FIDEURAM
INTESA SANPAOLO PRIVATE BANKING

Integrated Annual Report 2021

Bank of INTESA SANPAOLO

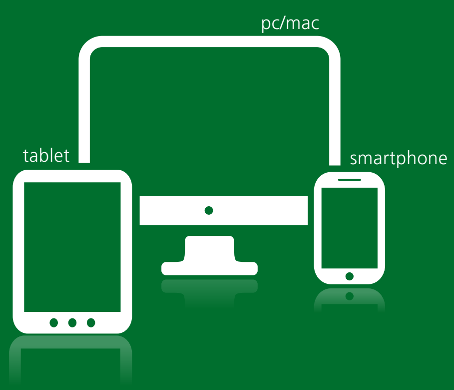
Mission

of Fideuram - Intesa Sanpaolo Private Banking

Taking care of our clients' well-being lies at the heart of what we do. We are committed to protecting the assets of those who rely on us with outstanding advice.

A relationship based on listening, satisfaction and trust between customer and private banker is what makes our business model unique: we foster it every day with passion, dedication, and transparency and by complying with the rules.

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




Customers
Shareholders
Colleagues
Suppliers
Community
Environment

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About this Report

"The Integrated Report provides a comprehensive view of how the business model, strategies and performance affect value creation"

In line with recent international reporting developments, the Fideuram Group has published an Integrated Annual Report addressed to all stakeholders since 2013.
The typical financial information of a traditional annual report and non-financial information are presented in integrated form by taking a comprehensive view in a single document, using capital analysis to illustrate how the business model, strategies, and financial, social, environmental and governance performance influence the value creation process over the medium and long term.

The report has been prepared in accordance with the International <IR> Framework published by the International Integrated Reporting Council (IIRC) in 2021. The Board of Directors is responsible for the preparation of the Report. The reporting process was conducted under its responsibility, applying the Guiding Principles and Content Elements by the International <IR> Framework. The Report measures and monitors performance based on a set of indicators selected from the GRI Standards 2016 with the 'in accordance Core' option. In addition, from this year, the indicators provided by the Sustainability Accounting Standards Board (SASB) have been included, where deemed applicable. Integrated reporting is a journey on which perfection is gradually achieved as reporting processes for the production of the supporting information are fully developed. In line with this philosophy, our Group has continued its actions to improve the quality of its reporting. Group staff was involved in the document design activities and in drafting the texts, identifying issues relevant to internal and external stakeholders. Our Personal Financial Advisers and customers appreciate its contents and support this corporate communication tool as an essential means for guaranteeing transparency and quality information and training.

Although it is subject to the provisions of Article 2 of Legislative Decree 254/2016, Fideuram has not prepared a Non-financial Statement, by claiming the exemption allowed under Article 6 of that Decree, since it is included in the Consolidated Non-financial Statement made by Intesa Sanpaolo S.p.A..

We extend our thanks to all the stakeholders who played an active role in improving our report and who would like to join us in the process of disseminating a new communications philosophy based on transparency, both now and in the years to come.

GUIDE TO READING THE INTEGRATED ANNUAL REPORT

The document begins with an introductory section presenting a summary of the Group's identity with the Purpose and the main key indicators that highlight the performance of capital over a period of five years. This is followed by Chairman's Statement and the Chief Executive Officer's Statement.

The first chapter **Business Model** shows how the Group creates value and describes the key factors and stakeholders involved in this process.

The second chapter **External context and strategies** outlines the economic environment in which the Group operates with an overview of its positioning in the reference market and presents the strategic objectives and main lines of action that contribute towards creating sustainable value over time.

The third chapter **Performance** represents the extent to which the capital invested in the production process contributes to the creation of value. Qualitative reporting is accompanied by the use of quantitative indicators that facilitate the analysis of the interdependencies between the various capitals.

The fourth chapter **Governance** describes the set of rules and organisational structures that enable effective management of the Group with a particular focus on the internal control system.

The fifth chapter **Consolidated financial statements** contains the financial statements and the notes to the consolidated financial statements.

Our identity

Fideuram was established more than 50 years ago with the aim of providing investors with an alternative to the traditional banking channel. It now has a strong identity on the market, an identity built over time with a business model focused on advanced advisory services and professional expertise of its Personal Financial Advisers.

1968 Fideuram was formed to create the first network of Personal Financial Advisers in Italy, to offer Luxembourg mutual funds to Italian investors.

1984 Fideuram distributed the first Italian mutual funds.

1992 Fideuram and Banca Manusardi combined: the new company was listed on the Milan Stock Exchange.

1997 Fideuram launched the Personal Financial Planning, the first financial planning service benefiting from an advanced technological platform to the advantage of its customers.

2007 Delisting of the Fideuram stock.

WHO WE ARE

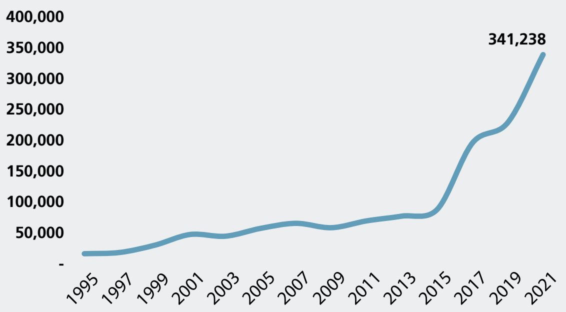
With over €341bn in Assets Under Management, Fideuram is the biggest Italian private bank (and one of the biggest in Europe).
Fideuram heads an integrated Group, comprised of the companies providing the Group's financial advisory, asset management and fiduciary services.

WHAT WE OFFER OUR CUSTOMERS

Fideuram offers personalised advice based on a long-term relationship, which is in turn founded on the Personal Financial Advisers' trust and professional expertise. A distinctive model based on:
- fee-paying advanced advisory services;
- excellent in-house products;
- rounding out its offering with products of major global investment firms.

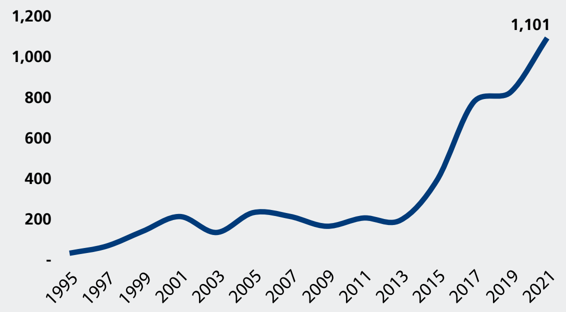
Assets Under Management

(€m)



Net profit

(€m)



2009 Fideuram launched feepaying advanced advisory services.

2015 Fideuram and Intesa Sanpaolo Private Banking combined to create Fideuram - Intesa Sanpaolo Private Banking, the first Italian private bank.

2016 Fideuram introduced Alfabeto, a platform supporting the Personal Financial Advisers in providing digitalised financial advice.

2018 Fideuram acquired the Swiss Morval Vonwiller Group and launched its foreign hub for international growth.

2021 Fideuram acquired IW Bank, the UBI Top Private Business Unit and the Swiss Group Reyl & Cie.

WHERE WE ARE

The Group has a strong local presence throughout Italy, with 270 bank branches and 370 Personal Financial Advisers' offices. The Group also operates abroad with 7 bank branches and 7 Personal Financial Advisers' offices.

With 3 Private Banking Centres, 10 hubs, and 6 Wealth Management Units, the Fideuram, Intesa Sanpaolo Private Banking and IW Bank networks are organised to assist High Net Worth Individuals.

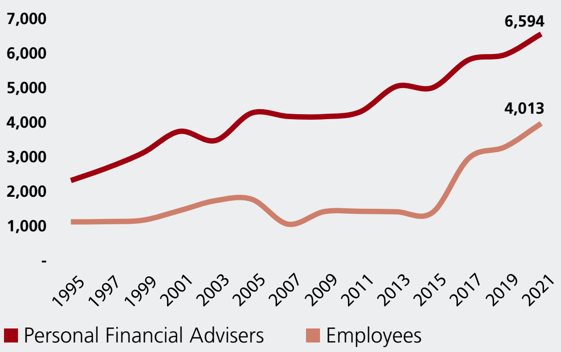
The acquisition of the Swiss banking group Reyl marks another step in the development of our business abroad.

