's results were stable and above forecast. Net fee and commission income remained largely in line with the first half of last year (-1%) while the financial margin decreased 5%, impacted by the sharp fall in interest rates. Administrative expenses net of the Group's contribution to the Single Resolution Fund remained unchanged compared with the corresponding period in 2015, despite the Group increasing the provision for the termination of Personal Financial Adviser agency agreements by around €21m. The Group's Cost/Income Ratio was 30%, up slightly from 29% in the first half of 2015.

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

At 30 June 2016, the number of Personal Financial Advisers in the Group's networks totalled 5,887, compared with 5,846 at 31 December and 5,855 at 30 June 2015. Total Group staff came to 2,999, up from 2,928 at 31 December 2015 thanks to the growth of our sales networks. Bank branches totalled 228 and 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 among the largest in the euro area with more than €188bn 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..

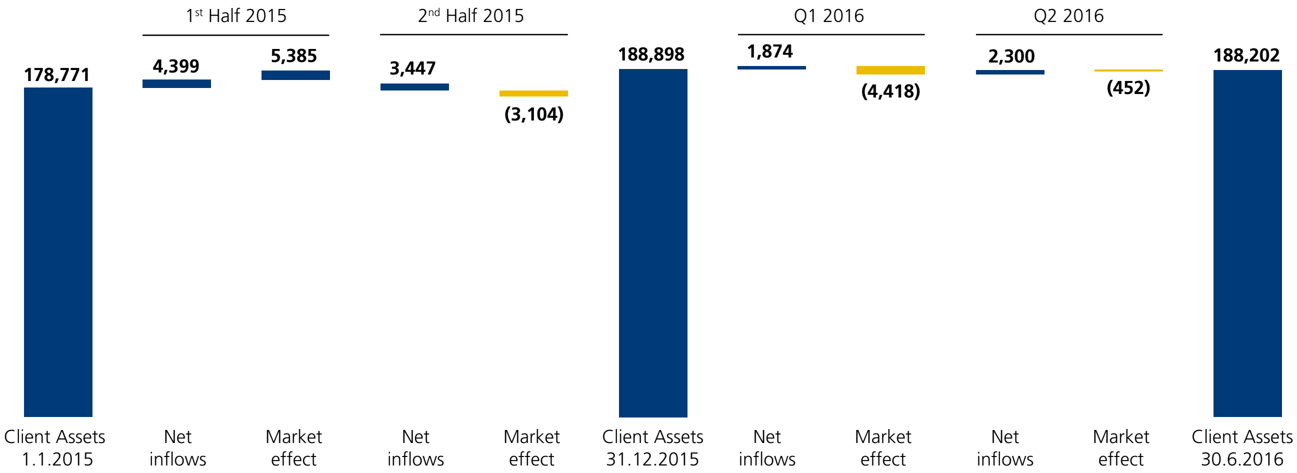
Client financial assets

Client Assets totalled €188.2bn at 30 June 2016, down €0.7bn from the figure at 31 December 2015 as a result of the market performance of the assets themselves (-€4.9bn), which was partially offset by solid net inflows (+€4.2bn). The uncertainty of the financial markets impacted the performance of client assets for the second consecutive half-year, but the Group was able to contain the negative effect thanks to excellent net inflows, which continued to be positive in both half-years.

Analysis of the item shows that managed assets, which totalled €129.6bn (69% of total client assets), were down €2.4bn (-2%) from the figure at 31 December 2015 as a result of decreases in mutual funds (-€2.6bn) and discretionary accounts (-€1.3bn), which were partially offset by growth in life insurance (+€1.4bn). Non-managed assets totalled €58.6bn, up €1.7bn on the figure at 31 December 2015.

Client Assets

(€m)



Client Assets

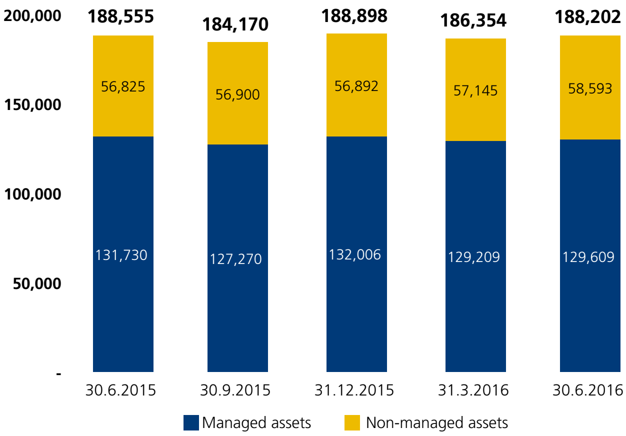
(€m)

	30.6.2016	31.12.2015	CHANGE	
			AMOUNT	%
Mutual funds	46,189	48,759	(2,570)	-5
Discretionary accounts	39,161	40,448	(1,287)	-3
Life insurance	42,815	41,424	1,391	3
including: Fideuram Vita / Intesa SanpaoloVita unit linked	*27,671*	*26,503*	*1,168*	*4*
Pension funds	1,444	1,375	69	5
Total managed assets	**129,609**	**132,006**	**(2,397)**	**-2**
Total non-managed assets	**58,593**	**56,892**	**1,701**	**3**
including: Securities	*38,884*	*40,243*	*(1,359)*	*-3*
Total Client Assets	**188,202**	**188,898**	**(696)**	**-**

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

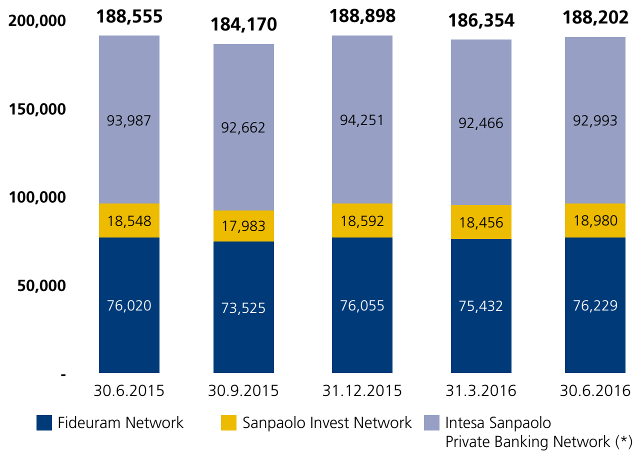
Client Assets - by type of inflows

(€m)



Client Assets - by sales network

(€m)



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

Inflows into managed and non-managed assets

The Group's sales networks (Fideuram Network, Intesa Sanpaolo Private Banking Network and Sanpaolo Invest Network) brought in €4.2bn net inflows in the first half of 2016, down €225m from the total for the corresponding period last year, but an increase of €727m compared with the second half of 2015.

Analysis of the item shows that there was a net outflow of €396m from managed assets, which suffered from the high volatility of the financial markets in the first half of 2016, a decrease of €7.1bn compared with the same period in 2015 that principally regarded discretionary accounts (-€6bn compared with the first half of last year) and life insurance (-€1.3bn).

Non-managed assets showed strong growth with a net inflow of €4.6bn, a €6.9bn 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 half of 2016 while waiting to reallocate to managed asset products to benefit from the recovery in the markets.

Net inflows

(€m)

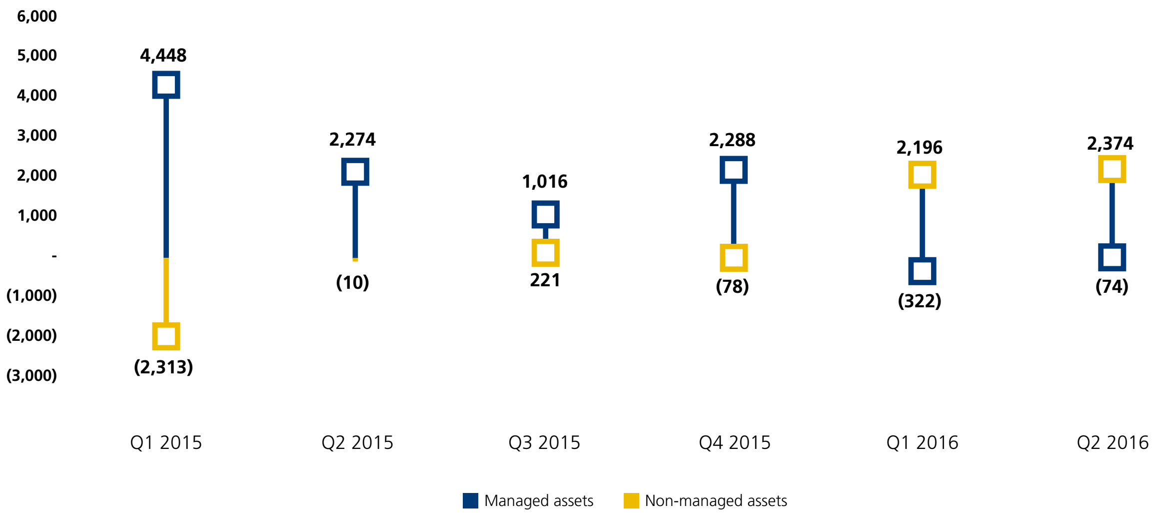
	1ST HALF 2016	1ST HALF 2015 (*)	CHANGE	
			AMOUNT	%
Mutual funds	(1,791)	(2,016)	225	-11
Discretionary accounts	(253)	5,794	(6,047)	n.s.
Life insurance	1,605	2,892	(1,287)	-45
including: Fideuram Vita / Intesa SanpaoloVita unit linked	*1,529*	*2,173*	*(644)*	*-30*
Pension funds	43	52	(9)	-17
Total managed assets	**(396)**	**6,722**	**(7,118)**	**n.s.**
Total non-managed assets	**4,570**	**(2,323)**	**6,893**	**n.s.**
including: Securities	*1,564*	*(3,109)*	*4,673*	*n.s.*
Total Net inflows	**4,174**	**4,399**	**(225)**	**-5**

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 30 June 2016

- Fideuram: €76,229m
- Sanpaolo Invest: €18,980m
- Intesa Sanpaolo Private Banking: €88,153m
- Sirefid: €4,019m
- Intesa Sanpaolo Private Bank (Suisse): €821m

CUSTOMERS at 30 June 2016

- Fideuram: No. 523,156
- Sanpaolo Invest: No. 139,063
- Intesa Sanpaolo Private Banking: No. 35,599 (*)
- Sirefid: (no. fiduciary mandates) 2,494
- Intesa Sanpaolo Private Bank (Suisse): No. 323

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

The table and graphs below analyse client assets by type of customer.

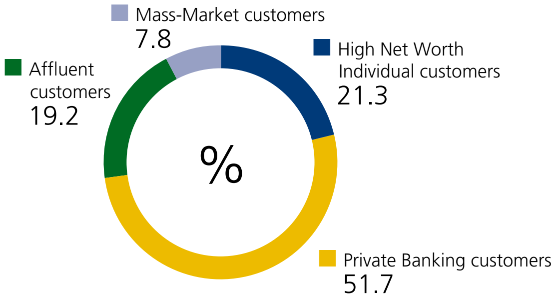
Client assets by type of customer

(€m)

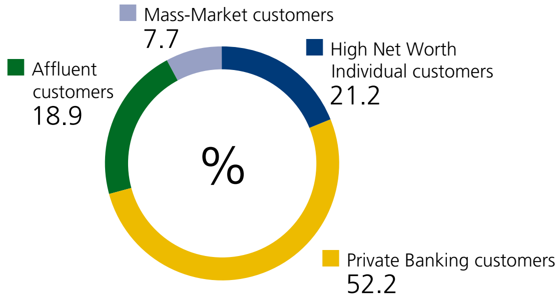
	30.6.2016	31.12.2015	CHANGE AMOUNT	CHANGE %
High Net Worth Individual customers	39,999	40,013	(14)	-
Private Banking customers	97,328	98,664	(1,336)	-1
Affluent customers	36,121	35,730	391	1
Mass-Market customers	14,754	14,491	263	2
Total	**188,202**	**188,898**	**(696)**	**-**

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

30.6.2016



31.12.2015



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

Advanced advisory services

The Fideuram Group is a leading Italian banking group in the provision of financial advisory services and in the distribution, development and management of financial services and products for private individuals.
The Group's principal distinctive strengths, emblematic of its market leadership, are founded on a **business model** that anchors the distribution of products and services in the professional relationships between our Personal Financial Advisers and customers, 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 advanced advisory service called View (Value Investment Evolution Wealth) in the first quarter of 2016. This advisory model takes all a customer's assets into consideration and supports the Personal Financial Advisers in their work of identifying each customer's specific requirements, categorised by area of need, including with the assistance of guideline customer "archetype" profiles. View provides a complete advisory service, which in addition benefits from incorporating the Active Advisory Service already provided by Intesa Sanpaolo Private Banking. View also allows the customer and their Personal Financial Adviser to identify investment strategies and solutions for each individual area of need in accordance with their risk/return profile and to monitor their wealth from a global standpoint over time.

A total of approximately 67,000 customers were subscribed to our Advanced Advisory Services at the end of June 2016, accounting for approximately €32.5bn client assets.

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

Customers subscribed to Advanced Advisory Services

(No.)

	30.6.2016	31.12.2015	CHANGE AMOUNT	CHANGE %
High Net Worth Individual customers	440	522	(82)	-16
Private Banking customers	14,748	14,923	(175)	-1
Affluent customers	34,320	34,970	(650)	-2
Mass-Market customers	17,531	17,262	269	2
Total	**67,039**	**67,677**	**(638)**	**-1**

Advanced Advisory Service client assets

(€m)

	30.6.2016	31.12.2015	CHANGE AMOUNT	CHANGE %
High Net Worth Individual customers	3,529	3,579	(50)	-1
Private Banking customers	19,354	19,250	104	1
Affluent customers	8,529	8,707	(178)	-2
Mass-Market customers	1,062	1,036	26	3
Total	**32,474**	**32,572**	**(98)**	**-**

Advanced Advisory Service Fee and Commission Income

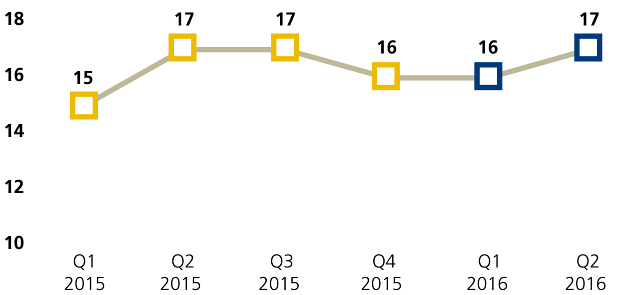
(€m)

	1ST HALF 2016	1ST HALF 2015 (*)	CHANGE AMOUNT	CHANGE %
Fee and commission income	57	57	-	-
Fee and commission expense	(24)	(24)	-	-
Net fee and commission income	**33**	**33**	**-**	**-**

(*) 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.

Distribution of value

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

The table below showing the Wealth created by the Group was prepared using the income statement figures from the Consolidated Financial Statements at 30 June 2016, reclassified in accordance with the guidelines of the Italian Banking Association. 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 €1,253m at 30 June 2016, down €64m from the figure at 30 June 2015. This wealth was distributed to stakeholders as follows:

- Colleagues (employees and Personal Financial Advisers) received 36.5% of the Wealth created, amounting to a total of €457m. This included the remuneration paid to employees and the amounts set aside for and paid to the Personal Financial Adviser Networks.
- Our shareholder received 24.1% of the Wealth created, in the form of the proposed dividend, for a total of €302m.
- The government, public authorities, institutions and the community received €252m, principally in the form of direct and indirect taxes, equating to 20.1% of the Wealth created.
- Suppliers received 9.4% of the Wealth created, totalling €118m paid for goods and services.
- The remaining €124m 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.