TOGETHER, HORIZONS NOT BORDERS

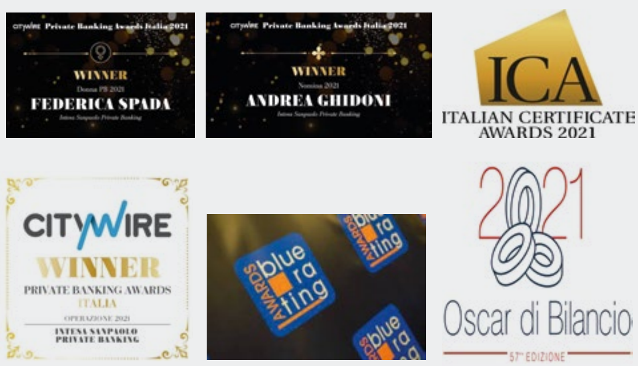
We have captured our essence in a few words: our commitment to our customers and society, our ability to always look beyond and chart new paths, to know how to push forward in search of new solutions, our way of interpreting our profession and seizing an opportunity in every situation, to grow and to give our best.
An inclusive, courageous and ambitious Purpose. Together to make a dream come true - to tear down barriers and borders and create a united community.
We look to the future, to the desire to grow, to be leaders by guiding change, in the full awareness of our strength.
And above all, our ability to do this TOGETHER, not as individuals but as a community.

Personal Financial Advisers and Employees

(No.)

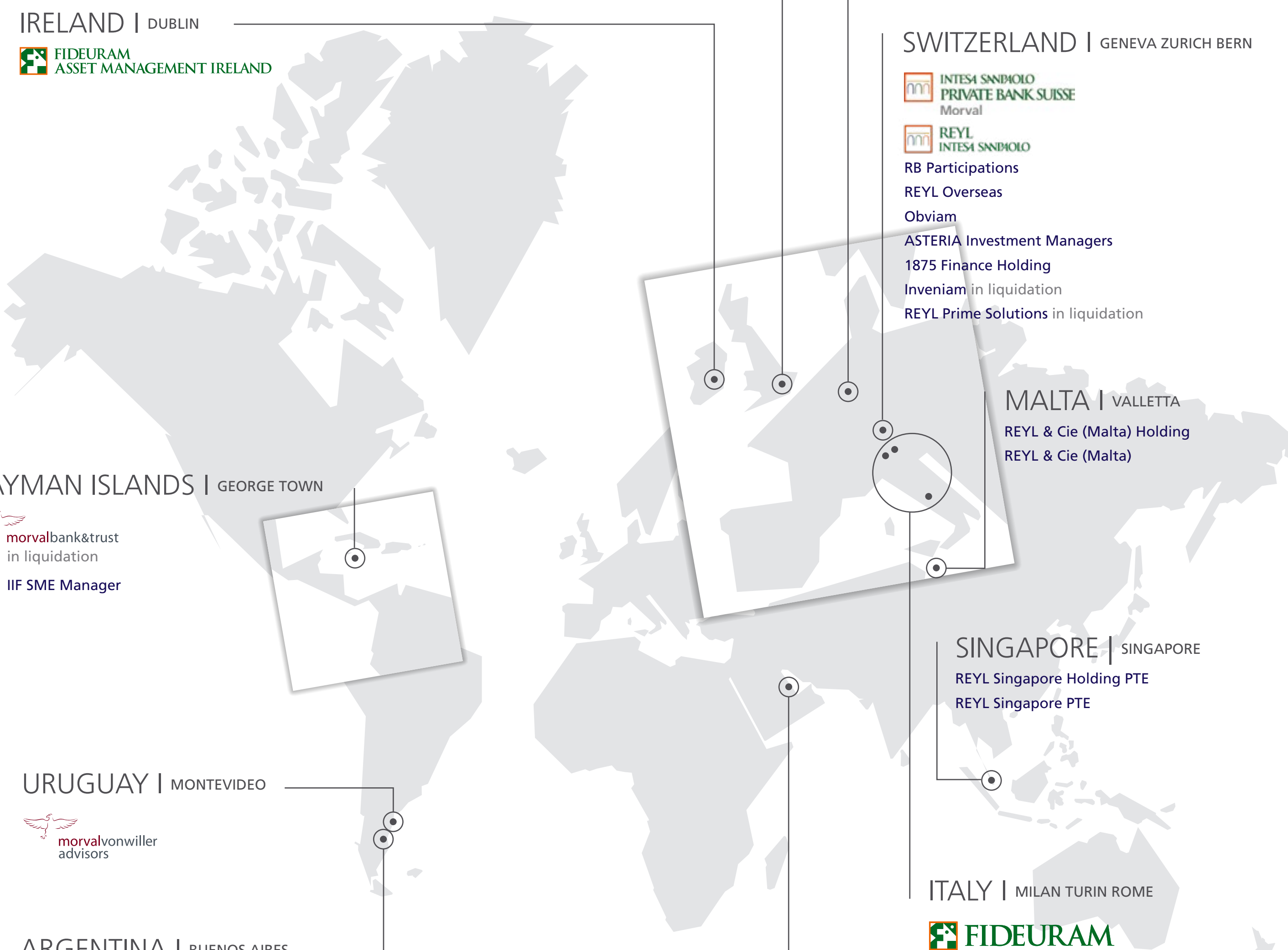


Our awards



Group structure

The Fideuram - Intesa Sanpaolo Private Banking Group operates in eleven countries and consists of the Parent Company **Fideuram - Intesa Sanpaolo Private Banking** ("Fideuram") and the following companies:



UNITED KINGDOM | LONDON

Branches of
FIDEURAM ASSET MANAGEMENT IRELAND
REYL & Co. (Holdings)
REYL & Co. (UK)

LUXEMBOURG | LUXEMBOURG

FIDEURAM BANK LUXEMBOURG
Gap ManCo
Portugal Real Estate Opportunities Manager
Iberia Distressed Assets Manager
REYL Private Office

IRELAND | DUBLIN

FIDEURAM ASSET MANAGEMENT IRELAND

SWITZERLAND | GENEVA ZURICH BERN

INTESA SANPAOLO PRIVATE BANK SUISSE Morval
REYL INTESA SANPAOLO
RB Participations
REYL Overseas
Obviam
ASTERIA Investment Managers
1875 Finance Holding
Inveniam in liquidation
REYL Prime Solutions in liquidation

MALTA | VALLETTA

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

CAYMAN ISLANDS | GEORGE TOWN

morvalbank&trust in liquidation
IIF SME Manager

SINGAPORE | SINGAPORE

REYL Singapore Holding PTE
REYL Singapore PTE

URUGUAY | MONTEVIDEO

morvalvonwiller advisors

ARGENTINA | BUENOS AIRES

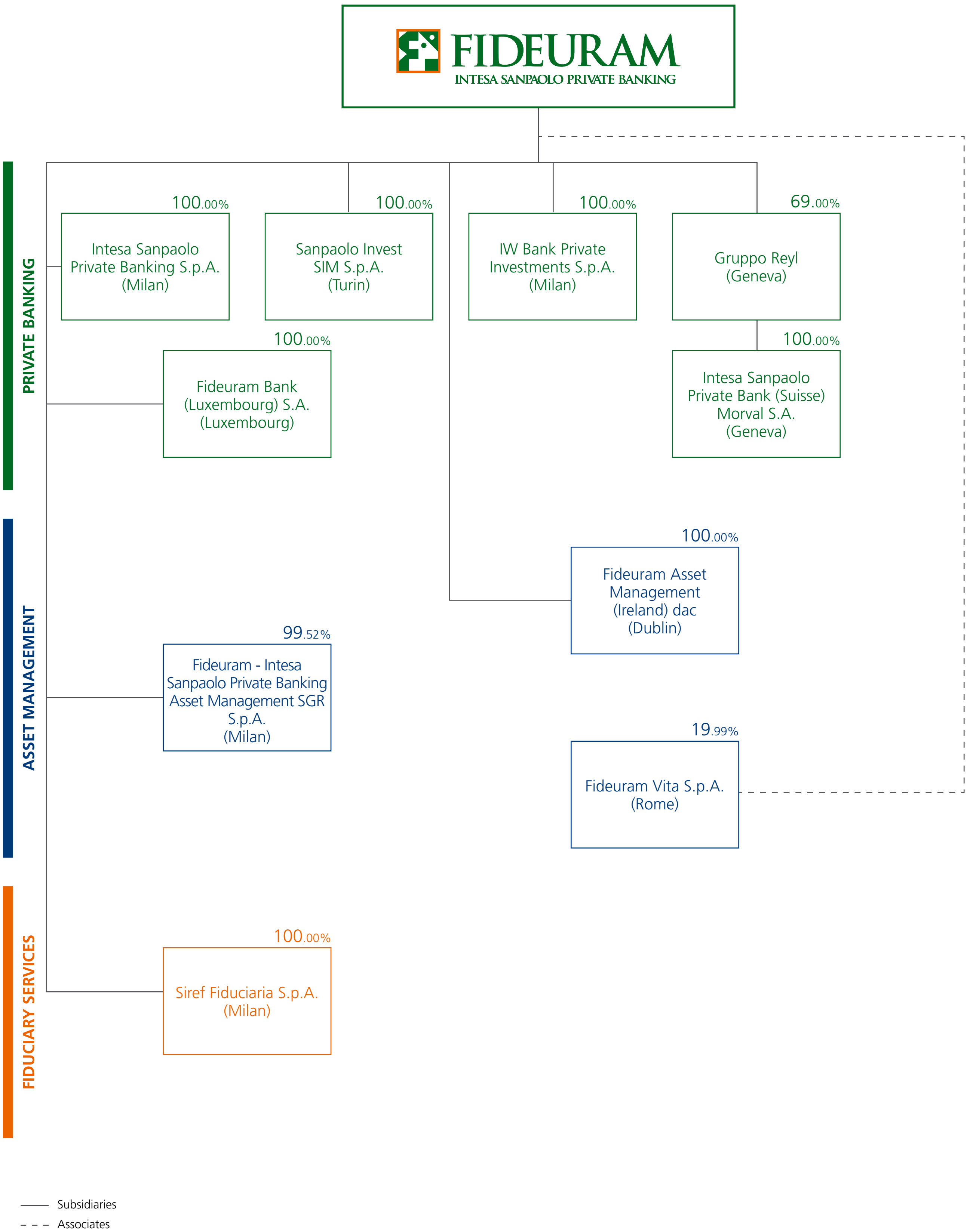
INTESA SANPAOLO PRIVATE Argentina

UNITED ARAB EMIRATES | DUBAI

REYL Finance (MEA)

ITALY | MILAN TURIN ROME

FIDEURAM INTESA SANPAOLO PRIVATE BANKING
INTESA SANPAOLO PRIVATE BANKING
SANPAOLO INVEST
FIDEURAM INTESA SANPAOLO PRIVATE BANKING Asset Management
SIREF FIDUCIARIA
FIDEURAM VITA
IWBank PRIVATE INVESTMENTS


FIDEURAM
INTESA SANPAOLO PRIVATE BANKING
PRIVATE BANKING
ASSET MANAGEMENT
FIDUCIARY SERVICES
100.00%
Intesa Sanpaolo Private Banking S.p.A. (Milan)
100.00%
Sanpaolo Invest SIM S.p.A. (Turin)
100.00%
IW Bank Private Investments S.p.A. (Milan)
69.00%
Gruppo Reyl (Geneva)
100.00%
Fideuram Bank (Luxembourg) S.A. (Luxembourg)
100.00%
Intesa Sanpaolo Private Bank (Suisse) Morval S.A. (Geneva)
100.00%
Fideuram Asset Management (Ireland) dac (Dublin)
99.52%
Fideuram - Intesa Sanpaolo Private Banking Asset Management SGR S.p.A. (Milan)
19.99%
Fideuram Vita S.p.A. (Rome)
100.00%
Siref Fiduciaria S.p.A. (Milan)
Subsidiaries
Associates

Highlights

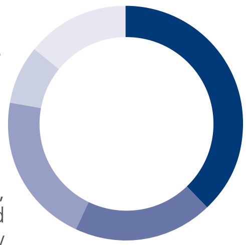
Financial Capital

WEALTH CREATED

€3.8 bn

Value retained
14%

Suppliers
8%



Colleagues
38%

Governanment, authorities and institutions, Community
21%

Shareholder and third party interests
19%

R.O.E. 34%

COST/INCOME RATIO 35%

SHAREHOLDERS' EQUITY €3.3 bn

NET PROFIT €1.1 bn

NET FEE AND COMMISSION INCOME €2.1 bn

of which recurring €2 bn

TOTAL NET INFLOWS

€15.7 bn

of which Net inflows into Managed Assets €11.5 bn

CLIENT ASSETS

€341.2 bn

of which managed Client Assets €220.7 bn

Productive Capital

NO. OF BANK BRANCHES

277

outside Italy 7

NO. OF PERSONAL FINANCIAL ADVISERS' OFFICES

377

outside Italy 7

Intellectual Capital

INVESTMENTS IN INFORMATION SYSTEMS

€67 m in the year

NO. OF PROJECTS

105

Human Capital

NO. OF PERSONAL FINANCIAL ADVISERS

6,594

NO. OF EMPLOYEES

4,013

NO. OF CUSTOMERS PER PERSONAL FINANCIAL ADVISER

Fideuram Network	Sanpaolo Invest Network	Intesa Sanpaolo Private Banking Network	IW Bank Network	Foreign Network
176:1	140:1	46:1	221:1	61:1

CLIENT ASSETS PER PERSONAL FINANCIAL ADVISER

€52 m

NET INFLOWS PER PERSONAL FINANCIAL ADVISER

€2 m

TRAINING

Personal Financial Advisers
424,419 hrs

Employees
166,300 hrs

AVERAGE LENGTH OF SERVICE

Personal Financial Advisers
16 years

Employees
18 years

Relational Capital

NO. OF CUSTOMERS

Fideuram	Sanpaolo Invest	Intesa Sanpaolo Private Banking	IW Bank	Siref Fiduciaria	Foreign Network
638,710	167,262	49,031 households	138,975	1,770 mandates	4,873

AVERAGE LENGTH OF CUSTOMER RELATIONSHIP

Fideuram and Sanpaolo Invest	Intesa Sanpaolo Private Banking	IW Bank
13 years	15 years	11 years

CLIENT RETENTION RATE 95%

NEW CLIENT RATE 11%

NET PROMOTER SCORE (NPS)

Fideuram / Sanpaolo Invest Network
69

Intesa Sanpaolo Private Banking Network
66

CUSTOMER SATISFACTION INDEX (CSI)

Fideuram / Sanpaolo Invest Networks
8.5

Intesa Sanpaolo Private Banking Network
8.6

CUSTOMER SEGMENTATION

HNWI
Client assets €99.9 bn

Private
Client assets €166 bn

Affluent customers
Client assets €56.2 bn

Mass Market customers
Client assets €19.1 bn

Key Performance Indicators (*)