Economic value added

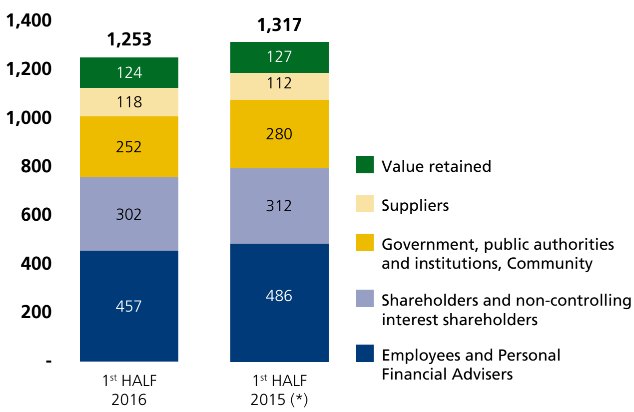
(€m)

	1ST HALF 2016	1ST HALF 2015 (*)	CHANGE AMOUNT	%
Wealth created	**1,253**	**1,317**	**(64)**	**-5**
Value distributed	**(1,129)**	**(1,190)**	**61**	**-5**
Employees and Personal Financial Advisers	(457)	(486)	29	-6
Suppliers	(118)	(112)	(6)	5
Shareholders and non-controlling interest shareholders	(302)	(312)	10	-3
Government, public authorities and institutions, Community	(252)	(280)	28	-10
Value retained	**124**	**127**	**(3)**	**-2**

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

Wealth created

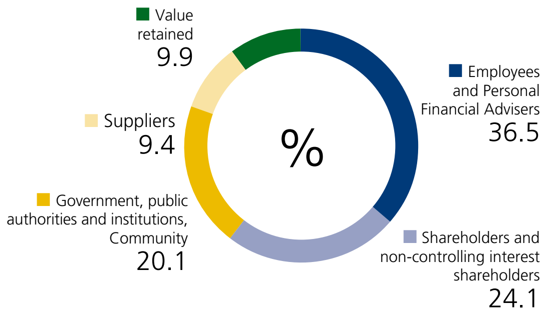
(€m)



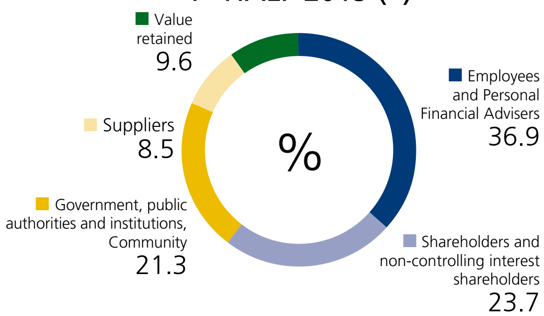
(*) Restated taking the changes in the scope of consolidation into account so that straight comparisons can be made.

Distribution of wealth created

1st HALF 2016



1st HALF 2015 (*)



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

Segment reporting

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

- **Managed Financial Assets Segment**, which extends from mutual funds to SICAVs, speculative funds and individual discretionary accounts.
- **Life Insurance Assets Segment**, which covers unit-linked and traditional managed insurance asset products as well as pension and protection products.
- **Banking Services Segment**, which covers the Group's banking and financial services.

The following analyses outline the products and services offered, together with the initiatives and research and development carried out in the period, while also presenting the Group's financial results, transaction data and key profitability indicators by Business Segment.

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

Business segmentation at 30 June 2016

(€m)

	MANAGED FINANCIAL ASSETS	LIFE INSURANCE ASSETS	BANKING SERVICES	TOTAL FOR FIDEURAM GROUP
Net interest income	-	-	81	81
Net profit (loss) on financial assets and liabilities	-	-	20	20
Net fee and commission income	467	211	93	771
Operating income before net impairment	**467**	**211**	**194**	**872**
Operating expenses	(129)	(35)	(100)	(264)
Other	(18)	(8)	2	(24)
Profit before tax from continuing operations	**320**	**168**	**96**	**584**
Average Client Assets	**85,879**	**42,711**	**57,687**	**186,277**
Client Assets	**85,350**	**44,259**	**58,593**	**188,202**
Key indicators				
Cost / Income Ratio	28%	17%	50%	30%
Annualised profit before tax / Average Client Assets	0.7%	0.8%	0.3%	0.6%
Annualised net fee and commission income / Average Client Assets	1.1%	1.0%	0.3%	0.8%

MANAGED FINANCIAL ASSETS SEGMENT

The Managed Financial Assets Segment covers the Group's discretionary account and mutual fund business, which totalled €85.3bn at 30 June 2016 (45% of total client assets), down €5.7bn (-6.3%) from the figure at 30 June 2015, principally as a result of a decrease in mutual funds (-€5.1bn). Net inflows were negative, with a net outflow of €2bn, down €5.8bn from the figure at 30 June 2015, largely as a result of the high volatility of the financial markets in the first half of the year.
Profit before tax from continuing operations totalled €320m, down €29m from the figure for the corresponding period in the previous financial year, principally due to decreased net fee and commission income (-€19m). The ratio of net fee and commission income to client assets was 1.1%, while the ratio of profit before tax to client assets was 0.7%.

Managed Financial Assets

(€m)

	30.6.2016	30.6.2015 (*)	% CHANGE
Net interest income	-	-	-
Net profit (loss) on financial assets and liabilities	-	-	-
Net fee and commission income	467	486	-4
Operating income before net impairment	**467**	**486**	**-4**
Operating expenses	(129)	(126)	2
Other	(18)	(11)	64
Profit before tax from continuing operations	**320**	**349**	**-8**
Average Client Assets	**85,879**	**90,858**	**-5**
Client Assets	**85,350**	**91,100**	**-6**
Key indicators			
Cost / Income Ratio	28%	26%	
Annualised profit before tax / Average Client Assets	0.7%	0.8%	
Annualised net fee and commission income / Average Client Assets	1.1%	1.1%	

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

Our many product development initiatives in the first half of 2016 were focused on meeting our customers' medium- and long-term needs with solutions that can be adapted to the continually changing reference scenario in line with Fideuram's business model, which has always been centred on the provision of advisory support using a guided open-architecture model. The changed economic and financial scenario, marked by low global growth (both current and prospective), compressed bond yields and continuing volatility, has made it necessary to find new investment opportunities and funds of value in building customer portfolios, adding "alternative" strategy solutions to our range.
We consequently developed the Fideuram Alternative Investments (FAI) platform provided by Fideuram Investimenti SGR, which offers access to the real economy through investments in companies not present on exchange-traded markets. The first FAI product, launched at the end of June, is a closed-end private-equity alternative mutual fund named Private Debt Special Opportunities Fund that invests in the Private Debt and Private Equity of developed countries across a spectrum of product sectors. A further development in the Group's **own funds** saw us extend the Fonditalia (FOI) Luxembourg umbrella fund product offering with the addition of a new fund, the FOI Financial Credit Bond, an innovative solution that actively invests in financial sector debt securities globally, focusing on the largest financial institutions. Management of the fund has been delegated to Algebris Investments, a company established in 2006 that specialises in the global financial sector.
We likewise extended the Fideuram Multibrand family of **à la carte third-party funds** with the addition of a number of solutions from a new partner, Neuberger Berman Investment Funds PLC, an independent asset management company founded in 1939. The range selected consists of a typical Irish SICAV offering a range of different types of funds (bond, equity, flexible and alternative).
We also advanced the initiative launched last year with Epsilon, an Intesa Group company specialising in quantitative portfolio management, with the launch of two new Luxembourg-regulated funds with specified time windows, Dynamic Income Multitrender and Global Absolute Strategy. The Dynamic Income Multitrender fund adopts a flexible diversified approach in all asset classes, with the option of tactically implementing market decorrelation strategies. The Global Absolute Strategy fund combines an absolute return core strategy with a global equity strategy that utilises a risk control model.
Our offering for Intesa Sanpaolo Private Banking customers saw the launch of new flexible funds - Dynamic Preservation with capital protection and Global Flexible Strategy - as well as the launch of the Lyxor Alternative UCITS platform, which offers a selection of absolute-return mutual funds managed by highly-respected international alternative investment fund managers.
The evolutionary maintenance of our existing range continued as always, principally through the addition of new funds to UCITS mutual fund products already being distributed and the introduction of new income distribution and/or currency hedging classes.
The main enhancements to our flexible investment solutions included two new asset management lines:
- Alpha Equity Alternative MultiStrategy, which adopts absolute return and total return strategies offering different degrees of financial market correlation, and
- Idea Strategie Alternative Global Macro, which focuses on absolute-return and total-return strategies with limited financial market correlation.

The new lines invest mainly in units and shares in Italian and EU liquid-alternative mutual funds which implement alternative management strategies that contribute to improving portfolio efficiency and diversification.
In addition, four new Consilia lines were added for the core component, the Consilia Step-in 06.2016 lines, which offer gradual investment in the Consilia line portfolios within a specified investment window, diluting market timing risk in a climate of marked volatility. Lastly, our satellite investment solutions were enhanced by extending the range of funds in the Eligo Fondi line, focusing in particular on liquid-alternative mutual funds.

LIFE INSURANCE ASSETS SEGMENT

This segment covers the Group's life insurance and pension funds business, which totalled €44.3bn at 30 June 2016 (24% of total client assets), up €3.6bn from the figure at 30 June 2015 principally due to strong life insurance performance (+€3.5bn). Total net inflows came to €1.6bn, a decrease of €1.3bn compared with the corresponding period in the previous financial year.
Profit before tax from continuing operations totalled €168m, up €23m on the corresponding period in the previous financial year due to increased net fee and commission income. The ratio of net fee and commission income to client assets was 1%, while the ratio of profit before tax to client assets was 0.8%.

Life Insurance Assets

(€m)

	30.6.2016	30.6.2015 (*)	% CHANGE
Net interest income	-	-	-
Net profit (loss) on financial assets and liabilities	-	-	-
Net fee and commission income	211	181	17
Operating income before net impairment	**211**	**181**	**17**
Operating expenses	(35)	(32)	9
Other	(8)	(4)	100
Profit before tax from continuing operations	**168**	**145**	**16**
Average Client Assets	**42,711**	**38,890**	**10**
Client Assets	**44,259**	**40,630**	**9**
Key indicators			
Cost / Income Ratio	17%	18%	
Annualised profit before tax / Average Client Assets	0.8%	0.7%	
Annualised net fee and commission income / Average Client Assets	1.0%	0.9%	

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

The development of our **insurance products** saw us extend the investment opportunities offered by the Fideuram Vita Insieme family multi-manager policies, launching new funds with a special focus on multi-asset and liquid-alternative strategies, and - in the Private Banking version - adding new asset management companies.
Our Class I offering was enhanced with the launch of Fideuram Vita Garanzia e Valore Flex 3, a with-profits policy with a capital guarantee and annual bonus. The policy can also be linked to the PreVi segregated fund, thereby offering the option of payment of the annual bonus into this fund. We likewise launched a number of new products to meet the growing demand for asset protection and family security solutions:

- Synthesis HNWI, a multi-class policy issued by Intesa Sanpaolo Vita, designed for High Net Worth Individuals.
- CA Vita Futuro Protetto, a term life insurance policy issued by Crédit Agricole Vita that offers a term of between 5 and 20 years, chosen by the policyholder when taking out the policy.
- Polizza Infortuni and Polizza Tutela Famiglia, two protection products issued by Intesa Sanpaolo Assicura.
- Il Mio Domani, an open pension fund for people who want to build up a supplementary pension through their own payments.
- Il Mio Futuro, a personal pension plan for people who want to build up their supplementary pension on an individual basis through regular payments.

BANKING SERVICES SEGMENT

The Banking Services Segment covers the Group's banking and financial services, together with its central departments, holding activities and finance activities, as well as - generally speaking - the coordination and control activities for its other operating segments.
This segment includes non-managed assets, mainly securities and current accounts, which totalled €58.6bn at 30 June 2016 (31% of total client assets), up €1.8bn compared with the figure at 30 June 2015. Total net inflows came to €4.6bn, an improvement of €6.9bn compared with the corresponding period in the previous financial year.
The contribution of this segment to profit before tax from continuing operations was €96m. The €22m decrease in profit before tax compared with the corresponding period in the previous financial year was due to decreased operating income before net impairment. The ratio of net fee and commission income to client assets was 0.3%, while the ratio of profit before tax to client assets was 0.3%.

Banking Services

(€m)

	30.6.2016	30.6.2015 (*)	% CHANGE
Net interest income	81	90	-10
Net profit (loss) on financial assets and liabilities	20	16	25
Net fee and commission income	93	108	-14
Operating income before net impairment	**194**	**214**	**-9**
Operating expenses	(100)	(100)	-
Other	2	4	-50
Profit before tax from continuing operations	**96**	**118**	**-19**
Average Client Assets	**57,687**	**58,107**	**-1**
Client Assets	**58,593**	**56,825**	**3**
Key indicators			
Cost / Income Ratio	50%	46%	
Annualised profit before tax / Average Client Assets	0.3%	0.4%	
Annualised net fee and commission income / Average Client Assets	0.3%	0.4%	

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

Our development of the **Group's non-managed asset products** and **banking services** continued, advancing the initiatives launched last year to extend our banking facilities and acquire new customers, which involved both our offering of investments in securities and our range of banking products.
Supporting investments in securities, the sales networks took part in bond and certificate issues managed by the Intesa Sanpaolo Group and companies outside the Group.
In particular, the Fideuram and Sanpaolo Invest networks managed four primary-market placements of variable-rate and mixed-rate (specified minimum and maximum) senior bonds with terms of five and six years denominated in euros and US dollars, and two placements of standard long auto-callable certificates linked to euro indexes with a term of three years and a capital protection barrier. The Intesa Sanpaolo Private Banking network managed the placement of ten Banca IMI certificates, three Intesa Sanpaolo variable-rate bond issues, one Banca IMI inflation-linked bond, one Banca IMI mixed-rate bond in US dollars and one International Bank for Reconstruction and Development (IBRD) fixed-to-floating bond in US dollars.
On the banking products front, considering the persistently low rates in the financial markets, we continued our initiatives to promote the acquisition of new client assets and new customers by offering attractive conditions on our savings bonds - a current account ancillary service that pays higher interest on the balances that customers decide not to use for a predetermined period.

Operations outside Italy

During the first half of 2016, **Fideuram Asset Management (Ireland) Ltd** continued to act as manager of the Fideuram Group's collective savings products (Luxembourg, Irish and Italian collective investment undertakings) and of the products developed by the Group's insurance companies (Italian pension fund and Irish unit-linked policies). Client assets in the Irish and Luxembourg products offered by Fideuram Asset Management (Ireland) totalled €40.5bn at 30 June 2016, compared with €40.8bn at 31 December 2015.

Fideuram Bank (Luxembourg) S.A. plays a leading role in the Group's operating structure as the Depository Bank and Administrative Agent (calculation of Net Asset Value and keeping of subscriber register) of our Luxembourg funds, with €40.5bn client assets at 30 June 2016. The bank operates through a select yet extensive network of worldwide correspondent banks, while also acting as Securities Lending Agent for the portfolio, playing a significant role in providing treasury and liquidity risk management services for the Group's Luxembourg funds. The bank also acts as global sub-custodian of the Group's Irish fund and provides technological and organisational support in the form of IT and administrative services for a number of our affiliated companies in other countries.

Intesa Sanpaolo Private Bank (Suisse) S.A. is a Swiss bank specialising in investment services for private individuals. Its head office is in Lugano and its client assets totalled CHF891m (€821m) at period-end. In recent years it has centred its business activities on the growth of managed assets, which account for approximately 50% of its client assets, in order to stabilise its income flow.

Part of the Group's treasury and finance operations are conducted in France by subsidiary **Euro-Trésorerie S.A.**, which had securities holdings of €1.8bn at 30 June 2016, compared with €1.7bn at 31 December 2015. On 1 July 2016 the company merged with its parent company Financière Fideuram.

Human capital

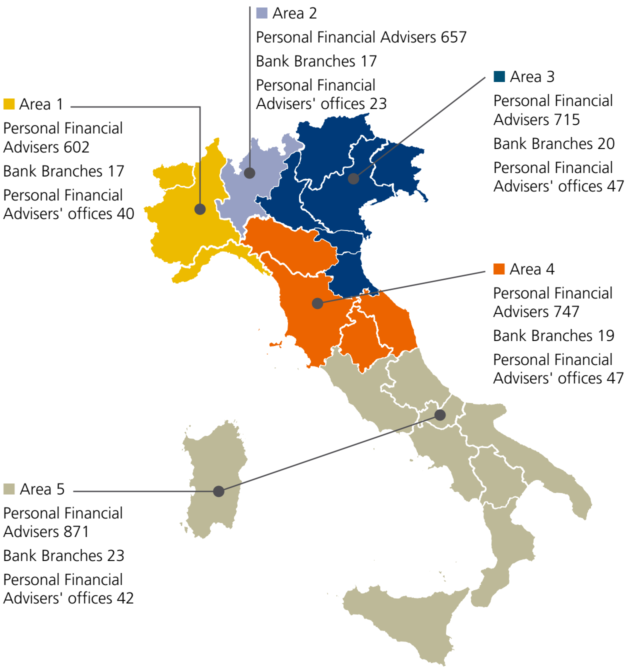
DISTRIBUTION NETWORKS

The Group's sales networks (Fideuram, Sanpaolo Invest and Intesa Sanpaolo Private Banking Networks) totalled 5,887 Personal Financial Advisers at 30 June 2016 compared with 5,846 at 31 December 2015.