	2021	2020	2019	2018	2017
CLIENT FINANCIAL ASSETS					
Net inflows into managed assets (€m)	11,510	6,153	4,605	3,591	11,626
Total net inflows (€m)	15,750	13,082	10,926	10,189	12,248
Client Assets (€m)	341,238	303,711	242,715	213,069	216,550
OPERATING STRUCTURE					
Personal Financial Advisers (No.)	6,594	6,475	5,834	5,995	5,990
Staff (No.)	4,013	4,054	3,179	3,335	3,233
- outside Italy (No.)	551	545	310	314	269
Personal Financial Advisers' Offices (No.)	277	281	235	228	229
Bank Branches (No.)	377	375	321	326	323
CONSOLIDATED FINANCIAL RESULTS					
Consolidated net profit (€m)	1,101	817	906	834	871
Group shareholders' equity (€m)	3,319	3,147	2,960	2,804	2,816
Basic consolidated net earnings per share (€)	0.734	0.545	0.604	0.556	0.581
Dividends per share (€)	0.334	0.434	0.433	0.540	0.525
Total assets (€m)	65,276	60,938	47,767	41,032	39,201
Wealth created (€m)	3,844	3,277	2,906	2,775	2,766
Value distributed (€m)	3,317	2,982	2,572	2,713	2,617
PROFITABILITY INDICATORS					
Return on Equity (%)	34	27	31	30	36
Return on Assets (%)	2	1	2	2	2
Cost / Income ratio (%)	35	36	31	32	30
Payroll costs / Operating margin	20	21	18	19	17
Net profit / Average client assets (%)	0.3	0.3	0.4	0.4	0.4
E.V.A. (€m)	980	704	791	735	788
NON-FINANCIAL INDICATORS					
Customer requests (no.)	4,430	3,795	2,260	1,874	1,358
Personal Financial Adviser training (hrs.)	424,419	394,090	447,338	470,731	329,928
Employees on open-ended contracts (%)	98.4	98.8	99.4	98.8	98.5
Women in management positions (% out of the total number of senior managers)	8	11	10	9	11
Staff turnover (%)	11	10	15	15	10
Employees training (hrs.)	166,300	134,243	142,832	131,862	82,641
Donations (€m)	1.1	1.2	0.5	0.2	0.6
Operating margin / Number of employees (€m)	0.6	0.5	0.6	0.6	0.6
Client assets / Number of Personal Financial Advisers (€m)	52	47	42	36	36
Paper consumption per employee (kg)	46	39	53	60	63
Direct and indirect emissions (scope1 and scope2) (tCO_2)	3,454	2,483	2,833	3,960	3,376

Counterparty rating (Standard & Poor's)	Long term: BBB	Short term: A-2	Outlook: Positive

(*) The figures for 2021 and 2020 were restated on a consistent basis to take account of changes in the scope of consolidation. The figures of 2019, 2018 and 2017 were not restated.

The Directors' Report contains financial information taken from or referable to the consolidated financial statements and other information - such as, for example, alternative performance indicators - that is not taken from or directly referable to the consolidated financial statements. For more detailed information on alternative performance indicators, please refer to the Glossary.

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Introductory note

Economic scenario

The increasing spread of vaccinations in advanced and some emerging countries has reduced the sensitivity of the global economy to new variants of the Covid-19 pandemic. Despite the succession of new waves of infection, global GDP is estimated to have grown by well over 5%. In advanced countries, economic growth was mainly driven by a recovery in demand for services related to the reopening of businesses, while the expansion of manufacturing and international trade was increasingly constrained by capacity constraints in global supply chains. There has been a widespread surge in inflation, although still largely explained by the energy component, which in turn is prompting central banks to wind down monetary stimulus more quickly than expected.

In the United States, GDP had already returned to pre-crisis levels in the first half of the year and average annual growth exceeded 5%. The strong increase in domestic demand, also fuelled by expansionary fiscal policies, started to come up against increasingly tight capacity constraints. Falling labour force participation rates and uneven expansion of economic activity fuelled wage tensions. The inflation rate reached 7% in December, its highest level since 1982. The Federal Reserve reacted to the signs of overheating in the economy by tightening the timetable for the tightening of monetary stimulus and rapidly reduced net purchases of securities in late 2021, also signalling to markets its intention to make several increases in official rates during 2022.

In the eurozone, GDP growth was around 5%, a strong pace but still not enough to recover pre-crisis levels. Economic growth was still affected by the pandemic waves, especially at the beginning of the year. After a negative first quarter, growth was very brisk in the two middle quarters, but slowed down again to a near standstill in the last quarter. Robust economic growth boosted employment levels, with the unemployment rate falling by more than one percentage point from its Q3 2020 peak. Inflation rose to 2.6% on average for the year, with a peak of 5% in December. The European Central Bank, which faces lower inflationary pressures and in December expected inflation to return below 2% in 2023-24, maintained very accommodating monetary conditions. In September, it announced a moderate reduction in net purchases under the Pandemic Emergency Purchase Programme (PEPP) for the fourth quarter. In mid-December, it indicated that net PEPP purchases would be further reduced in the first quarter of 2022 and then suspended altogether as of 31 March. The measure will be temporarily mitigated by an increase in net APP purchases in Q2 and Q3 2022. Official rates remained unchanged throughout 2021.

Economic activity also picked up strongly in Italy, resulting in GDP growth of more than 6%, a modest increase in employment and, starting in the second quarter, also a decline in the labour force unemployment rate. The economic trend is similar to the one observed in the rest of the continent: after a weak start, growth was very strong in the middle quarters of 2021, before slowing down again in the last months. The rebound in GDP was almost entirely due to a recovery in domestic demand, with a modest contribution from the trade balance: in addition to private consumption, fixed investments also showed strong gains compared to 2020. The strong growth in exports was offset by an equally large increase in imports. Incentives to renovate buildings supported construction activity and the real estate market, which also benefited from the excess savings accumulated by some Italian households in 2020. Inflation in Italy also accelerated sharply in 2021: in December, the increase in consumer prices was 4.2%, while the average annual inflation was estimated at 1.9%.

Rising inflation expectations pushed up medium and long-term rates, while short-term rates continued to be held back by excess liquidity and unchanged official rates. The Btp-Bund spread within a narrow range, with lows below 100 bps between February and April and a gradual increase to over 130 bps by the end of the year. The euro weakened on currency markets but its volatility remained relatively contained.

Against this backdrop, asset management performed strongly in 2021. For mutual funds, the substantial inflows recorded during the year were mainly directed towards the equity and balanced segments. The growth in inflows was supported by the positive performance of stock market indices and the savings accumulated by households, partly allocated to higher-return financial investments, in a context of improved confidence thanks to the economic recovery. Discretionary accounts also recorded significant growth. Overall, life insurance picked up, driven by new production of unit-linked policies. For non-managed assets, there was also a reduction in 2021 of the debt securities held by households in custody at banks. The continuation of this trend reflects the continued decline in bank bonds and government bonds in the portfolios of retail customers. In contrast, there was a significant increase in the amount of equity securities held in custody at banks.

Business continuity

In this context of gradual improvement, in 2021, the Fideuram Group continued to put in place solid measures to mitigate the effects of the crisis, continuing to communicate with staff and customers to safeguard people’s health.
As far as safety measures are concerned, the essential precautions to be followed remain unchanged, in line with the indications of national and international health institutions and sector protocols governing the carrying out of working activities hinged on the following cardinal principles:

- social distancing;
- rigorous personal hygiene and cleaning of premises;

- use of personal protective equipment;
- compliance with technical, organisational and behavioural guidelines;
- clinical monitoring of health.

As of 15 October 2021, it became a legal requirement to hold and present a Covid-19 Green Pass on request for access to workplaces. From that date and until 31 March 2022, the end of the state of emergency, these provisions apply to all Group employees, external collaborators, suppliers and, more generally, to all individuals who, for any reason, carry out their work, also on the basis of external contracts, on Group premises. Employees with specifically documented clinical conditions who cannot be given a vaccination or complete the vaccination course, will be granted an exemption certification. A specific internal regulation governs the operational procedures for implementing workplace entry checks in compliance with privacy legislation. In addition, as provided for in Decree Law No. 105 of 23 July 2021, from August 2021 access to canteens, crèches and company transport will also be subject to the Green Pass rules.
From December 2021 onwards, the guidelines for planning attendance at premises were defined according to the pandemic zone colour of regions to take into account the resurgence in infections. For yellow and white zones, there is no longer a minimum attendance requirement at the headquarters/office and return to the office is allowed on a voluntary basis. For red and orange zones, remote working remains preferable for all activities that can be carried out effectively in this way. In all areas, the recommendation not to involve personnel with fragile conditions or belonging to categories most at risk in case of infection in the planning of attendance is still in place.

As far as the Network is concerned, branch attendance is also regulated according to the pandemic risk colour assigned to areas.

- In yellow and white zones, attendance is provided for without appointment, subject to the maximum capacity of the branch, which must allow for the minimum social distance of two metres.
- In orange and red zones attendance is planned on appointment.

Supporting initiatives

In response to the difficulties faced by numerous customers, concrete financial support measures have been provided since the beginning of the public health emergency, either directly or through the services offered by Intesa Sanpaolo. Specifically:

- arrangements were made with Intesa Sanpaolo so that our customers can obtain the business loans prescribed by the Liquidity Decree;
- specific commercial offers were created for both private customers and business customers, designed to satisfy their liquidity requirements tied to the emergency period;
- suspension of payments on outstanding medium-long term loan instalments on customer request were allowed either for the amount of principal alone or for the entire instalment.

At the end of December 2021, customers were provided with about €540m in new, subsidised rate loans, and 10 requests for moratoria on loan instalments were accepted.

Impacts on financial statements and the risk profile

As for support for the real economy and the financial markets, governments and central banks continued their support initiatives, which have shown that they can effectively stem the effects of the crisis and support businesses and households in the most difficult moments of the recession, although it should be remembered that, despite their weakening, fears still persist about the ability of a significant number of businesses to continue independently along the path of recovery when the support measures come to an end. Therefore, the intense campaign of pressure on intermediaries under the supervision of the various regulators continued, with a series of interviews and statements in 2021 aimed at drawing attention to the need to contain any financial shocks and the related recessionary effects, potentially expected when the measures to support the real economy come to an end. In terms of regulatory measures related to the pandemic environment, in addition to the aforementioned messages from the authorities and specific national provisions on economic support measures, there were no further relevant measures by regulators and standard setters in 2021, and therefore the general regulatory framework defined during 2020 remains largely unchanged. The ESMA documents issued in 2021 have not introduced any new substantial indications, but rather provide an overview of the various requirements, clarifying their purpose and application methods.

In this scenario, our Group’s stability remains based on a five-fold foundation:

- a business model which integrates production and distribution;
- sustainable revenue deriving mainly from recurring fees generated by a solid base of client assets;
- appropriate staff distribution across our branches and networks, with a good balance between fixed and variable costs;
- a structured risk monitoring system on different control levels;
- effective management of legal and tax disputes with sufficient provisions set aside.

Consolidated shareholders’ equity at the end of December 2021 was €3.3bn, the Common Equity Tier 1 ratio was 13.6% and the Total Capital Ratio was 13.8%. Financial resources acquired as customer deposits totalled €54.6bn, up

€4.7bn since the end of 2020. They mainly consist of current accounts and deposits that are highly stable over time. Liquidity from liabilities is mainly invested in a portfolio of securities with medium-to-long term maturities containing a substantial proportion of eligible securities. The Group's business model and the strategies adopted to put our future growth plans into effect leave us strongly placed to tackle the volatility of the financial markets without any impact on our business continuity.

Significant events in 2021

In 2021, as part of the process of reorganising the Group's activities, with the aim of strengthening the Group's positioning in the Private Banking and High Net Worth Individuals segments, while increasing size, market share and profitability, the following transactions were carried out:

- the sale of the Fideuram Bank (Luxembourg) business unit related to Depositary Bank and Fund Administration activities;
- the partial demerger in favour of Intesa Sanpaolo Private Banking of the UBI Banca "TOP Private Banking" business unit, which is organised for activities and services for high net worth customers and companies;
- the partial demerger in favour of Fideuram of the entire interest held in IW Bank and of the UBI Banca business unit consisting of the units dedicated to service activities for IW Bank, known as the "IWB Service Business unit";
- the acquisition by Fideuram of a 69% stake in the share capital of Reyl & Cie S.A. and the simultaneous contribution to Reyl of the entire stake held by Fideuram in Intesa Sanpaolo Private Bank (Suisse) Morval;
- the acquisition by Fideuram Bank (Luxembourg) of the Wealth Management and Private Banking business unit of Intesa Sanpaolo Bank Luxembourg;
- the merger by incorporation of the French subsidiary Financière Fideuram into Fideuram;
- the liquidation of Intesa Sanpaolo Private Monaco SAM;
- the acquisition by Reyl & Cie S.A. of a 40% equity interest in 1875 Finance Holding A.G., a Swiss asset management company.

Following the acquisition of IW Bank, the following transactions were launched and completed by the first quarter of 2022:

- the partial demerger of IW Bank in favour of Fideuram of a business unit consisting of banking relationships and activities;
- the partial demerger of Fideuram in favour of Intesa Sanpaolo of a compendium consisting of performing loans and related funding and personnel;
- the transformation of IW Bank into a stockbroking company.

Finally, as part of the process of reorganising the Group's activities, the following transactions were also launched during the year:

- liquidation of Morval Bank & Trust Cayman;
- merger by incorporation of Intesa Sanpaolo Private Bank (Suisse) Morval into Reyl & Cie;
- merger between the Swiss companies Asteria and Obviam;
- acquisition of UBI Trustee by Fideuram Bank (Luxembourg);
- setting up by Fideuram Asset Management (Ireland) of a new investment company in the United Kingdom to carry out the activities currently managed by the London branch;
- acquisition by Fideuram Bank (Luxembourg) of Compagnie de Banque Privée Quilvest, a Luxembourg private bank with branches in Belgium.

The 2022 outlook

Growth in the global economy will continue in 2022, albeit at a slower pace after last year's rebound, and may be affected by continuing inflationary tensions, geopolitical frictions and difficulties in the supply chain that have driven up the cost of raw materials.

In the eurozone and Italy, GDP is expected to grow by around 4%. Inflation is expected to fall, although it will remain very high on average per year. The Federal Reserve will begin a phase of official rate hikes, to which a reduction in portfolio maturity reinvestments should be added in the final months to speed up the end of monetary stimulus. In the eurozone, the ECB will reduce net purchases of government bonds but is unlikely to raise official rates before the end of the year. The rise in medium and long-term rates is expected to continue in 2022. Geopolitical risks weigh on the scenario, with possible repercussions on the energy market and thus on inflation and growth. The approaching end of the parliamentary term in Italy could also affect the Btp-Bund spread. A revision of the European Stability Pact is also on the horizon. The health emergency has led to the suspension of the rules, in particular the one that sets the ratio between deficit and GDP at 3%. In October, the European Commission launched a public consultation on its revision and pledged to provide guidelines to Member States in the first quarter of 2022, so that they can design their budgets in time for when the Pact will take effect again, i.e., on 1 January 2023. Several countries are calling for greater flexibility in reducing spending, especially as the fight against climate change will require large investments, and some are proposing to exclude green investments from the deficit calculation. Geopolitical tensions are also worrying analysts. The most obvious friction lines are those between NATO and Russia along the Ukrainian border and those between the United States and China over Taiwan. The former has already had clear repercussions on gas prices, while the latter has exacerbated problems in the supply chain and rekindled the war on trade tariffs.

The spread of Covid-19 has reshaped the way we do business and think about development. The European Green Deal aims to make Europe climate neutral by 2050, but the scale of the challenge is not the same for everyone. The regions most dependent on fossil fuels and CO_2 intensive industries will be particularly affected and risk facing a profound economic, environmental and social transformation. The year 2022 will also see the full launch of the National Recovery and Resilience Programme (RRP) financed largely with European funds. For the Italian economy it is worth €235.1bn between 2021 and 2026. It is an extraordinary opportunity to redesign the national economy, but above all a huge driver of growth if used effectively.

The Italian banking system expects a slow recovery in loans to businesses in 2022. Growth is forecast to be buoyed by investments, but the financial needs can be partly met by using the liquidity buffer deposited by businesses with banks, as well as through the issuance of bonds and self-financing. Lending to households will continue at a faster pace than lending to businesses. Household mortgages will continue to play a major role in the context of the good momentum in the residential property market, which in turn will be supported by the new housing and employment needs that have emerged in the wake of the pandemic, tax incentives, rising house prices, still low interest rates and the mobilisation of part of the excess savings accumulated by households. The outlook for consumer credit is also positive, although affected by the evolution of the pandemic.