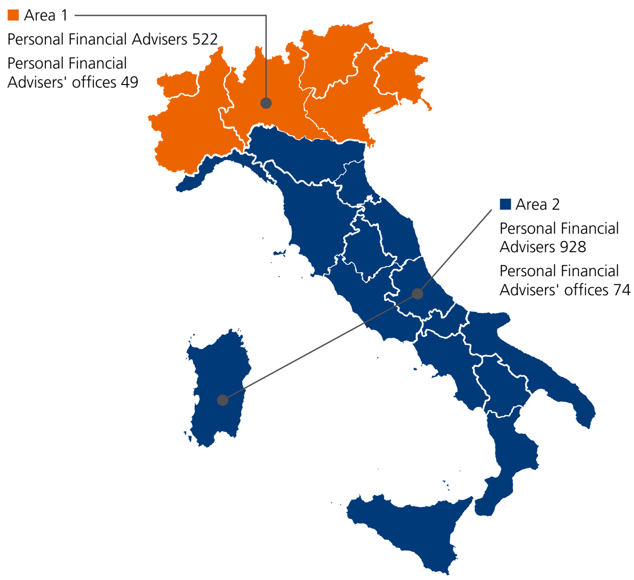
Personal Financial Advisers

	BEGINNING OF PERIOD 1.1.2016	IN	OUT	NET	END OF PERIOD 30.6.2016
Fideuram Network	3,589	79	76	3	3,592
Sanpaolo Invest Network	1,436	44	30	14	1,450
Intesa Sanpaolo Private Banking Network	821	36	12	24	845
Total	**5,846**	**159**	**118**	**41**	**5,887**

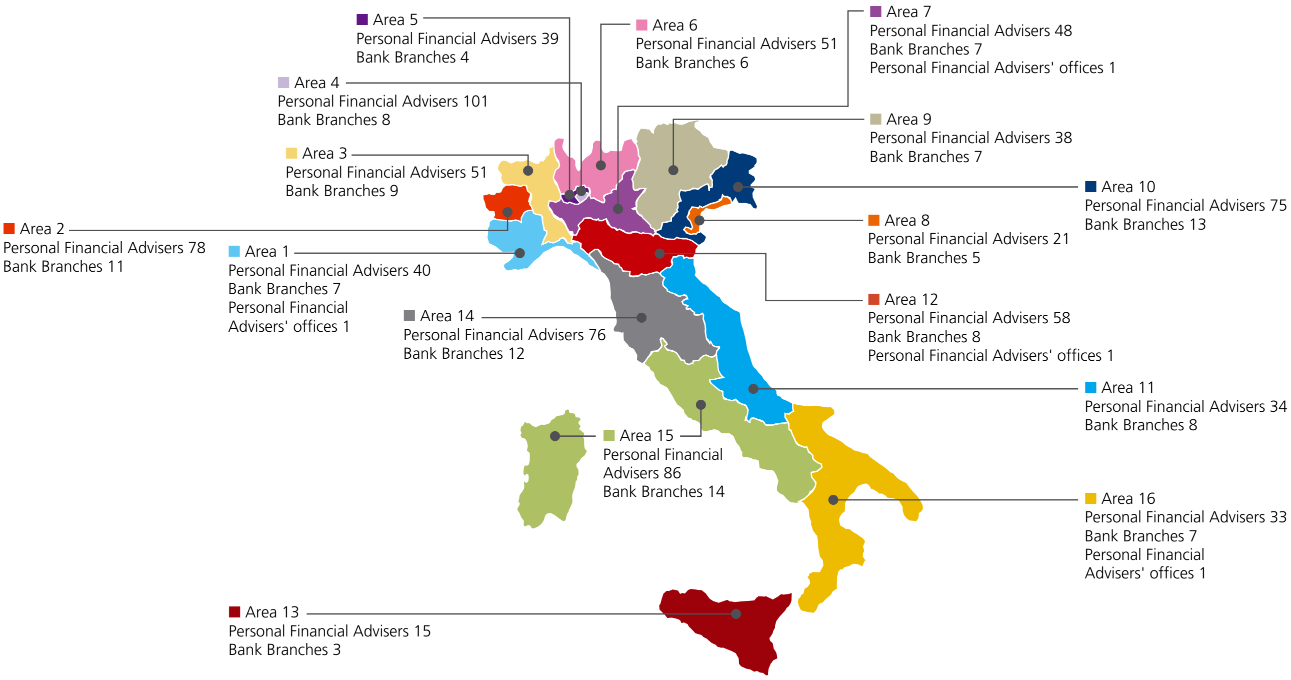
Fideuram Network



Sanpaolo Invest Network



Intesa Sanpaolo Private Banking Network



The Fideuram and Sanpaolo Invest Networks' recruitment programmes brought in 123 new professionals in the first half of 2016 (compared with 118 new Personal Financial Advisers recruited in the corresponding period of 2015) and 241 over the past 12 months, compared with 253 in the previous twelve-month period. 106 Personal Financial Advisers left the Group in the first half of the year, only 25% of whom, however, moved to competitor networks.

Fideuram Personal Financial Advisers

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1st Half					
1.1.2016 - 30.6.2016	3,589	79	76	3	3,592
1.1.2015 - 30.6.2015	3,572	76	66	10	3,582
Twelve-month period					
1.7.2015 - 30.6.2016	3,582	166	156	10	3,592
1.7.2014 - 30.6.2015	3,562	178	158	20	3,582

Sanpaolo Invest Personal Financial Advisers

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1st Half					
1.1.2016 - 30.6.2016	1,436	44	30	14	1,450
1.1.2015 - 30.6.2015	1,472	42	58	(16)	1,456
Twelve-month period					
1.7.2015 - 30.6.2016	1,456	75	81	(6)	1,450
1.7.2014 - 30.6.2015	1,505	75	124	(49)	1,456

The Intesa Sanpaolo Private Banking Network currently numbers 819 Personal Financial Advisers who are salaried employees registered in Italy's Unified Register of Financial Advisers and 26 freelance professionals on agency contracts.

Intesa Sanpaolo Private Banking Personal Financial Advisers

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1st Half					
1.1.2016 - 30.6.2016	821	36	12	24	845
1.1.2015 - 30.6.2015	807	29	19	10	817
Twelve-month period					
1.7.2015 - 30.6.2016	817	52	24	28	845
1.7.2014 - 30.6.2015	808	57	48	9	817

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

Moreover, we continued to see steady growth in the Personal Financial Advisers signed up to our Team Fideuram project, conceived to promote collaboration between Personal Financial Advisers with a view to increasing and better supporting their customers. At the end of June 2016, more than 750 Personal Financial Advisers had joined together in teams, collectively managing a total of around €5.4bn assets for over 55,000 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 2,999 at 30 June 2016, compared with 2,928 at the end of December 2015, an increase of 71 which was principally due to the growth of our sales networks.
Direct employees totalled 2,893.

Human Resources

	30.6.2016	31.12.2015	30.6.2015
Fideuram - Intesa Sanpaolo Private Banking	1,323	1,297	1,286
Intesa Sanpaolo Private Banking	1,304	1,267	1,260
Sanpaolo Invest SIM	52	52	52
Sirefid	58	58	58
Fideuram Fiduciaria	24	23	22
Intesa Sanpaolo Private Bank (Suisse)	25	23	23
Financière Fideuram	1	1	1
Euro-Trésorerie	2	3	3
Asset Management	**210**	**204**	**208**
Fideuram Asset Management (Ireland)	54	52	53
Fideuram Bank (Luxembourg)	65	65	67
Fideuram Investimenti SGR	91	87	88
Total	**2,999**	**2,928**	**2,913**

Condensed half-year consolidated financial statements

Notes

Analysis of the income statement

In a scenario marked by persistent volatility of the financial markets, the Fideuram Group ended the first half of 2016 with consolidated net profit of €403m, up €140m (+53%) on the figure for the first half of last year. However, comparing net profit for the half-year with the figure for the first half of 2015 on a like-for-like basis, which is to say restating the latter to include the contributions of the equity investments acquired with effect from 30 June 2015 (totalling €153m), shows a decrease of €13m (-3%).

Consolidated Income Statement

(Reclassified - €m)

	1ST HALF 2016	1ST HALF 2015 (*)	CHANGE	
			AMOUNT	%
Net interest income	81	90	(9)	-10
Net profit (loss) on financial assets and liabilities	20	16	4	25
Net fee and commission income	771	775	(4)	-1
OPERATING INCOME BEFORE NET IMPAIRMENT	**872**	**881**	**(9)**	**-1**
Net impairment	(2)	-	(2)	n.s.
OPERATING INCOME	**870**	**881**	**(11)**	**-1**
Personnel expenses	(141)	(141)	-	-
Other administrative expenses	(115)	(109)	(6)	6
Depreciation and amortisation	(8)	(8)	-	-
OPERATING EXPENSES	**(264)**	**(258)**	**(6)**	**2**
Net provisions for risks and charges	(29)	(12)	(17)	142
Profit (loss) on equity investments	8	6	2	33
Other income (expense)	(1)	(5)	4	-80
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	**584**	**612**	**(28)**	**-5**
Income taxes	(165)	(184)	19	-10
Net profit (loss) attributable to non-controlling interests	-	(153)	153	-100
NET PROFIT BEFORE NON-RECURRING ITEMS	**419**	**275**	**144**	**52**
Non-recurring income (expenses) net of tax	(16)	(12)	(4)	33
NET PROFIT	**403**	**263**	**140**	**53**

n.s.: not significant

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

Quarterly Consolidated Income Statements

(Reclassified - €m)

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

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

Operating income before net impairment came to €872m, down €9m (-1%) from the figure for the first half of 2015 (€881m) as a result of:
- A decline in net fee and commission income (-€4m).
- Decreased net interest income (-€9m).
- Increased net profit on financial assets (+€4m).

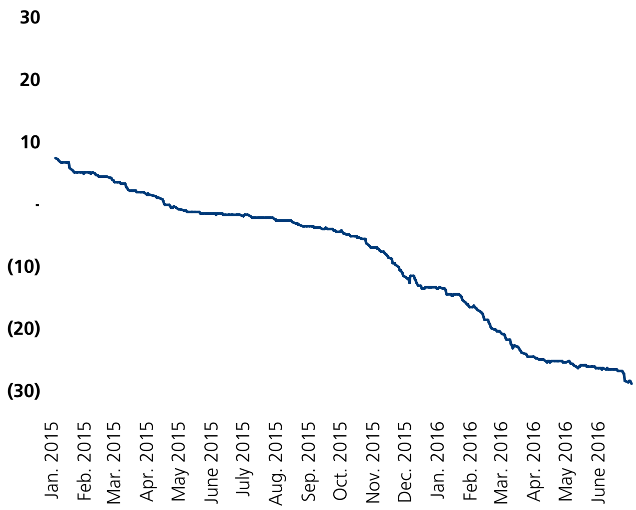
Net interest income

(€m)

	1ST HALF 2016	1ST HALF 2015	CHANGE	
			AMOUNT	%
Interest expense on due to customers	(21)	(38)	17	-45
Interest expense on due to banks	(12)	(16)	4	-25
Interest income on debt securities	104	101	3	3
Interest income on loans	54	82	(28)	-34
Net interest on hedging derivatives	(44)	(39)	(5)	13
Total	**81**	**90**	**(9)**	**-10**

Euribor 3 months rate

(bp)

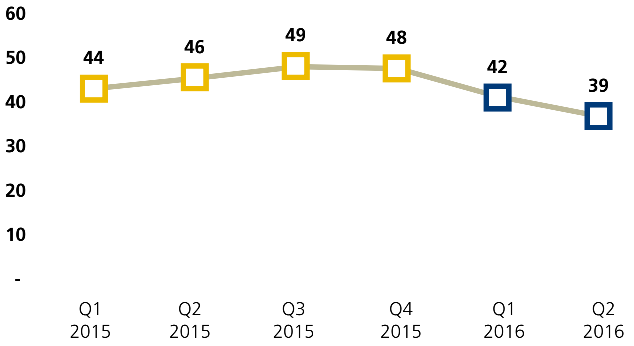


Source: Bloomberg

Net interest income totalled €81m, down €9m (-10%) compared with the corresponding 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. The fall in net interest income in the second quarter of 2016 (-7%) was entirely due to interest rates continuing to fall in the second quarter, below the levels reached in the first quarter of the year.

Quarterly net interest income

(€m)



Net profit (loss) on financial assets and liabilities

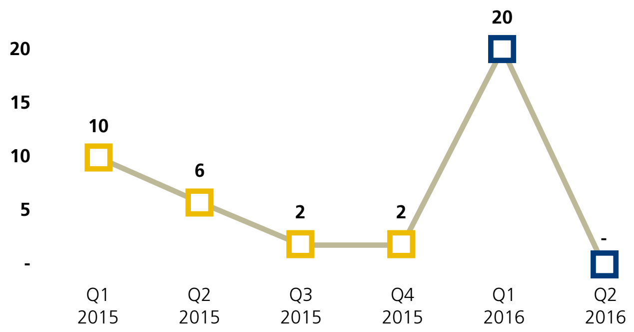
(€m)

	1ST HALF 2016	1ST HALF 2015	CHANGE AMOUNT	CHANGE %
Net profit (loss) on sale of loans and financial assets	19	12	7	58
Net profit (loss) on trading activities	4	4	-	-
Net profit (loss) on hedging derivatives	(3)	-	(3)	n.s.
Total	**20**	**16**	**4**	**25**

Net profit on financial assets and liabilities came to €20m, up €4m from the figure for the first half of 2015 (+25%).
Analysis of the item shows that net profit on sale of loans and financial assets (€19m) increased €7m from the figure for the corresponding period last year due to increased sales of investment securities. Net profit on trading activities came to €4m, remaining in line with the figure for the first half of 2015. Net profit on hedging derivatives, resulting from the ineffective hedging of interest-rate derivatives, decreased €3m due to a downward 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)



Net fee and commission income

(€m)

	1ST HALF 2016	1ST HALF 2015	CHANGE AMOUNT	CHANGE %
Fee and commission income	1,072	1,147	(75)	-7
Fee and commission expense	(301)	(372)	71	-19
Net fee and commission income	**771**	**775**	**(4)**	**-1**

Net fee and commission income totalled €771m, down €4m (-1%) from the €775m achieved in the first half of 2015. Fee and commission income decreased €75m from the figure for the first half of last year, largely due to decreased income from front-end and brokerage fees (-€50 m) and to the fact that no performance fees were charged in the half year (-€13 m). The decrease in fee and commission income also impacted fee and commission expense, which fell €71m.

Net recurring fees

(€m)

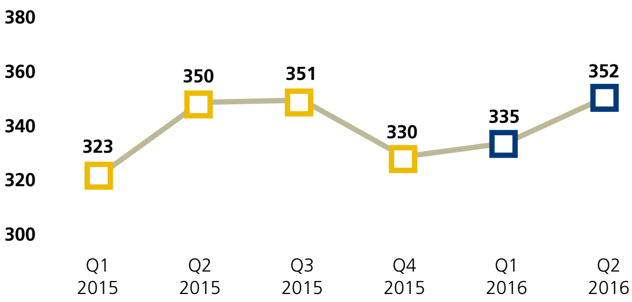
	Q1	Q2	TOTAL
2016	335	352	687
2015	323	350	673
Change	**12**	**2**	**14**

Net recurring fees totalled €687m, an increase of €14m (+2%) on the figure for the first half of the previous financial year notwithstanding the negative performance of the financial markets and the decrease in average managed assets, which fell from €129.7bn at 30 June 2015 to approximately €128.6bn at the end of June 2016 (-1%). This growth was largely due to improved profitability resulting from a shift in the asset product mix, principally towards unit-linked policies and discretionary accounts. The client assets connected with our Advanced Advisory Services also made a significant contribution, generating €33m net fee and commission income, which was in line with the figure for the first half of 2015.

The quarter-on-quarter performance of net recurring fees showed a €17m second-quarter increase on the figure for the first quarter of 2016, principally as a result of increased average managed assets mainly resulting from growth in insurance products.

Quarterly net recurring fees

(€m)



However, performance fees were not charged in the first half of 2016, whereas they totalled €13m in the first half of 2015, when they were principally due to the solid performance of certain funds underlying the unit-linked policies distributed by the Group.
The Group calculates the performance fees on its internal insurance funds on a daily accrual basis in relation to the performance of the fund, applying a High Water Mark clause that means performance fees are only charged when the value of the fund rises above the highest value reached on the previous dates when performance fees were charged. The net performance fees on the Group's mutual funds are charged annually, with the exception of three funds for which performance fees are charged half-yearly (applying a High Water Mark clause). The performance fees on individual discretionary accounts are charged annually, except when the client decides to close the account early.

Net front-end fees

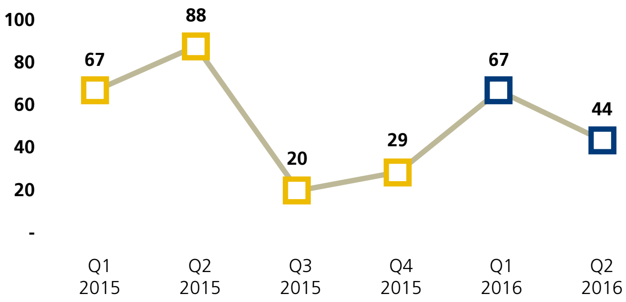
(€m)

	Q1	Q2	TOTAL
2016	67	44	111
2015	67	88	155
Change	**-**	**(44)**	**(44)**

Net front-end fees came to €111m, down €44m (-28%) from the figure for the first half of last year as a result of lower income from brokerage fees, securities placements and managed asset product sales. The Group's sales networks distributed a number of bond loans and certificates issued by Intesa Sanpaolo, Banca IMI and other entities outside the Group, in addition to Italian government bonds, that brought in approximately €2.9bn gross inflows in the period compared with €3.4bn in the first half of 2015. Net front-end fees were down €23m from the figure for the first quarter in the second quarter of 2016 as a result of decreased bond and certificate sales by the Group's sales networks in the period.

Quarterly net front-end fees

(€m)



Other commission expense: incentives and other

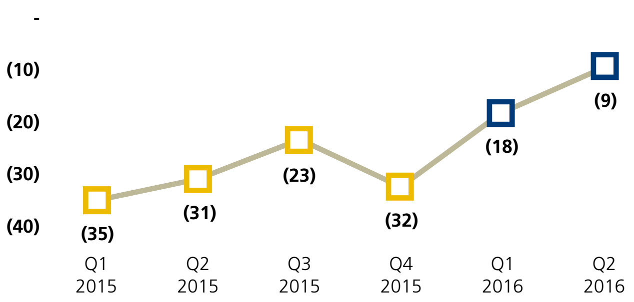
(€m)

	Q1	Q2	TOTAL
2016	(18)	(9)	(27)
2015	(35)	(31)	(66)
Change	**17**	**22**	**39**

Commission expense for incentives and others totalled €27m, down sharply compared with the first half of 2015 (-€39m) due to a decrease in incentive payments to and provisions set aside for the Sales Networks as a result of lower inflows into managed assets, and to a change in the amortisation period for incentives paid to the Networks, which had an impact of approximately €18m. This change was brought in at the end of June 2016 to ensure a closer correlation between the bonuses paid to the Financial Adviser Networks (Fideuram and Sanpaolo Invest) and the commission income generated by customer investments, taking into account the increase in the average investment period of client assets in the portfolio in particular, which has grown steadily in recent years. The Group's sales policies foster stable customer relationships and improve the sustainability of income over time. Growth in the average investment period of client assets is a clear indicator of strong customer satisfaction in investors who feel confident tackling the current uncertainties in the financial markets with the support of their Personal Financial Advisers.

Quarterly commission expense for incentives and other

(€m)



Net impairment came to approximately -€2m, principally due to write-downs of loans.

Operating expenses

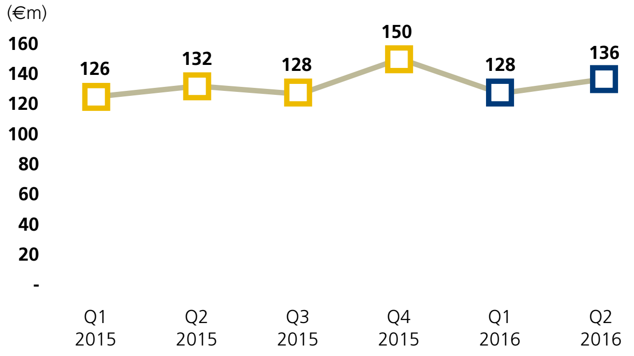
(€m)

	1ST HALF 2016	1ST HALF 2015	CHANGE AMOUNT	CHANGE %
Personnel expenses	141	141	-	-
Other administrative expenses	115	109	6	6
Depreciation and amortisation	8	8	-	-
Total	**264**	**258**	**6**	**2**

Operating expenses came to €264m, up €6m (+2%) on the figure for the first six months of last year.
Analysis of the item shows that personnel expenses, which totalled €141m, were unchanged from the figure for the corresponding period in 2015, with the increases in fixed components related to the quantitative and qualitative consolidation of our personnel (+86 staff) and the provision for seniority bonuses being entirely offset by decreased provisions for the variable component of remuneration.
Other administrative expenses totalled €115m, up €6m compared with the first half of 2015, principally as a result of the expenses of the Group's contribution to the Single Resolution Fund (€6m), and increased third-party service costs that were partially offset by decreased building costs. Depreciation and amortisation totalled €8m, remaining in line with the figure for the first half of last year.

Quarterly operating expenses

(€m)



Net provisions for risks and charges

(€m)

	1ST HALF 2016	1ST HALF 2015	CHANGE AMOUNT	CHANGE %
Personal Financial Advisers' termination indemnities and incentives	21	-	21	n.s.
Litigation, securities in default and complaints	3	8	(5)	-63
Network Loyalty Schemes	4	1	3	n.s.
Other	1	3	(2)	-67
Total	**29**	**12**	**17**	**142**

Net provisions for risks and charges came to €29m, up €17m from the figure for the corresponding period last year. Analysis of the item shows that the provision for the termination of Personal Financial Adviser agency agreements increased substantially to €21m, largely due to the discounting of the long-term liability in the first half of 2016, which had a strong impact on the expense recorded in the income statement as a result of the sharp falls in market rates in the period. The provision for litigation, securities in default and complaints totalled €3m, a 63% decrease compared with the first half of last year as a result of the lower overall risk of the new litigation initiated in the period. The provisions set aside for the Network Loyalty Schemes totalled €4m, up €3m from the corresponding period last year, principally due to the aforementioned impact of market rates on the discounting of the liability, which led to an increase in the expense recorded in the income statement. The item Other provisions largely regards the estimated expenses of a voluntary scheme of the Interbank Deposit Guarantee Fund, with the entire €3m total figure for the first half of 2015 regarding the estimated expense of the Group's contribution to the Single Resolution Fund.

Profit on equity investments came to €8m, corresponding to the profit from the Group's 19.99% interest in Fideuram Vita S.p.A., which was up €2m compared with the first half of 2015.

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 negative balance of -€1m in the first half of 2016 compared with a negative balance of -€5m in the corresponding period of 2015.

Income taxes, for which €165m was set aside in the period, were down €19m from the figure for the first half of 2015 as a result of decreased profit before tax in the period. The tax rate was 28% compared with 30% in the first half of the previous financial year.

Non-recurring income and expenses net of tax, which include income and expenses that are not ordinary operating expenses, came to €16m (compared with €12m in the first half of 2015) due to the expenses incurred integrating Intesa Sanpaolo Private Banking, Intesa Sanpaolo Private Bank (Suisse) and Sirefid in the Fideuram Group.

Asset and liability management

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

Consolidated Balance Sheet

(Reclassified - €m)

	30.6.2016	31.12.2015	CHANGE	
			AMOUNT	%
ASSETS				
Cash and cash equivalents	349	60	289	n.s.
Financial assets (other than loans and held-to-maturity investments)	4,775	4,672	103	2
Held-to-maturity investments	158	297	(139)	-47
Loans and advances to banks	15,459	13,223	2,236	17
Loans and advances to customers	9,819	8,973	846	9
Hedging derivatives	-	2	(2)	-100
Equity investments	137	129	8	6
Property and equipment	38	39	(1)	-3
Intangible assets and goodwill	170	175	(5)	-3
Tax assets	187	174	13	7
Other assets	1,046	1,095	(49)	-4
TOTAL ASSETS	**32,138**	**28,839**	**3,299**	**11**
LIABILITIES				
Due to banks	2,904	3,110	(206)	-7
Due to customers	24,252	21,419	2,833	13
Financial liabilities held for trading	45	28	17	61
Hedging derivatives	1,242	977	265	27
Tax liabilities	60	80	(20)	-25
Other liabilities	1,005	917	88	10
Provisions for risks and charges	442	431	11	3
Equity attributable to owners of the parent company	2,188	1,877	311	17
TOTAL LIABILITIES	**32,138**	**28,839**	**3,299**	**11**

n.s.: not significant

Quarterly Consolidated Balance Sheet

(Reclassified - €m)

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

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

Group financial assets held for treasury and investment purposes totalled €4.9bn, down €38m (-1%) from the figure at the end of 2015, principally due to a reduction in held-to-maturity investments (-€139m) resulting from the repayment of two bonds, which was partially offset by securities purchases for the available-for-sale portfolio.

Financial assets

(€m)

	30.6.2016	31.12.2015	CHANGE	
			AMOUNT	%
Financial assets held for trading	67	45	22	49
Financial assets designated at fair value through profit or loss	172	168	4	2
Financial assets available for sale	4,536	4,459	77	2
Held-to-maturity investments	158	297	(139)	-47
Hedging derivatives	-	2	(2)	-100
Total	**4,933**	**4,971**	**(38)**	**-1**

Financial liabilities

(€m)

	30.6.2016	31.12.2015	CHANGE	
			AMOUNT	%
Financial liabilities held for trading	45	28	17	61
Hedging derivatives	1,242	977	265	27
Total	**1,287**	**1,005**	**282**	**28**

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

Loans and advances to banks

(€m)

	30.6.2016	31.12.2015	CHANGE	
			AMOUNT	%
Due from Central Banks	285	107	178	166
Current account and demand deposits	5,559	4,446	1,113	25
Term deposits	4,603	4,585	18	n.s.
Other	23	14	9	64
Debt securities	4,989	4,071	918	23
Total	**15,459**	**13,223**	**2,236**	**17**

Loans and advances to banks came to €15.5bn, up €2.2bn on the figure at the end of 2015 (+17%), principally due to growth in current account overdrafts and investments in debt securities issued by banks in the Intesa Sanpaolo Group. Current accounts included €2.2bn cash linked to securities lending, secured entirely by cash collateral recognised in the financial statements under Loans and advances to banks and Due to banks (Loans and advances to Intesa Sanpaolo and Due to Banca IMI).

Due to banks

(€m)

	30.6.2016	31.12.2015	CHANGE	
			AMOUNT	%
Current accounts and demand deposits	109	121	(12)	-10
Term deposits	100	25	75	n.s.
Repurchase agreements	2,683	2,957	(274)	-9
Other debts	12	7	5	71
Total	**2,904**	**3,110**	**(206)**	**-7**

Due to banks totalled €2.9bn, down €206m (-7%) compared with the figure at year-end 2015, mainly due to decreased inflows from repurchase agreements. The Group continued to be a net lender on the interbank market, with net interbank deposits of €12.6bn (€15.5bn deposits and €2.9bn loans), €11.7bn of which (approximately 93% of the total) was held by companies in the Intesa Sanpaolo Group. At 31 December 2015, net interbank deposits totalled €10.1bn.

Loans and advances to customers

(€m)

	30.6.2016	31.12.2015	CHANGE	
			AMOUNT	%
Current accounts	5,240	5,078	162	3
Repurchase agreements	1,355	966	389	40
Loans	592	380	212	56
Other	861	1,013	(152)	-15
Debt securities	1,756	1,525	231	15
Impaired assets	15	11	4	36
Total	**9,819**	**8,973**	**846**	**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 €846m compared with the figure at 31 December 2015 was largely due to increased financing and lending business with retail customers and to growth in loans under repurchase agreements with institutional customers (+€389m).
Net problem loans totalled €15m at the end of June 2016, up €4m on the figure at 31 December 2015 (+36%). 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 €8m, up €1m from the figure at 31 December 2015.
- Past due or overdue loans came to €6m, up €3m from the figure at 31 December 2015.

Due to customers

(€m)

	30.6.2016	31.12.2015	CHANGE	
			AMOUNT	%
Current accounts and demand deposits	20,614	17,097	3,517	21
Term deposits	3,042	3,634	(592)	-16
Repurchase agreements	525	566	(41)	-7
Other debts	71	122	(51)	-42
Total	**24,252**	**21,419**	**2,833**	**13**

Due to customers totalled €24.3bn, up €2.8bn (+13%) from the figure at the end of December 2015, principally as a result of strong growth in customer current account deposits (+€3.5bn), which was partially offset by decreased term deposits (-€592m).

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

(€m)	LOANS	FINANCIAL ASSETS HELD FOR TRADING	FINANCIAL ASSETS AVAILABLE FOR SALE (*)	TOTAL
Belgium	-	-	21	21
Denmark	-	-	18	18
Finland	-	-	31	31
France	-	-	42	42
Italy	1,681	14	1,353	3,048
Netherlands	-	-	40	40
United States	-	-	69	69
Total	**1,681**	**14**	**1,574**	**3,269**

(*) 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.

Fair value of financial assets and liabilities measured at cost

(€m)

	30.6.2016		31.12.2015	
	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
Held-to-maturity investments	158	158	297	297
Loans and advances to banks	15,459	15,573	13,223	13,354
Loans and advances to customers	9,819	9,586	8,973	8,838
Total	**25,436**	**25,317**	**22,493**	**22,489**
Due to banks	2,904	3,072	3,110	3,268
Due to customers	24,252	24,252	21,419	21,419
Total	**27,156**	**27,324**	**24,529**	**24,687**

Intangible assets totalled €170m, 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 30 June 2016 were up €11m (+3%) on the figure at 31 December 2015.

Provisions for risks and charges

(€m)

	30.6.2016	31.12.2015	CHANGE	
			AMOUNT	%
Litigation, securities in default and complaints	109	113	(4)	-4
Personnel expenses	46	54	(8)	-15
Personal Financial Advisers' termination indemnities	203	184	19	10
Network Loyalty Schemes	74	73	1	1
Other	10	7	3	43
Total	**442**	**431**	**11**	**3**

The provision for litigation, securities in default and complaints was down €4m from the figure at the end of 2015 as a result of utilisation in the half year. The provision for the termination of Personal Financial Adviser agency agreements and the Network Loyalty Schemes was up €20m, largely as a result of additional provisions set aside in the period. The item Other funds includes €9m for the staff pension and severance fund, which increased by approximately €3m from the figure at 31 December 2015.

Shareholders’ equity

Group shareholders’ equity including net profit for the period totalled €2.2bn at 30 June 2016, having changed as follows:

Group Shareholders’ Equity

(€m)

Shareholders' equity at 31 December 2015	**1,877**
Change in financial assets available for sale	(35)
Dividend distribution	(60)
Exchange rate differences and other changes	3
Net profit	403
Shareholders' equity at 30 June 2016	**2,188**

The €35m 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 June 2016, the reserve for available-for-sale financial assets was negative to the tune of €102m 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 30 June 2016.

Fideuram’s own funds calculated on the basis of its separate accounts totalled €1bn at 30 June 2016. As a member of the Intesa Sanpaolo Banking Group, Fideuram is subject to the laws and regulations regarding capital requirements on the basis of its separate accounts, but is not required to present this information on a consolidated basis.