Customer deposits are expected to continue to grow well, albeit at a gradually slowing pace. The conditions for moderate growth in current accounts will remain in place, especially given the assumption that interest rates will stay very low and the possible continuation of a climate of uncertainty. On the other hand, on the corporate side, the accumulation of liquidity in current accounts should continue to decline. Households are likely to gradually shift their portfolios towards more remunerative forms of investment. Substantial current account balances and the substantial contribution of ECB refinancing will continue to help to keep the cost of funding low. Given the continuing favourable conditions for access to credit and the assumption of unchanged benchmark rates in 2022, loan rates will remain very low.

The positive momentum for the asset management and life insurance industries will continue. Savings flows to these sectors can be fuelled by the large pool of liquid assets, probably in excess, that have flowed into bank deposits in recent years and in 2021, and the demand for advice on savings and investment choices can be a key factor in this scenario.

Chairman's Statement

Paolo Molesini
Chairman

"We have further consolidated our leadership in Italy, we are among Europe's leading private banking players."

I am very proud to be Chairman of Fideuram - Intesa Sanpaolo Private Banking in this complex and difficult year and, at the same time, so rich in extraordinary results.

We have further consolidated our leadership in Italy, we are among Europe's leading private banking players and our commitment has been rewarded even more by the trust of our customers: we have reached record levels of total assets under management.

This means a lot to all of us: our way of banking is a winning choice, as is our model based on relationships and advice.

Building a strong, continuous and virtuous relationship between personal financial advisers and customers has always been the cornerstone of Fideuram - Intesa Sanpaolo Private Banking's approach: for us, advice has a unique meaning and has become the centrepiece of the private market where we operate.

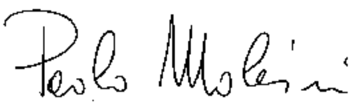
We are reliable and credible in our management of Italian families: protecting a significant part of their wealth is a challenging task, which calls for great responsibility, as well as supporting them in important moments of life, such as the delicate passage from one generation to the next, with always tailored answers and solutions.

Our personal financial advisers are at the forefront: their professionalism and ability to listen allow us to better understand our customers' needs and transform them into appropriate investment solutions, ensuring the utmost rigour in investment processes for sustainable value growth.

Sustainability is one of the main challenges that Italy is facing. We, together with the Intesa Sanpaolo Group, are ready to play an important and proactive role towards all stakeholders, especially for the future of the new generations. We believe in the combination of environment and technology, which is why we are investing in digitalisation, training and the employment of young talents in our networks.

Looking ahead, I am certain that we will play a leading role in the coming years just as we have been in this difficult 2021: it is in our DNA, in our way of facing commitments and responsibilities towards those, both households and businesses, who rely on us every day.

My heartfelt thanks go to all the people in the Private Banking Division who, in Italy and abroad, have contributed to our success with great poise, passion and professionalism, and who work together every day to make this bank, this Group and this country even better.



Chief Executive Officer's Statement

I have chosen to thank all those who have contributed to the goals of outstanding excellence that we have achieved in 2021 by providing some figures. These figures do not tell the whole story, of course, but they give a tangible, living picture of our Bank, which deserves its place as leader in Italy and among the main European operators in private banking.
This year, total assets under administration exceeded €341bn, up €37.5bn (+12%) from 31 December 2020: the highest level ever recorded in our history.
We achieved our best-ever trading performance with net inflows of over €15.7bn, up 20% on 2020.
Net inflows under management also grew strongly, amounting to €11.5bn, and so did net profit, up 35%, again compared to 2020.

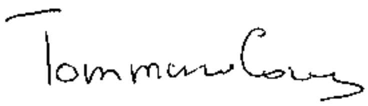
Behind these figures are the people who make our company great. There is their commitment, passion, professionalism, spirit of collaboration, sense of personal responsibility, and pride in being part of Fideuram - Intesa Sanpaolo Private Banking. And this pride has been further strengthened over the past two years by sharing a new vision and values. There is a desire to contribute to the well-being of households and businesses in Italy, the awareness of being a point of reference in the important moments of our customers' lives and to build with them and for them a more solid, secure and sustainable future. This is the spirit that distinguishes us as people and as a company and that has allowed us to go so far.

The outstanding results of the past year are in particular the fruit to the invaluable work of our 6,600 personal financial advisers, who have supported our customers with comprehensive asset management and tailored financial advice at the highest level, guiding their investment choices.
In 2021 we also expanded our action outside Italy's borders.
We have strengthened our international presence with our recent operations in Switzerland with Reyl and in Luxembourg with the acquisition of Compagnie de Banque Privée Quilvest: a long-awaited step forward that enables us to increase our range of high added value services for more sophisticated customers.

The consolidation of our international presence and the full integration of UBI Top Private and IW Bank are elements that further sustain the momentum and strengthen our role within the Intesa Sanpaolo Group.
Intesa Sanpaolo's new Corporate Plan focuses on the Private Banking business, which represents one of the main levers of growth for the entire Group: a role that we are ready to enhance, a commitment that we are ready to maintain.

Sustainability, full satisfaction of a sophisticated and demanding clientele, and concrete support for Italy's real economy are therefore the pillars of our bank's development strategies for the years to come: in all of this, it will be essential to continue our path of innovation and digitalisation, while drawing young professionals and new skills.

To win the upcoming challenges we have to be even stronger, braver, and united.
I would like to thank the personal financial advisers, managers and all employees very much for their commitment and loyalty on a daily basis, which I am sure they will continue to show over time.
I would like to extend my special thanks to the Intesa Sanpaolo Group for the support given to all stakeholders and to Italy: this common purpose will allow us to achieve new important goals together and contribute to a better future for all.



Tommaso Corcos
Chief Executive Officer and
General Manager

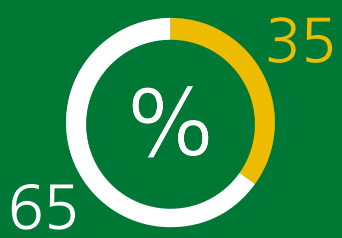
"I would like to thank the personal financial advisers, managers and all employees very much for their commitment and loyalty on a daily basis."

1.1 Business model
1.2 Key factors in the value creation process
1.3 Stakeholders
1.4 Business segments
1.5 Commitment to sustainable development

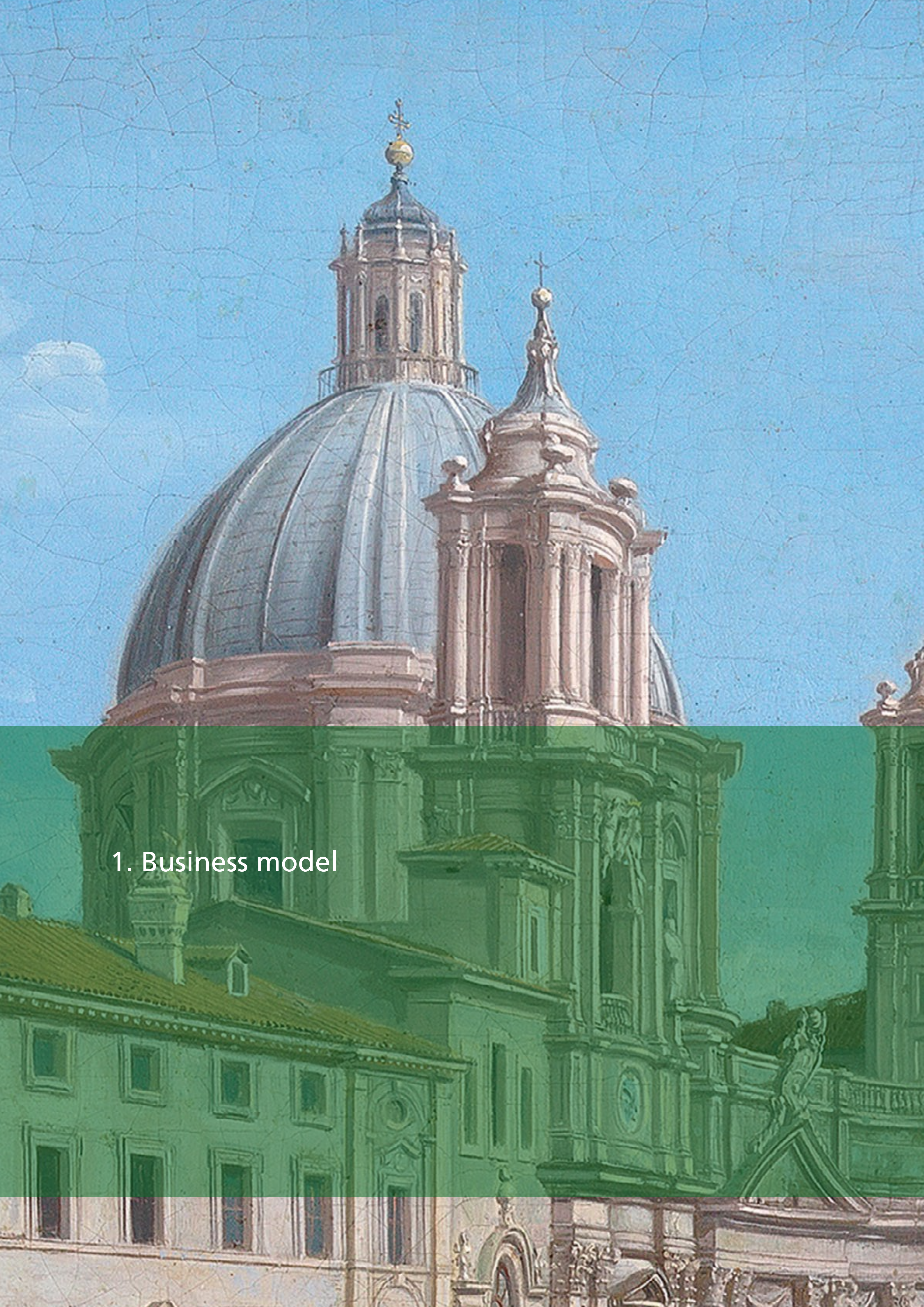
Wealth created in 2021 amounted to **€3.8 bn** (+**€567m** compared to 2020)

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

Client assets 2021:



Managed assets   Non-managed assets



1. Business model

1.1 Business model

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

Fideuram - Intesa Sanpaolo Private Banking is the Division that comprises the companies providing the Group's financial advisory, asset management and fiduciary services; it is the leading private bank in Italy and among the first in Europe, with assets of over €341bn, with its own international asset management presence with expertise in both liquid and private markets to support Personal Financial Advisers and their customers.

Fideuram is committed every day to protecting and enhancing the assets of families and entrepreneurs, playing a key role in the country's growth and the construction of a sustainable future.

The Division counts about 6,600 Personal Financial Advisers in five Networks: Fideuram, Intesa Sanpaolo Private Banking, Sanpaolo Invest, IW Bank and the Foreign Network. Within a framework of shared values and a service model based on professional advice and on the strength of the relationship of trust between customers and Personal Financial Advisers, each Network has its own offering model aimed at satisfying the various customer segments.

The approach to wealth management is comprehensive and includes both family and corporate assets, with financial, tax, legal, trust, M&A, Art and Real Estate Advisory services, offered using the skills of the Private Banking Division, in synergy with the Intesa Sanpaolo Group, or developed in partnership with the best professionals in the sector.

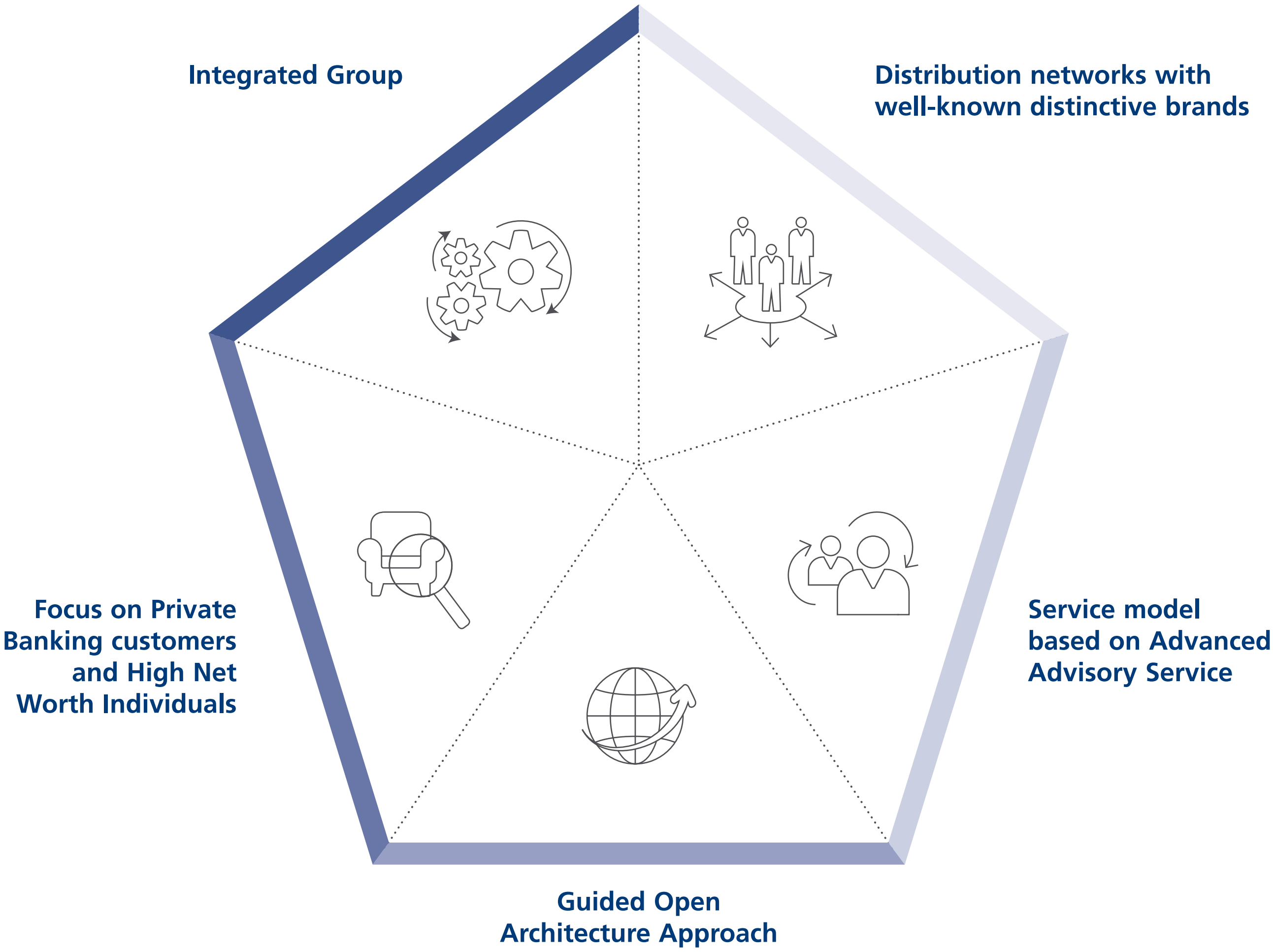
The investment solutions are implemented according to an open architecture model, which combines the products and services of the Division's companies with those of leading international investment firms.

The range of the offering is completed by both banking and insurance products and services, according to the best market standards and with a strong focus on the digital evolution.

Fideuram - Intesa Sanpaolo Private Banking considers environmental, social and governance issues to be key values in its way of being and operating, promoting balanced development that directs capital flows towards sustainable investments.

1.2 Key factors in the value creation process

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



An **Integrated Group** of companies based inside and outside Italy, with product companies that enable both prompt responses to changes in the market, exploiting the related opportunities, and the maintenance of management margins. This model of integration is based on a strategy of specialisation that allocates each Group company its own professional expertise. Through direct interaction with the Personal Financial Adviser Networks, the product companies are kept constantly updated on any changes in customer needs and are able to create the most appropriate investment solutions. This is also accomplished through the Group Investment Centre, whose aim is to establish a unified market view that uses different types of asset allocation approaches according to customer profile, risk appetite and distribution network.