Fideuram S.p.A.’s own funds and main capital ratios at 30 June 2016 are shown below.

Fideuram S.p.A. Capital Ratios

(€m)

	30.6.2016
CET1	1,012
Tier 1	1,012
Own funds	1,012
Total risk-weighted assets	6,416
CET1 Ratio	**15.8%**
Tier 1 Ratio	**15.8%**
Total Capital Ratio	**15.8%**

Committed to providing comprehensive information, the Group voluntarily estimates its consolidated capital requirements, taking its membership of the Intesa Sanpaolo Banking Group into account. At 30 June 2016, our Common Equity Tier 1 Ratio was estimated to be 16.5%.

Risk management and control

CREDIT RISK

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

The Group's credit risk policies are formulated by the Board of Directors and governed by internal lending regulations following guidelines issued by Intesa Sanpaolo. These regulations ensure appropriate loan portfolio risk management, governing the authority to grant loans and specifying the company bodies so authorised, together with their related limits. The internal regulations also specify the organisational units responsible for managing credit risk, problem loans and impaired loans. Credit risk management is carried out by a central unit that is separate from those in charge of granting and managing loans.

The Group's credit strategies are directed towards the efficient selection of individual borrowers. Irrespective of any collateral, the granting of any loan is always subject to an appropriate analysis of the applicant's creditworthiness and their current and prospective ability to generate adequate cash flows to repay the debt. The quality of the loan portfolio is ensured through the adoption of special operating procedures at every stage in the life of each loan, which use special monitoring systems to obtain prompt notification of any symptoms of impairment in the collateral securing the loans granted. In addition, dedicated application procedures monitor any signs of non-performing loan positions. This monitoring is carried out during every stage in the loan management process (enquiry, granting and monitoring) and consists of a critical analysis of all the relevant indicators and the periodic review of every position. Further controls are carried out by our central departments on both the nature and quality of the overall exposures. In addition, special controls are carried out to limit the concentration of exposure within the Intesa Sanpaolo Group. Risk monitoring and measurement tools and techniques developed within the Group are also used to this end.

In order to mitigate the credit risk of loans and advances to customers, the Group normally obtains collateral, bank guarantees or irrevocable mandates to sell financial instruments. The types of collateral obtained are principally products distributed by the Fideuram Group (mutual funds and discretionary accounts) or financial instruments listed on the main regulated markets. Bonds are only accepted as collateral if the issuer or loan has an appropriate rating (by leading rating agencies). The value of the financial instruments obtained as collateral is discounted differentially in relation to the type of product and technical form concerned as a precautionary measure when calculating the credit limit to be granted, with a view to protecting the Group against any fluctuations in market value. The concentration of collateral in issuers is very low, excepting for mutual funds and other products distributed by the Fideuram Group. There were no encumbrances at the time this report was prepared capable of undermining the legal validity of any collateral, which is moreover subject to periodic verification. The Group used bilateral netting agreements, which offset creditor and debtor positions in the event of the default of one counterparty, to mitigate counterparty risk regarding over-the-counter derivatives (unregulated) and Security Financing Transactions (SFT), specifically securities 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: credit quality

(€m)

	30.6.2016		31.12.2015		CHANGE
	NET EXPOSURE	%	NET EXPOSURE	%	NET EXPOSURE
Doubtful loans	1	-	1	-	-
Unlikely to pay	8	-	7	-	1
Past due or overdue loans	6	-	3	-	3
Non-performing assets	**15**	**-**	**11**	**-**	**4**
Performing loans	8,048	82	7,437	83	611
Debt instruments	1,756	18	1,525	17	231
Loans and advances to customers	**9,819**	**100**	**8,973**	**100**	**846**

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 adopted with the Group Liquidity Risk Governance Policy, as updated to align it with the Intesa Sanpaolo Group's Guidelines and approved by the Board of Directors on 16 June 2016. The new provisions principally implement the European Commission Delegated Regulation of 10 October 2014 (the "Delegated Act") with specific regard to Commission Implementing Regulation 2016/313, which amended the community regulation to align it with the functioning of the Union, specifying the short-term liquidity requirements for EU credit institutions in detail, introducing additional liquidity monitoring metrics and, among other things, updating the minimum ratios for both normal and stress conditions. The methods adopted to measure the Group's exposure to liquidity risk follow the cardinal principles of the European Banking Authority (EBA) and the provisions of the Supervisory Regulations and ensure that the assets and liabilities items are calculated in a wholly suitable manner for providing an appropriate representation of anticipated cash flows.

MARKET RISK

Fideuram adheres to the directives of Intesa Sanpaolo concerning the governance and supervision of market risk, regarding which its role extends to the entire Fideuram Group with centralisation and monitoring functions. This governance and control is based, among other things, on extending the policies adopted by the Board of Directors to the entire Group and on the functional coordination provided by the bank's related departments.
The Risk Committee meets quarterly as a rule to analyse investment performance, proposing strategic guidelines to the Managing Director on the basis of the risk situation identified. The Managing Director reports quarterly to the Board of Directors on the investment choices made and on the performance of the Group's portfolios and risk management. The Chief Risk Officer continually monitors market risk exposure and compliance with the limits specified by the Investment Policy, and periodically informs the Managing Director, Risk Committee and Finance and Treasury Manager regarding the levels of exposure to the different types of risk subject to operating limits. Similar information is presented to the Board of Directors on a quarterly basis.

The composition of the securities holdings is governed by limits with respect to asset allocation, rating, currency area, geographical area, sector concentration and counterparty. Market risk limits are likewise specified.
The Investment Policy splits investments in securities into a liquidity portfolio, an investment portfolio and a service portfolio. The former has a cautious minimum limit of assets deemed eligible by the Central Bank with financial characteristics that limit their risk to ensure immediate liquidity. The size of the Investment Portfolio depends on the structure of the Group's inflows, investments and shareholders' equity. The service portfolio is largely tailored to support the requirements of the Group's retail customer transactions and use of its cash surplus. It also includes a securities component resulting from secondary market transactions with customers, certain Intesa Sanpaolo Group bond issues, and foreign exchange and exchange rate derivative transactions, which are likewise engaged in to meet the needs of the Group's customers and asset management companies.
The bank portfolio comprises interest rate hedging derivatives as well as long-term investment securities. The Group's investment portfolio totalled €11.4bn at 30 June 2016 and comprised securities classified as financial assets available for sale, held-to-maturity investments, debt securities classified as loans and advances to banks and customers, and hedging derivatives.

Banking Book

(€m)

	30.6.2016	31.12.2015	CHANGE	
			AMOUNT	%
Financial assets available for sale	4,536	4,459	77	2
Held-to-maturity investments	158	297	(139)	-47
Debt securities classified as loans and advances to banks	4,989	4,071	918	23
Debt securities classified as loans and advances to customers	1,756	1,525	231	15
Hedging derivatives	-	2	(2)	-100
Total	**11,439**	**10,354**	**1,085**	**10**

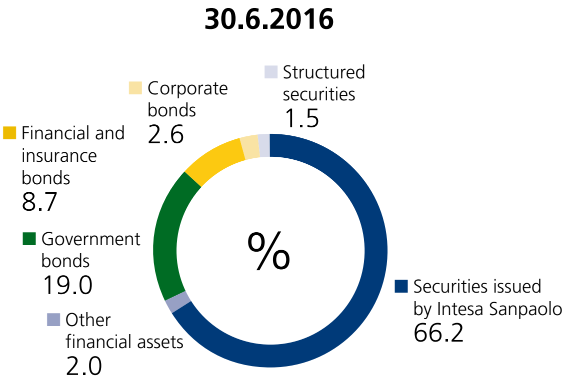
At 30 June 2016, the Group portfolio had the following overall composition with respect to product type and rating.

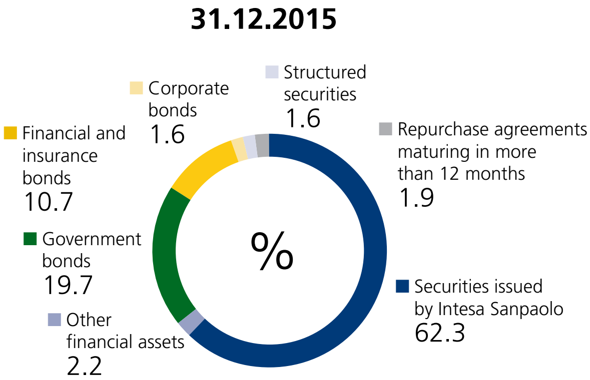
The market risk of this portfolio mainly regards the management of investments in securities. The Group's exposure to interest rate risk is, moreover, also influenced by other typical banking balance sheet items (customer deposits and loans). The financial risk of the bank portfolio is measured using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

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

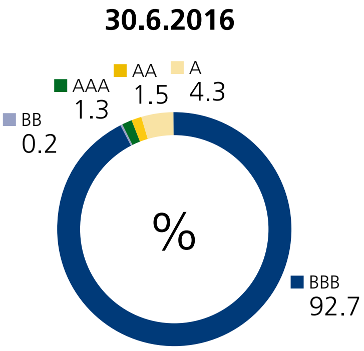
The Value at Risk is the maximum potential amount that the portfolio could lose over the next working day with a confidence interval of 99%, and is calculated using the same method adopted by Intesa Sanpaolo (volatility of the individual risk factors and the historical correlations observed between them). 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 €19.1m at 30 June 2016, exceeding the limit assigned to the Fideuram Group (€16.5m). This was principally a result of tensions in the financial markets caused by the Brexit vote and was authorised by the Intesa Sanpaolo Chief Risk Officer.

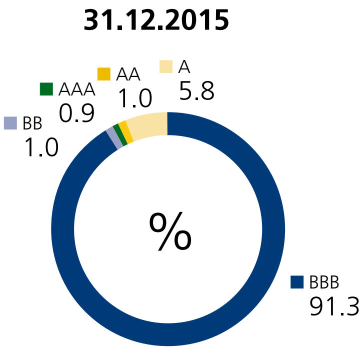
Analysis by product type





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 -€24.97m at the end of June 2016.
The Group has developed a pricing methodology for the measurement of financial instruments, which rigorously implements the provisions of the IAS/IFRS international financial reporting standards.
This measurement is based on the concept of Fair Value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In addition, the fair value measurement must incorporate a counterparty risk premium in the form of a Credit Value Adjustment (CVA) for assets and a Debit Value Adjustment (DVA) for liabilities.
The Group consistently calculates the fair value of financial instruments directly from their market value. Wherever possible, the official prices on active markets are adopted as this market value, otherwise the value is obtained using pricing models based on the values of comparable securities and on market parameters. In situations where the market is not operating normally, which is to say when there is an insufficient number of continuous transactions and the bid/ask spread and volatility are not sufficiently narrow, it is however necessary to abandon the principle of obtaining the fair value directly from market prices and to apply models that mostly use market parameters to calculate an appropriate fair value for the financial instruments. The following are considered in assessing whether a market is operating normally:

- Availability of price contributions.
- Reliability of price contributions.
- Size of the bid-ask spread.

In the absence of an active market, the fair value is determined using measurement techniques which ultimately aim to establish the price that the financial instrument would have had on the measurement date in an arm's-length exchange motivated by normal business considerations.
These techniques include:

- Reference to market values that can be indirectly linked to the financial instrument being valued and that can be obtained from products with similar risk characteristics (comparable approach).
- Valuations performed using - even only partially - inputs that are not obtained from observable market parameters, using estimates and assumptions formulated by the valuer (mark-to-model).

Which of these methods is chosen is not arbitrary, since they have to be applied in hierarchical order and presented in the financial statements by level. Absolute priority is given to the quoted active market prices of the assets and liabilities being measured (Level 1 - Effective market quotes) or of similar assets and liabilities (Level 2 - Comparable Approach), and the lowest priority to unobservable inputs, which are accordingly more subjective (Level 3 - Mark-to-Model Approach).

The Group's financial assets and liabilities are analysed by fair value level in the table below.

Financial assets and liabilities: analysis by fair value level

(€m)

	30.6.2016			31.12.2015		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
Financial assets held for trading	17	50	-	17	28	-
Financial assets designated at fair value through profit or loss	1	171	-	3	165	-
Financial assets available for sale	4,006	530	-	3,874	585	-
Hedging derivatives	-	-	-	-	2	-
Total	**4,024**	**751**	**-**	**3,894**	**780**	**-**
Financial liabilities held for trading	-	45	-	-	28	-
Hedging derivatives	-	1,242	-	-	977	-
Total	**-**	**1,287**	**-**	**-**	**1,005**	**-**

The priority of market prices is put into practice through a process based on market-maker prices. The valuation price is calculated as the average of the prices available, selected using objectively-identified criteria. The number of contributions, the bid/ask spread and the reliability of the contributors are monitored regularly, enabling the Group to keep market prices as the appropriate prime parameter for the determination of fair value.
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 through profit or loss consisted of the insurance policies that the Group took out to insure the market yields of the Personal Financial Adviser Networks' Loyalty Schemes. The fair value of Class I policies is determined using a prospective actuarial method based on the principle of the initial equivalence of the average present values of the contractual commitments of the insurer and the average present values contracted by the policyholder/contracting party. The fair value of Class III policies is 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 consist principally of Interest Rate Swaps. The Group as a rule uses fair value hedge derivatives to reduce its exposure to adverse fair value movements due to interest rate risk. The Chief Risk Officer is responsible for assessing hedge effectiveness, carrying out prior assessments of the conditions that make hedge accounting applicable and formally documenting each hedging relationship. These assessments use prospective tests when the hedges are taken out, followed by retrospective tests at monthly intervals.
An approach consistent with fair value measurement hierarchy Level 2 is used for the measurement of derivatives, based on commonly-accepted valuation processes and fed by market data providers. Hedging and treasury derivatives taken out in ordinary investment activities - interest and exchange rate derivatives in particular - that are not traded on regulated markets but traded bilaterally with market counterparties are known as "over-the-counter" (OTC) instruments and valued using special pricing models.

OPERATIONAL RISK

Operational risk is defined as the risk of loss arising from inadequate or dysfunctioning internal processes, human resources or systems, or from external events. Operational risk includes legal risk, which is to say the risk of loss arising from failure to comply with laws or regulations, 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 Group assigns responsibility for operational risk management to its Board of Directors, which is charged with developing the Group's risk management policies, and to its Management Control Committee, which is charged with approving and monitoring the implementation of said policies, as well as with ensuring the smooth operation, efficiency and effectiveness of the operational risk management and control system.
In addition, the Group Audit Coordination and Operational Risk Committee is responsible, among other things, for periodically verifying the Group's overall operational risk profile, providing for any corrective actions, coordinating and monitoring the effectiveness of the principal mitigation activities undertaken and approving operational risk transfer strategies.
The Group has a centralised operational risk management unit in its Enterprise Risk Management Department. This unit is responsible for designing, implementing and supervising the methodological and organisational framework adopted, as well as for measuring risk profiles, verifying the effectiveness of risk mitigation measures and reporting to company senior management.
In accordance with current legislation and regulations, the companies in the Fideuram Group are responsible for identifying, measuring, managing and mitigating risk. Each has clearly identified internal units coordinated by Fideuram Operational Risk Management which are responsible for their Operational Risk Management processes.
Fideuram has developed 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 ope-

rational risk management system (collection and structured recording of information on operational loss events, scenario analyses and the evaluation of risks associated with the bank's operating context).
The other companies in the Fideuram Group have developed appropriate Operational Risk Management governance systems in accordance with the parent company's guidelines.
The Self-Diagnosis Process, performed annually, supports the following:
- The identification, measurement, monitoring and mitigation of operational risk through identifying the principal critical operational risk issues and formulating the most appropriate mitigation actions.
- The analysis of IT risk exposure.
- The creation of substantial synergies with the Group's specialist Human Resources and General Affairs units in charge of the development of operating processes and business continuity, with the Financial Management Governance Unit and with the Compliance and Internal Audit units that manage compliance with certain specific laws, regulations and related matters (Italian Legislative Decree 231/01 and Law 262/05) or carry out effectiveness tests on the controls on company processes.

The internal model for calculating capital absorption has been designed to combine all the main sources of information, whether quantitative (operational loss) or qualitative (self-diagnosis). The quantitative part is based on an analysis of the historical data regarding internal events (monitored by decentred units, verified appropriately by the central unit and managed by a dedicated data processing system) and external events (monitored by the Operational Riskdata eXchange Association). The qualitative part (scenario analyses) is focused on the prospective valuation of the risk profile of each unit, and is based on the structured and organised collection of subjective estimates which are provided directly by Management with the aim of measuring the potential financial impact of particularly severe operational risk events.
The capital at risk is therefore considered to be the minimum amount at Group level which would be required to meet the maximum potential loss that could be incurred. The capital at risk is estimated using a Loss Distribution Approach model (an actuarial statistical model for calculating the Value at Risk of operational losses), which is applied both to the quantitative data and to the results of the scenario analysis over a one-year time horizon, with a confidence interval of 99.9%. This method also involves applying a correction factor obtained from qualitative risk analyses of the operating context in order to take the effectiveness of the internal controls in the various different organisational units into account.
Operational risk monitoring is carried out using an integrated reporting system that provides Management with information to support the management and/or mitigation of the risks assumed. A structured training programme has been launched for staff actively involved in the operational risk governance process to provide continuous support for the process itself.
The Group follows a traditional policy for transferring operational risk (to cover offences such as employee misconduct, theft and damage, the transport of valuables, computer fraud, forgery, cybercrime, fire and earthquake damage and third-party liability), with a view to mitigating its impact. In order to achieve optimal use of the operational risk transfer instruments available and to leverage the financial benefits while complying with all the related regulatory requirements, the Group has taken out an insurance policy known as an Operational Risk Insurance Programme which provides additional cover and significantly higher limits than traditional policies, transferring the risk of substantial operational losses to the insurance market. Our internal model's insurance mitigation component has been authorised by the Bank of Italy. The Fideuram Group has also taken out a traditional insurance policy to cover any cases of misconduct by the Personal Financial Advisers in the Group's Sales Networks. In addition, the Group has its own operational continuity solutions that can be deployed to contain risks regarding its premises and infrastructures and the impact of events such as environmental disasters, international crises and social disturbances.
At 30 June 2016 there were no emerging phenomena of note. The largest loss item, "Internal Misconduct", which is typically the most significant class of risk for the Fideuram Group, saw provisions of approximately €2m set aside in the first half of the year to cover fraudulent events due to two Personal Financial Advisers (one in the Fideuram Network and one in the Sanpaolo Invest Network), the economic effect of which was neutralised by equivalent write-backs of funds set aside in the past for events since resolved. However, significant provisions were set aside (€6m by Fideuram and Fideuram Investimenti in total) following the granting of an appeal in the Court of Cassation regarding a customer complaint in respect of the legal requirements for information on financial products. The total figure taking these costs into account was €8.8m at the end of the half year.

LEGAL AND TAX RISK

The Group monitors any pending cases constantly in consultation with external legal advisers, examining them in the light of the relevant contractual documents, the conduct concerned, internal investigations and any critical matters highlighted by the aforesaid legal advisers during litigation. The Group has set aside provisions for legal disputes to cover, among other things, the liabilities that could, according to internal and external legal advice, be incurred as a result of pending legal and other disputes.
At 30 June 2016, these provisions totalled €109m. The total provisions and the amount of the individual provisions set aside are calculated on the basis of external and internal legal advisers' estimations of the proceedings having negative outcomes. As a consequence of said process, certain pending proceedings in which the Group is involved and regarding which a negative outcome is considered either remote or not quantifiable are not included in the provisions for legal disputes. At 30 June 2016, the number and value of pending proceedings were not sufficient to have any potential significant impact on the business, assets or financial situation of the Group.
The situation regarding legal and tax risk at 30 June 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 are contesting the imposition of financial penalties totalling €213,000 in the first case and €296,500 in the second, and the inefficiencies and/or omissions in its management processes alleged by the Supervisory Authority. The CONSOB's investigations into the years 1992-1997 led to the formulation of a number of objections regarding the alleged inadequacy of the procedures in place with Personal Financial Advisers for the provision of services and, likewise, the alleged inadequacy of the controls on said procedures, failure to notify the Board of Statutory Auditors of the Personal Financial Advisers' irregularities and failure to provide for a register of the audits performed. The Rome Court of Appeal found in favour of the defence presented by Sanpaolo Invest and the managers concerned, annulling the penalties. The Court of Cassation overturned the Rome Court of Appeal's judgement following an appeal by the CONSOB and Italian Ministry of the Economy and Finance, remitting the case to the Rome Court of Appeal. The Court of Appeal, to which the case was remitted on 11 February 2011, ruled that the penalties against Sanpaolo Invest and its managers be annulled. On 28 March 2012, the Italian Ministry of the Economy and Finance and the CONSOB filed an appeal in Cassation against the Rome Court of Appeal's decision of 11 February 2011. The company and managers 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.

Tax disputes
In the first half of 2014, the Latium Regional Office of the Inland Revenue - Large Taxpayers Office - conducted a general inspection of Fideuram regarding IRES corporate income tax, IRAP regional business tax, VAT and withholding agent activities for the 2010 tax year. This inspection was subsequently partially extended to 2009. The inspection was completed with the notification of a report contesting the deductibility of certain items for the purposes of IRES corporate income tax and IRAP regional business tax, and alleging non-compliance with respect to withholding tax on interest earned on accounts outside Italy linked to mutual funds distributed by the bank, demanding the payment of taxes totalling €3.4m plus financial penalties and interest. During the year, the bank therefore settled in compliance with the assessment for the various items regarding IRES corporate income tax and IRAP regional business tax, while appealing to the Rome Provincial Tax Commission over the question of non-compliance and financial penalties regarding withholding tax on mutual fund interest.
During 2015, the Latium Regional Office of the Inland Revenue - Large Taxpayers Office - conducted an inspection of Fideuram regarding the 2011 tax year. The inspection was completed on 30 September with the notification of a report contesting the deductibility of certain minor items for the purposes of IRES corporate income tax and alleging non-compliance with respect to withholding tax on interest earned on accounts outside Italy linked to mutual funds distributed by the bank, for a total of €1.7m in taxes plus financial penalties and interest.
The bank was served the related notices of assessment in the first half of 2016 and will be settling in compliance regarding the matter of IRES corporate income tax while appealing to the Rome Provincial Tax Commission over the question of non-compliance in respect of withholding tax on mutual fund interest. Since these claims are groundless, no provision was made in the provision for tax disputes regarding the disputes that have arisen in the past two-year period.

Transactions with related parties

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

In accordance with the law and the internal procedures issued by Intesa Sanpaolo and by Fideuram, all transactions with related parties between 1 January and 30 June 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.

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

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

All amounts receivable and payable and all income and expenses at 30 June 2016 regarding companies in the Intesa Sanpaolo Group are summarised in the tables below:

Assets 30.6.2016

(€m)

	TRANSACTIONS WITH INTESA SANPAOLO GROUP	
	AMOUNT	%
Debt securities	6,704	59
Equities and units in mutual funds	2	1
Loans and advances to banks	9,744	93
Loans and advances to customers	162	2
Financial derivatives	19	38
Other	21	2

Liabilities 30.6.2016

(€m)

	TRANSACTIONS WITH INTESA SANPAOLO GROUP	
	AMOUNT	%
Due to banks	2,694	93
Due to customers	401	2
Financial derivatives	697	54
Other	34	4
Guarantees and commitments	654	32

Income statement 1st Half 2016

(€m)

	TRANSACTIONS WITH INTESA SANPAOLO GROUP	
	AMOUNT	%
Interest income	87	53
Interest expense	(41)	54
Fee and commission income	387	36
Fee and commission expense	(17)	6
Operating income on financial activities	(149)	n.s.
Administrative expenses	(45)	12

n.s.: not significant

Events after the reporting period and outlook

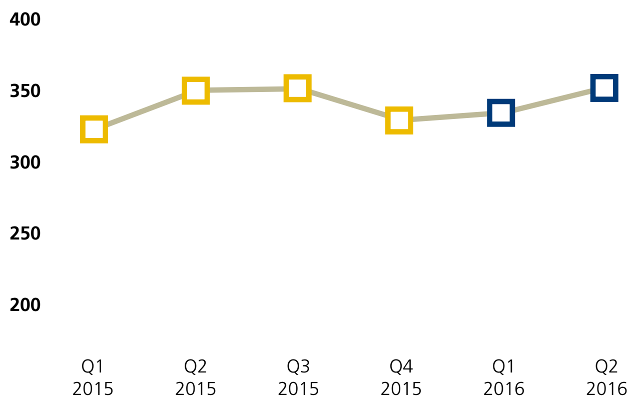
There were no significant events after the end of the half year requiring any changes to this Report.

On 3 May 2016, the Fideuram – Intesa Sanpaolo Private Banking Board of Directors approved the restructuring of the Private Banking Division's French subsidiaries, involving the merger of Euro-Trésorerie and Financière Fideuram. Having received the authorisation of Intesa Sanpaolo, the transaction was approved by the Financière Fideuram Board of Directors on 27 May 2016, with legal effect from 1 July 2016 and retroactive effect for tax purposes from 1 January 2016.

2016 is a landmark year for the Group as the first in which it operates to full capacity in its new corporate configuration to pursue the strategic objectives set out in the Intesa Sanpaolo business plan. The first half 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 €403m, 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, 29 July 2016

Consolidated financial statements

Consolidated balance sheet

(€m)

		30.6.2016	31.12.2015
ASSETS			
10.	Cash and cash equivalents	349	60
20.	Financial assets held for trading	67	45
30.	Financial assets designated at fair value through profit or loss	172	168
40.	Financial assets available for sale	4,536	4,459
50.	Held-to-maturity investments	158	297
60.	Loans and advances to banks	15,459	13,223
70.	Loans and advances to customers	9,819	8,973
80.	Hedging derivatives	-	2
90.	Adjustments to financial assets subject to macro-hedging	-	-
100.	Equity investments	137	129
110.	Reinsurers' share of technical reserves	-	-
120.	Property and equipment	38	39
130.	Intangible assets	170	175
	Including: goodwill	140	140
140.	Tax assets	187	174
	a) Current	26	20
	b) Deferred	161	154
	Including: convertible to tax credits (Italian law No. 214/2011)	25	27
150.	Non-current assets held for sale and disposal groups	-	-
160.	Other assets	1,046	1,095
TOTAL ASSETS		**32,138**	**28,839**

Chairman of the Board
of Directors
Matteo Colafrancesco

Managing Director
Paolo Molesini

Manager Responsible for the
Preparation of the Company Accounts
Paolo Bacciga

Consolidated balance sheet

(€m)

	30.6.2016	31.12.2015
LIABILITIES AND SHAREHOLDERS' EQUITY		
10. Due to banks	2,904	3,110
20. Due to customers	24,252	21,419
30. Debt on issue	-	-
40. Financial liabilities held for trading	45	28
50. Financial liabilities designated at fair value through profit or loss	-	-
60. Hedging derivatives	1,242	977
70. Adjustments to financial liabilities subject to macro-hedging	-	-
80. Tax liabilities	60	80
a) Current	21	24
b) Deferred	39	56
90. Liabilities associated with non-current assets held for sale	-	-
100. Other liabilities	949	865
110. Provision for employment termination indemnities	56	52
120. Provisions for risks and charges	442	431
a) Pensions and other commitments	9	6
b) Other provisions	433	425
130. Technical reserves	-	-
140. Valuation reserves	(91)	(50)
150. Redeemable shares	-	-
160. Equity instruments	-	-
170. Reserves	1,370	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	403	594
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**32,138**	**28,839**

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Paolo Bacciga

Consolidated Income Statement

(€m)

	1ST HALF 2016	1ST HALF 2015
10. Interest income and similar income	165	122
20. Interest expense and similar expense	(76)	(59)
30. Net interest income	**89**	**63**
40. Fee and commission income	1,072	818
50. Fee and commission expense	(309)	(366)
60. Net fee and commission income	**763**	**452**
70. Dividends and similar income	-	-
80. Net profit (loss) on trading activities	4	3
90. Net profit (loss) on hedging derivatives	(3)	1
100. Net profit (loss) on sale or repurchase of:	19	-
a) Loans	8	-
b) Financial assets available for sale	11	-
c) Held-to-maturity investments	-	-
d) Financial liabilities	-	-
110. Net profit (loss) on financial assets and liabilities designated at fair value	(2)	6
120. Total net interest and trading income	**870**	**525**
130. Net impairment of:	(2)	1
a) Loans	(2)	1
b) Financial assets available for sale	-	-
c) Held-to-maturity investments	-	-
d) Other financial transactions	-	-
140. Operating income	**868**	**526**
150. Net insurance premiums	-	-
160. Other income/expense from insurance activities	-	-
170. Operating income from financing and insurance activities	**868**	**526**
180. Administrative expenses:	(391)	(200)
a) Personnel expenses	(159)	(59)
b) Other administrative expenses	(232)	(141)
190. Net provisions for risks and charges	(28)	(14)
200. Depreciation of property and equipment	(1)	(1)
210. Amortisation of intangible assets	(8)	(6)
220. Other income/expense	112	53
230. Operating expenses	**(316)**	**(168)**
240. Profit (loss) on equity investments	8	6
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	**560**	**364**
290. Income taxes	(157)	(101)
300. Profit (loss) after tax	**403**	**263**
310. Profit (loss) after tax from discontinued operations	-	-
320. Net profit (loss) for the period	**403**	**263**
330. Net profit (loss) for the period attributable to non-controlling interests	-	-
340. Parent company interest in net profit (loss) for the period	**403**	**263**

Chairman of the Board
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Consolidated statement of comprehensive income

(€m)

	1ST HALF 2016	1ST HALF 2015
10. Net profit (loss) for the period	**403**	**263**
Other comprehensive income after tax not transferred to income statement	**(6)**	**2**
20. Property and equipment	-	-
30. Intangible assets	-	-
40. Defined-benefit plans	(6)	2
50. Non-current assets held for sale	-	-
60. Valuation reserves related to investments carried at equity	-	-
Other comprehensive income after tax that may be transferred to income statement	**(35)**	**(3)**
70. Hedges of net investments in foreign operations	-	-
80. Exchange rate differences	-	-
90. Cash flows hedges	-	-
100. Financial assets available for sale	(36)	-
110. Non-current assets held for sale	-	-
120. Valuation reserves related to investments carried at equity	1	(3)
130. Total other comprehensive income after tax	**(41)**	**(1)**
140. Total comprehensive income	**362**	**262**
150. Total comprehensive income attributable to non-controlling interests	-	-
160. Total comprehensive income attributable to parent company	362	262

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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: RESERVES	ALLOCATION OF INCOME FOR THE PREVIOUS YEAR: DIVIDENDS AND OTHER	CHANGES IN THE PERIOD: CHANGES IN RESERVES	TRANSACTIONS INVOLVING SHAREHOLDERS' EQUITY: ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	INTERIM DIVIDENDS	DISTRIBUTION OF EXTRAORDINARY DIVIDENDS	CHANGE IN EQUITY INSTRUMENTS	DERIVATIVES BASED ON TREASURY SHARES	STOCK OPTIONS	CHANGES IN EQUITY INVESTMENTS	TOTAL COMPREHENSIVE INCOME AT 30.6.2016	SHAREHOLDERS' EQUITY AT 30.6.2016	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS
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**	**-**	**9**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,370**	**1,370**	**-**
a) From net income	1,254	-	1,254	33	-	9	-	-	-	-	-	-	-	-	-	1,296	1,296	-
b) Other	74	-	74	-	-	-	-	-	-	-	-	-	-	-	-	74	74	-
Valuation reserves	**(50)**	**-**	**(50)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(41)**	**(91)**	**(91)**	**-**
Equity instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Interim dividends	**(501)**	**-**	**(501)**	**501**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Treasury shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net profit (loss) for the period	**594**	**-**	**594**	**(534)**	**(60)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**403**	**403**	**403**	**-**
Shareholders' equity	**1,877**	**-**	**1,877**	**-**	**(60)**	**9**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**362**	**2,188**	**2,188**	**-**
Equity attributable to owners of the parent	**1,877**	**-**	**1,877**	**-**	**(60)**	**9**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**362**	**2,188**		
Equity attributable to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		

Chairman of the Board
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Matteo Colafrancesco

Managing Director
Paolo Molesini

Manager Responsible for the
Preparation of the Company Accounts
Paolo Bacciga

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: RESERVES	ALLOCATION OF INCOME FOR THE PREVIOUS YEAR: DIVIDENDS AND OTHER	CHANGES IN THE PERIOD: CHANGES IN RESERVES	TRANSACTIONS INVOLVING SHAREHOLDERS' EQUITY: ISSUE OF NEW SHARES	TRANSACTIONS INVOLVING SHAREHOLDERS' EQUITY: PURCHASE OF TREASURY SHARES	TRANSACTIONS INVOLVING SHAREHOLDERS' EQUITY: DISTRIBUTION OF EXTRAORDINARY DIVIDENDS	TRANSACTIONS INVOLVING SHAREHOLDERS' EQUITY: CHANGE IN EQUITY INSTRUMENTS	TRANSACTIONS INVOLVING SHAREHOLDERS' EQUITY: DERIVATIVES BASED ON TREASURY SHARES	TRANSACTIONS INVOLVING SHAREHOLDERS' EQUITY: STOCK OPTIONS	TRANSACTIONS INVOLVING SHAREHOLDERS' EQUITY: CHANGES IN EQUITY INVESTMENTS	TOTAL COMPREHENSIVE INCOME AT 30.6..2015	SHAREHOLDERS' EQUITY AT 30.6.2015	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS
Share capital:	**186**	**-**	**186**	**-**	**-**	**-**	**39**	**-**	**-**	**-**	**-**	**-**	**75**	**-**	**300**	**300**	**-**
a) Ordinary shares	186	-	186	-	-	-	39	-	-	-	-	-	75	-	300	300	-
b) Other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	**9**	**-**	**9**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**197**	**-**	**206**	**206**	**-**
Reserves:	**744**	**-**	**744**	**360**	**-**	**(1)**	**(39)**	**-**	**-**	**-**	**-**	**-**	**256**	**-**	**1,320**	**1,320**	**-**
a) From net income	631	-	631	360	-	(1)	-	-	-	-	-	-	256	-	1,246	1,246	-
b) Other	113	-	113	-	-	-	(39)	-	-	-	-	-	-	-	74	74	-
Valuation reserves	**(130)**	**-**	**(130)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**22**	**(1)**	**(109)**	**(109)**	**-**
Equity instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Treasury shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net profit (loss) for the period	**402**	**-**	**402**	**(360)**	**(42)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**263**	**263**	**263**	**-**
Shareholders' equity	**1,211**	**-**	**1,211**	**-**	**(42)**	**(1)**	**-**	**-**	**-**	**-**	**-**	**-**	**550**	**262**	**1,980**	**1,980**	**-**
Equity attributable to owners of the parent	**1,211**	**-**	**1,211**	**-**	**(42)**	**(1)**	**-**	**-**	**-**	**-**	**-**	**-**	**550**	**262**	**1,980**		
Equity attributable to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		

Chairman of the Board
of Directors
Matteo Colafrancesco

Managing Director
Paolo Molesini

Manager Responsible for the
Preparation of the Company Accounts
Paolo Bacciga

Statement of consolidated cash flows

(Indirect method)

(€m)

	1ST HALF 2016	1ST HALF 2015
A. OPERATING ACTIVITIES		
1. Operations	**593**	**370**
Net profit	403	263
Net profit (loss) on financial assets held for trading and on assets/liabilities designated at fair value	(2)	(8)
Net profit (loss) on hedging activities	3	-
Net impairment	2	(1)
Net depreciation and amortisation	9	8
Net provisions for risks and charges and other expense/income	29	14
Uncollected net insurance premiums	-	-
Uncollected other insurance income/expense	-	-
Unpaid taxes and tax credits	157	101
Net adjustments to net value after tax of disposal groups	-	-
Other adjustments	(8)	(7)
2. Cash from/used in financing activities	**(2,936)**	**(2,654)**
Financial assets held for trading	(22)	19
Financial assets designated at fair value through profit or loss	(7)	4
Financial assets available for sale	127	(1,077)
Loans and advances to banks: demand deposits	(1,113)	307
Loans and advances to banks: other receivables	(1,124)	(1,905)
Loans and advances to customers	(847)	(44)
Other assets	50	42
3. Cash from/used in financial liabilities	**2,557**	**2,348**
Due to banks: demand deposits	(12)	1,468
Due to banks: other debts	(193)	-
Due to customers	2,833	920
Debt on issue	-	-
Financial liabilities held for trading	21	(4)
Financial liabilities designated at fair value through profit or loss	-	-
Hedging derivatives	3	14
Other liabilities	(95)	(50)
Net cash from/used in operating activities	**214**	**64**
B. INVESTING ACTIVITIES		
Net cash from	**139**	**6**
Disposal of equity investments	-	-
Dividend income from equity investments	-	-
Sale/repayment of held-to-maturity investments	139	6
Sale of property and equipment	-	-
Sale of intangible assets	-	-
Sale of subsidiaries and company divisions	-	-
Cash used in	**(4)**	**(22)**
Acquisition of equity investments	-	-
Purchase of held-to-maturity investments	-	-
Acquisition of property and equipment	(1)	(1)
Purchase of intangible assets	(3)	(4)
Acquisition of subsidiaries and company divisions	-	(17)
Net cash from/used in investing activities	**135**	**(16)**
C. FUNDING ACTIVITIES		
Issue/purchase of treasury shares	-	-
Issue/purchase of equity instruments	-	-
Distribution of dividends and other	(60)	(42)
Net cash from/used in funding activities	**(60)**	**(42)**
NET CASH GENERATED/USED IN THE PERIOD	**289**	**6**

Reconciliation

Cash and cash equivalents at beginning of period	60	39
Net cash generated/used in the period	289	6
Cash and cash equivalents: effect of changes in exchange rates	-	-
Cash and cash equivalents at end of period	349	45

Chairman of the Board
of Directors
Matteo Colafrancesco

Managing Director
Paolo Molesini

Manager Responsible for the
Preparation of the Company Accounts
Paolo Bacciga

Accounting policies

DECLARATION OF COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Condensed Half-Year Consolidated Financial Statements at 30 June 2016 were 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 Condensed Half-Year Consolidated Financial Statements were in particular prepared in accordance with IAS 34 on interim financial reporting.

BASIS OF PREPARATION

These Condensed Half-Year Consolidated Financial Statements comprise 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. These financial statements use the euro as their functional currency, and all the figures herein are stated in millions of euro unless specified otherwise.
These Half-Year Financial Statements were, moreover, prepared in accordance with the same accounting policies as the financial statements at 31 December 2015, where they are described in greater detail. In order to aid comparison of the figures, €43m withholding tax on capital gains classified under the item Tax assets in the balance sheet at 31 December 2015 has been reclassified as Other assets.
In accordance with IAS 34, the income statement for the first half of 2016 has been compared with the income statement for the corresponding period in 2015, and the balance sheet at 30 June 2016 has been compared with the balance sheet at 31 December 2015. The Condensed Half-Year Consolidated Financial Statements have been reviewed by KPMG S.p.A..

SCOPE AND METHODS OF CONSOLIDATION

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

1. Equity investments in wholly-owned subsidiaries

NAME	REGISTERED OFFICE	TYPE OF OWNERSHIP (*)	OWNERSHIP HELD BY	OWNERSHIP % OWNED	% VOTES (**)
A. Company					
Parent company					
Fideuram - Intesa Sanpaolo Private Banking S.p.A. Share capital: Eur 300,000,000 in shares without nominal value	Turin				
Subsidiaries					
1. Sanpaolo Invest SIM S.p.A. Share capital: Eur 15,264,760 in shares of Eur 140 each	Turin	1	FISPB	100.000%	
2. Intesa Sanpaolo Private Banking S.p.A. Share capital: Eur 105,497,424 in shares of Eur 4 each	Milan	1	FISPB	100.000%	
3. Fideuram Investimenti SGR S.p.A. Share capital: Eur 25,850,000 in share of Eur 517 each	Milan	1	FISPB	99.500%	
4. Sirefid S.p.A. Share capital: Eur 2,600,000 in share of Eur 0.52 each	Milan	1	FISPB	100.000%	
5. Fideuram Fiduciaria S.p.A. Share capital: Eur 1,551,000 in share of Eur 517 each	Turin	1	FISPB	100.000%	
6. Fideuram Asset Management (Ireland) Ltd Share capital: Eur 1,000,000 in share of Eur 1,000	Dublin	1	FISPB	100.000%	
7. Fideuram Bank (Luxembourg) S.A. Share capital: Eur 40,000,000 in share without nominal value	Luxembourg	1	FISPB	100.000%	
8. Financière Fideuram S.A. Share capital: Eur 346,761,600 in share of Eur 25 each	Paris	1	FISPB	99.999%	
9. Euro-Trésorerie S.A. Share capital: Eur 250,038,322.20 in share of Eur 15.30 each	Paris	1	FF	99.999%	
10. Intesa Sanpaolo Private Bank (Suisse) S.A. Share capital: CHF 20,000,000 in share of CHF 500 each	Lugano	1	FISPB	100.000%	

LEGEND

(*) Type of ownership
1 = majority voting rights at general shareholders' meetings.
(**) Voting rights at general shareholders' meetings. Voting rights are only shown when they differ from % capital ownership.

Held by:
FISPB= Fideuram - Intesa Sanpaolo Private Banking
FF= Financière Fideuram

The Condensed Half-Year Consolidated Financial Statements include 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 were those prepared by the subsidiaries for 30 June 2016, adjusted where necessary to bring them into line with the Group's accounting policies.
The financial statement data of companies operating outside the European Monetary Union are translated to euro applying the year-end exchange rates to balance sheet items and the average exchange rates for the year to income statement items. Any exchange rate differences arising from conversions at said exchange rates are recognised in the valuation reserve.
The scope of consolidation of the Group at 30 June 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 endorsed by EC Regulation 1004/2008 and reclassified €580m available-for-sale bonds as Loans & Receivables in the third quarter of 2008. If the Group had not availed itself of the option to reclassify these bonds, they would have suffered a further loss of approximately €234m, amounting to the difference between the theoretical total negative reserve at 30 June 2016 (€274m) 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 30.6.2016	FAIR VALUE AT 30.6.2016	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	1,682	1,448	(93)	23	169	24

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

Certification of the condensed half-year consolidated financial statements

Certification of the condensed half-year consolidated financial statements

1. The undersigned Paolo Molesini, as Managing Director and General Manager, and Paolo Bacciga, as Manager responsible for the preparation of the company accounts, of Fideuram - Intesa Sanpaolo Private Banking, hereby certify, also taking account of the provisions of article 154 bis, subparagraphs 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998, that the consolidated financial statements are:
   - suitable for the characteristics of the Group, and
   - that the Group has fully applied the administrative and accounting procedures for preparing the condensed half-year consolidated financial statements during the first half of 2016.

2. The evaluation of the suitability and full application of the administrative and accounting procedures for preparing the condensed half-year consolidated financial statements at 30 June 2016 was carried out using methodologies developed in line with the COSO framework and, for the IT part, COBIT, which are generally internationally accepted as reference frameworks for internal audit systems[1].

3. In addition, the undersigned also certify as follows:
   3.1 The condensed half-year consolidated financial statements at 30 June 2016:
      - have been prepared in accordance with the applicable international financial reporting standards recognised in the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002,
      - correspond with the accounting books and records,
      - are suitable for providing a faithful and proper representation of the financial performance and cash flows of the issuer and of the group of companies included in the consolidation.

   3.2 The Interim Directors' Report contains a reliable analysis of the references to important events that occurred in the first half of the financial year and their impact on the condensed half-year consolidated financial statements, together with a description of the principal risks and uncertainties for the remaining half of the financial year, as well as a reliable analysis of the information on significant transactions with related parties.

29 July 2016

Paolo Molesini Managing Director and General Manager	Paolo Bacciga Manager responsible for the preparation of the company accounts
Paolo Molesini	

1. The COSO Framework was developed by the Committee of Sponsoring Organizations of the Treadway Commission, a US body dedicated to improving the quality of company information by providing guidance on ethical standards and an effective system of corporate governance and organisation. The COBIT Framework - Control Objectives for IT and related technology - is a set of guidance materials developed by the IT Governance Institute, a US body that aims to develop and improve corporate standards in the IT sector.

Independent Auditors' Report

KPMG S.p.A.
Revisione e organizzazione contabile
Via Ettore Petrolini, 2
00197 ROMA RM
Telefono +39 06 809611
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(Translation from the Italian original which remains the definitive version)

Report on review of condensed interim consolidated financial statements

To the shareholder of
Fideuram - Intesa Sanpaolo Private Banking S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Fideuram Group - Intesa Sanpaolo Private Banking comprising the consolidated balance sheet, the consolidated income statement and the statement of consolidated comprehensive income, changes in equity and cash flows and notes thereto, as at and for the six months ended 30 June 2016. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Fideuram Group - Intesa Sanpaolo Private Banking as at and for the six months ended 30 June 2016 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

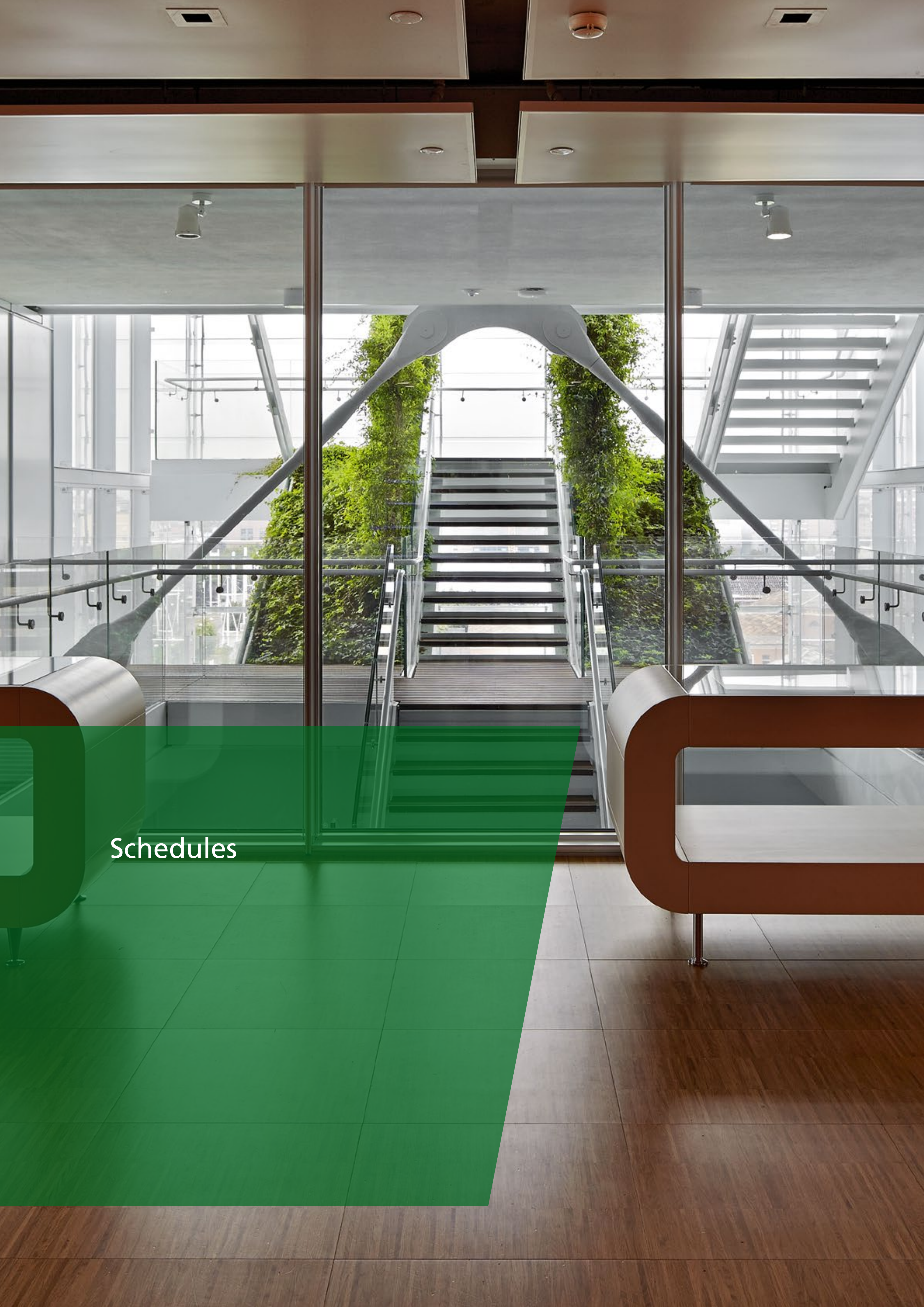
Rome, 3 August 2016

KPMG S.p.A.

(signed on the original)

Giuseppe Scimone
Director of Audit

Schedules



Basis of preparation of the restated and reclassified financial statements

The financial data for the first half 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 half of 2016 with the data for the corresponding period in 2015 would be heavily skewed by the impact of these company transactions. The financial statement data have therefore been restated where necessary to reflect the effects of the changes in the scope of consolidation appropriately so that straight comparisons can be made. The restated statements were prepared making the adjustments to the historical data required to reflect retrospectively the changes in the scope of consolidation that became effective as of 30 June 2015 as if the company transactions concerned had become effective as of 1 January 2015, without however changing the net profit stated in the official financial statements published in the Half-Year Report at 30 June 2015. In particular, the reclassified income statement for the first half 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 half of 2015 (€153m) was recognised under net profit attributable to non-controlling interests.

The balance sheet and income statement at 30 June 2016 are a reclassified balance sheet and reclassified income statement to facilitate comparison of the figures for different periods and to enable a clearer and more immediate understanding of the Group's financial position. These statements were prepared using appropriate groupings of the items in the official Bank of Italy schedules.

Moreover, the reclassified consolidated income statement has been changed as follows to provide a clearer presentation of the Group's operating performance:

- Net profit (loss) on financial assets, fee and commission income and expense, and the provisions have been stated net of the returns on the insurance policies taken out as part of the Personal Financial Adviser Networks' Loyalty Schemes, recognised in the official Bank of Italy schedule as net profit (loss) on assets 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.
- Net fee and commission income has been stated net of the amount related to net interest income.
- Non-recurring income and expenses have been reclassified, net of tax effect, in a separate item designated "Non-recurring income (expenses) net of tax".

Reconciliation statements

Reconciliation of published consolidated income statement at 30 June 2015 and restated consolidated income statement at 30 June 2015

(€m)

		1ST HALF 2015 PUBLISHED	CHANGE IN SCOPE OF CONSOLIDATION (*)	1ST HALF 2015 RESTATED
10.	Interest income and similar income	122	62	184
20.	Interest expense and similar expense	(59)	(27)	(86)
30.	**Net interest income**	**63**	**35**	**98**
40.	Fee and commission income	818	329	1,147
50.	Fee and commission expense	(366)	(15)	(381)
60.	**Net fee and commission income**	**452**	**314**	**766**
70.	Dividends and similar income	-	-	-
80.	Net profit (loss) on trading activities	3	1	4
90.	Net profit (loss) on hedging derivatives	1	(1)	-
100.	Net profit (loss) on sale or repurchase of:	-	12	12
	a) Loans	-	-	-
	b) Financial assets available for sale	-	12	12
	c) Held-to-maturity investments	-	-	-
	d) Financial liabilities	-	-	-
110.	Net profit (loss) on financial assets and liabilities designated at fair value	6	(1)	5
120.	**Total net interest and trading income**	**525**	**360**	**885**
130.	Net impairment of:	1	(1)	-
	a) Loans	1	(1)	-
	b) Financial assets available for sale	-	-	-
	c) Held-to-maturity investments	-	-	-
	d) Other financial transactions	-	-	-
140.	**Operating income from financing activities**	**526**	**359**	**885**
150.	Net insurance premiums	-	-	-
160.	Other income/expense from insurance activities	-	-	-
170.	**Operating income from financing and insurance activities**	**526**	**359**	**885**
180.	Administrative expenses:	(200)	(180)	(380)
	a) Personnel expenses	(59)	(97)	(156)
	b) Other administrative expense	(141)	(83)	(224)
190.	Net provisions for risks and charges	(14)	(1)	(15)
200.	Depreciation of property and equipment	(1)	-	(1)
210.	Amortisation of intangible assets	(6)	(1)	(7)
220.	Other income/expense	53	53	106
230.	**Operating expenses**	**(168)**	**(129)**	**(297)**
240.	Profit (loss) on equity investments	6	-	6
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**	**364**	**230**	**594**
290.	Income taxes	(101)	(77)	(178)
300.	**Profit (loss) after tax**	**263**	**153**	**416**
310.	Profit (loss) after tax from discontinued operations	-	-	-
320.	**Net profit (loss) for the period**	**263**	**153**	**416**
330.	Net profit (loss) for the period attributable to non-controlling interests	-	(153)	(153)
340.	**Parent company interest in net profit (loss) for the period**	**263**	**-**	**263**

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

Reconciliation of consolidated balance sheet and reclassified consolidated balance sheet

(€m)

RECLASSIFIED BALANCE SHEET - ASSETS	CONSOLIDATED BALANCE SHEET - ASSETS	30.6.2016	31.12.2015
Cash and cash equivalents		349	60
	Item 10. Cash and cash equivalents	*349*	*60*
Financial assets (other than loans and held-to-maturity investments)		4,775	4,672
	Item 20. Financial assets held for trading	*67*	*45*
	Item 30. Financial assets designed at fair value	*172*	*168*
	Item 40. Financial assets available for sale	*4,536*	*4,459*
Held-to-maturity investments		158	297
	Item 50. Held-to-maturity investments	*158*	*297*
Loans and advances to banks		15,459	13,223
	Item 60. Loans and advances to banks	*15,459*	*13,223*
Loans and advances to customers		9,819	8,973
	Item 70. Loans and advances to customers	*9,819*	*8,973*
Hedging derivatives		-	2
	Item 80. Hedging derivatives	*-*	*2*
Equity investments		137	129
	Item 100. Equity investments	*137*	*129*
Property and equipment		38	39
	Item 120. Property and equipment	*38*	*39*
Intangible assets and goodwill		170	175
	Item 130. Intangible assets	*170*	*175*
Tax assets		187	174
	Item 140. Tax assets	*187*	*174*
Other assets		1,046	1,095
	Item 160. Other assets	*1,046*	*1,095*
Total assets	**Total assets**	**32,138**	**28,839**

RECLASSIFIED BALANCE SHEET - LIABILITIES	CONSOLIDATED BALANCE SHEET - LIABILITIES	30.6.2016	31.12.2015
Due to banks		2,904	3,110
	Item 10. Due to banks	*2,904*	*3,110*
Due to customers		24,252	21,419
	Item 20. Due to customers	*24,252*	*21,419*
Financial liabilities held for trading		45	28
	Item 40. Financial liabilities held for trading	*45*	*28*
Hedging derivatives		1,242	977
	Item 60. Hedging derivatives	*1,242*	*977*
Tax liabilities		60	80
	Item 80. Tax liabilities	*60*	*80*
Other liabilities		1,005	917
	Item 100. Other liabilities	*949*	*865*
	Item 110. Provision for employment termination indemnities	*56*	*52*
Provision for risks and charges		442	431
	Item 120. Provision for risks and charges	*442*	*431*
Equity attributable to owners of the parent company		2,188	1,877
	Items 140, 170, 175, 180, 190, 220 Equity attributable to owners of the parent company	*2,188*	*1,877*
Total liabilities	**Total liabilities and shareholders' equity**	**32,138**	**28,839**

Reconciliation of consolidated income statement and reclassified consolidated income statement

(€m)

RECLASSIFIED CONSOLIDATED INCOME STATEMENT	CONSOLIDATED INCOME STATEMENT	1ST HALF 2016	1ST HALF 2015
Net interest income		81	90
	Item 30. Net interest income	*89*	*98*
	- Item 60. (partial) Net fee and commission income related to net interest income	*(8)*	*(8)*
Net profit (loss) on financial assets and liabilities		20	16
	Item 80. Net profit (loss) on trading activities	*4*	*4*
	Item 90. Net profit (loss) on hedging derivatives	*(3)*	*-*
	Item 100. Net profit (loss) on sales and repurchases	*19*	*12*
	Item 110. Net profit (loss) on financial assets and liabilities designed at fair value	*(2)*	*5*
	- Item 60. (partial) Return on insurance policies for Network loyalty schemes	*-*	*(1)*
	- Item 180. a) (partial) Return on Intesa Sanpaolo Shares for bonus scheme	*1*	*(1)*
	- Item 190 (partial) Return on insurance policies for Network loyalty schemes	*1*	*(3)*
Net fee and commission income		771	775
	Item 60. Net fee and commission income	*763*	*766*
	- Item 60. (partial) Net fee and commission income related to net interest income	*8*	*8*
	- Item 60. (partial) Return on insurance policies for Network loyalty schemes	*-*	*1*
Operating income before net impairment		**872**	**881**
Net impairment		(2)	-
	Item 130. Net impairment	*(2)*	*-*
Operating income		**870**	**881**
Personnel expenses		(141)	(141)
	Item 180. a) Personnel expenses	*(159)*	*(156)*
	- Item 180. a) (partial) Return on Intesa Sanpaolo Shares for bonus scheme	*(1)*	*1*
	- Item 180. a) (partial) Expenses connected with the Intesa Sanpaolo business plan	*19*	*14*
Other administrative expenses		(115)	(109)
	Item 180. b) Other administrative expenses	*(232)*	*(224)*
	- Item 220. (partial) Recovery of indirect taxes	*113*	*111*
	- Item 180. b) (partial) Expenses connected with the Intesa Sanpaolo business plan	*4*	*4*
Depreciation and amortisation		(8)	(8)
	Item 200. Depreciation of property and equipment	*(1)*	*(1)*
	Item 210. Amortisation of intangible assets	*(8)*	*(7)*
	- Item 210. (partial) Expenses connected with the Intesa Sanpaolo business plan	*1*	*-*
Operating expenses		**(264)**	**(258)**
Net provisions for risks and charges		(29)	(12)
	Item 190. Net provisions for risks and charges	*(28)*	*(15)*
	- Item 190. (partial) Return on insurance policies for Network loyalty schemes	*(1)*	*3*
Profit (loss) on equity investments		8	6
	Item 240. Profit (loss) on equity investments	*8*	*6*
Other income (expense)		(1)	(5)
	Item 220. Other income/expense	*112*	*106*
	- Item 220. (partial) Recovery indirect taxes	*(113)*	*(111)*
Profit before tax from continuing operations		**584**	**612**
Income taxes		(165)	(184)
	Item 290. Income taxes	*(157)*	*(178)*
	- Item 290. (partial) Tax impact of expenses connected with the Intesa Sanpaolo business plan	*(8)*	*(6)*
Net profit (loss) attributable to non-controlling interests		-	(153)
	Item 330. Net profit (loss) for the period attributable to non-controlling interests	*-*	*(153)*
Net profit before non-recurring items		**419**	**275**
Non-recurring income (expenses) net of tax		(16)	(12)
	- Item 180.a) (partial) Expenses connected with the Intesa Sanpaolo business plan	*(19)*	*(14)*
	- Item 180. b) (partial) Expenses connected with the Intesa Sanpaolo business plan	*(4)*	*(4)*
	- 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	*8*	*6*
Net profit	**Item 340. Parent company interest in net profit (loss) for the period**	**403**	**263**

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 that year. The reclassified consolidated income statement has in particular been restated as if the company transactions concerned had become effective as of 1 January 2015 so as to include the newly-consolidated companies' contributions in the Group results for the first half of 2015.

Consolidated income statement - New scope of consolidation

(Reclassified - €m)

	1ST HALF 2016	1ST HALF 2015 (*)	CHANGE	
			AMOUNT	%
Net interest income	81	90	(9)	-10
Net profit (loss) on financial assets and liabilities	20	16	4	25
Net fee and commission income	771	775	(4)	-1
OPERATING INCOME BEFORE NET IMPAIRMENT	**872**	**881**	**(9)**	**-1**
Net impairment	(2)	-	(2)	n.s.
OPERATING INCOME	**870**	**881**	**(11)**	**-1**
Personnel expenses	(141)	(141)	-	-
Other administrative expenses	(115)	(109)	(6)	6
Depreciation and amortisation	(8)	(8)	-	-
OPERATING EXPENSES	**(264)**	**(258)**	**(6)**	**2**
Net provisions for risks and charges	(29)	(12)	(17)	142
Profit (loss) on equity investments	8	6	2	33
Other income (expense)	(1)	(5)	4	-80
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	**584**	**612**	**(28)**	**-5**
Income taxes	(165)	(184)	19	-10
NET PROFIT BEFORE NON-RECURRING ITEMS	**419**	**428**	**(9)**	**-2**
Non-recurring income (expenses) net of tax	(16)	(12)	(4)	33
NET PROFIT	**403**	**416**	**(13)**	**-3**

n.s.: not significant

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

Contact us

Fideuram, Sanpaolo Invest and Intesa Sanpaolo Private Banking Branches and Personal Financial Advisers' Offices

FIDEURAM BRANCHES

Abbiategrasso - Alba - Alessandria - Ancona - Arezzo - Asti - Bari - Belluno - Bergamo - Biella - Bologna - Bolzano - Brescia - Busto Arsizio - Cagliari - Caserta - Catania - Cernusco Sul Naviglio - Cesena - Como - Cremona - Cuneo - Darfo - Empoli - Ferrara - Firenze - Foggia - Forlì - Frosinone - Genova - Ivrea - La Spezia - Latina - Lecce - Lecco - Livorno - Lodi - Lucca - Macerata - Mantova - Massa - Messina - Mestre - Milano - Modena - Moncalieri - Montecatini Terme - Monza - Napoli - Novara - Padova - Palermo - Parma - Pavia - Perugia - Pescara - Piacenza - Pisa - Pordenone - Prato - Ravenna - Reggio Calabria - Reggio Emilia - Rho - Rimini - Roma - Rovigo - Salerno - Sanremo - Savona - Seregno - Sesto San Giovanni - Siena - Siracusa - Torino - Trento - Treviglio - Treviso - Trieste - Udine - Varese - Verbania - Verona - Vicenza

FIDEURAM PERSONAL FINANCIAL ADVISERS' OFFICES

Acqui Terme - Adrano - Albenga - Aosta - Argenta - Ascoli Piceno - Aulla - Avellino - Aversa - Bassano Del Grappa - Bibbiena - Bra - Brunico - Campobasso - Carate Brianza - Carpi - Casale Monferrato - Casalgrande - Cascine Di Buti - Castel San Giovanni - Castelfranco Veneto - Castelnuovo Garfagnana - Cattolica - Cavalese - Cecina - Chiavari - Chieri - Città di Castello - Cittadella - Cles - Conegliano - Crema - Domodossola - Faenza - Feltre - Fermo - Foligno - Follonica - Fossano - Gaeta - Gatteo - Gavardo - Gorizia - Grosseto - Guastalla - Imola - Imperia - Isernia - Jesi - Lamezia Terme - Lanciano - L'Aquila - Lugo - Monselice - Montebelluna - Montevarchi - Novi Ligure - Oderzo - Omegna - Orbassano - Oristano - Ovada - Pesaro - Pinerolo - Piove Di Sacco - Pistoia - Poggibonsi - Pontedera - Portoferraio - Potenza - Rieti - Rivarolo Canavese - Rivoli - Roma - Rovereto - Saluzzo - San Daniele Del Friuli - San Giovanni In Persiceto - Santa Croce Sull'Arno - Saronno - Sarzana - Sassari - Sassuolo - Schio - Sinalunga - Sondrio - Taranto - Teramo - Terni - Thiene - Tolmezzo - Torino - Trapani - Valdagno - Valenza - Velletri - Venezia - Vercelli - Viareggio - Vigevano - Viterbo - Voghera

SANPAOLO INVEST PERSONAL FINANCIAL ADVISERS' OFFICES

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INTESA SANPAOLO PRIVATE BANKING PERSONAL FINANCIAL ADVISERS' OFFICES

Bari - Genova - Parma - Salò

(at 30 June 2016)

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

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

166.26 *m high*
7,000 *m^2 basement surface area*
38 *floors above ground (27 devoted to offices)*
1,600 *m^2 photovoltaic panels*
15,000 *m^3 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*
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