Distribution networks with well-known distinctive brands: a model centred on the professional relationships between our Personal Financial Advisers and customers, underpinned by the strength of the Fideuram, Sanpaolo Invest, Intesa Sanpaolo Private Banking and IW Bank brands and their consolidated long-standing reputation on the Italian market. The latter are key to attracting new customers and top professionals in the sector with a complete offering of products and services, bank branches and leading-edge expertise. Moreover, with the acquisition of the Reyl Group, the expansion of the Group's sales networks on international markets has continued. A bricks and mortar presence, with 277 bank branches and 377 Personal Financial Advisers' offices, enables us to offer our customers a complete service that secures their loyalty and strengthens the Group's role as a one-stop-shop provider of banking products and services.

A **service model based on Advanced Advisory Services support:** the professional relationship between each Personal Financial Adviser and customer is based on a financial advisory service model governed by a specific contract. These services are delivered in the following two ways:

- *Basic Advisory Services*: provided free of charge to all customers and consisting in personalised advisory services regarding the customer's investments, paying careful attention to risk management and the suitability of their overall portfolio.
- *Advanced Advisory Services*: paid services provided on the basis of a dedicated contract:
  - *SEI Advanced Advisory Service*: this service identifies the customer's individual requirements classified by area of need, analyses their overall position and risk/return profile, and identifies appropriate investment strategies and solutions for each individual area of need, monitoring them over time.
  - *Private Banking Advanced Advisory Service*: a personalised advisory service with high added value for customers who want to be actively involved in their asset allocation choices with the assistance of their Personal Financial Adviser and the support of one of our Financial Advisory Unit specialists.
  - *VIEW (Value Investment Evolution Wealth) Advanced Advisory Service*: an advisory service that takes all of a customer's assets into consideration and supports the Personal Financial Advisers in their work of identifying each customer's specific requirements, classified by area of need, including with the assistance of guideline customer "archetype" profiles. The "View" service enables 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.

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

- Tax, legal and succession advisory services for asset planning.
- Fiduciary services, supported by Siref Fiduciaria.
- Advisory support to assist entrepreneurs manage the liquidity generated during significant business transitions, such as Mergers & Acquisitions or Initial Public Offerings.
- Art Advisory services provided with the support of external consultants.
- Real Estate Advisory services to support customers' real estate management needs both regarding disposable property and property of potential interest. The needs analysis is conducted internally or with the support of external consultants, including international consultants, for valuation and agency services.

In the fourth quarter of 2021, the fully digital service model and the business plan of Banca Diretta were defined. It will take effect on 14 February 2022 following the partial demerger of IW Bank in favour of Fideuram and be responsible for the business unit relating to banking relationships and order receipt and transmission services (and placement services for accounts without advisory services).

Banca Diretta, the new business area of the Private Banking Division dedicated to the development and management of digital customers who are not assigned to financial advisers, i.e., who are acquired and operate on a self-service basis through direct channels for banking, trading and investments, will focus on the management of relationships with customers who do not have an advisory contract and who are not followed by a Personal Financial Adviser.

In line with the 2022-2025 Business Plan, Banca Diretta will develop its potential to offer Fideuram's investment products and services to digital customers, based on the following principles:

- enhancement of IW Bank's customer base and commercial development among customers with investment objectives;
- self, assisted and guided advisory model in synergy with the Division's platforms and solutions;
- IW Bank's specialist advanced trading platform to increase the market share, including through the provision of the service to Division customers;
- synergy with the network of financial advisers to which to channel customers with potential and/or sophisticated investment needs;
- opening-up to the development of the European market with a digital investment banking offer.

A **Guided Open Architecture Approach:** a model that offers third-party products alongside our Group products to complement them, satisfying even the most sophisticated needs through partnerships with world-leading investment companies.

A clear focus on **Private Banking customers and High Net Worth Individuals**, segments that account for approximately 78% of the Group's client assets and which have high growth prospects in the Italian and foreign markets. Client assets are, moreover, substantially above the threshold necessary to obtain significant economies of scale and ensure the creation of value in a manner that is sustainable over time.

The process to upgrade the Private Wealth Management unit continued in 2021, in view of developing and serving the Private Banking and High Net Worth Individuals segments of the Fideuram and Sanpaolo Invest Networks, through a pro-active approach and dedicated business model. The Private Wealth Management unit supports the Personal Financial Advisers in assessing the needs of Private Banking customers through a dedicated service model and an array of special products and services targeted principally at business owner and professional households, who tend to demand solutions that protect value in its various forms, while also being highly articulate about their varied and complex requirements.

The dedicated business unit within Fideuram is broken down into units having various focuses as described below:

- Private Advisory Unit, which develops the array of financial services dedicated to Private Banking customers, by coordinating with the delegated structures and specialised Group units, creating solutions to develop and protect the customer's financial assets.
- Wealth Solution Competence Centre, which provides value added services for non-financial assets (e.g. household wealth protection analyses, corporate finance and M&A deals, luxury goods management, property management, philanthropy, etc.) by using the Group's specialised companies or competent, select external providers for the realisation of deals and projects.
- Development Service and Monitoring, which develops the products and services offered and the model as a whole, inter alia in coordination with the impacted units of the Bank. Additionally, it monitors the distribution of services offered by Private Wealth Management to the Networks, analyses market trends in the Wealth Management sector, develops commercial projects targeting Private Banking customers, and manages the partnership with the external providers of specialised services in the Wealth Management field.
- Private Wealth Management and Network Relations Coordination, which supports the network for access to banking services dedicated to Private Banking customers. It provides a dedicated lending desk, facilitating the exchange of information, with Central Departments or Group companies specialising in access to credit, as necessary.

Fideuram has local Private Banking Centres dedicated to meetings with customers.

Moreover, the Group enhances its provision for High Net Worth Individual customers through an Intesa Sanpaolo Private Banking Department that supports the Personal Financial Adviser Network with dedicated products and strategies. The Department is made up of the following units:

- Client Business Development, which develops the support provided to existing customers and for acquiring new ones, including through the establishment of a network of relationships with private sector operators and external professionals, and through offering ordinary and extraordinary financial services and lending services to business customers.
- Wealth Planning, which provides specialist advisory support providing wealth advisory, philanthropy advisory, art advisory, and real estate advisory services.
- Investment Solutions HNWI, which is responsible for the dedicated model, the offering of customised investment solutions for specific customer needs, the development of the international offering on the Italian Network and the study of customised solutions with international content. Moreover, the team works as a generator of ideas for new products and services in response to market developments.
- Family Office, which manages and coordinates relations with Family Offices and institutional counterparts.
- Advisory, which analyses the customer's portfolio, draws up customised allocation proposals, provides targeted advice on the purchase and sale of individual financial instruments, and carries out constant risk monitoring.

The HNWI customer service model, delivered through specialisation of the network with dedicated resources and HNWI Branches, aims to bring the most important relationships together in a small number of operating centres and to strengthen our market coverage of the HNWI segment through the creation of ad hoc organisational solutions. These branches will liaise with the HNWI Competence Centre on a regular basis in order to resolve any issues typical of a dedicated service model.

THE CREATION OF VALUE

REGULATIONS

EXTERNAL CONTEXT

MAIN STRATEGIES

1. STRENGTHEN THE IDENTITY OF THE DIVISION

Fully tapping the potential of its People and their skills

2. CONSOLIDATE THE CORE BUSINESS ITALY

Positioning Fideuram as the Group's centre of excellence in Wealth Management and specialising the Service Models

3. EXPAND THE INTERNATIONAL BUSINESS

Reinforcing our European leadership in Wealth Management, also by hiring Personal Financial Adviser teams

4. DEVELOPING THE DIRECT BANKING AND ADVANCED TRADING DIGITAL CHANNEL

Development of a platform for investment and trading dedicated to customers with a significant propensity for technology

5. INTEGRATE ESG ASPECTS

Across the board integration into the business proposition, operating model and Division processes

Financial capital

- Client assets: €341.2bn
  of which Managed Assets: €220.7bn
- Financial solidity CET 13.6% and TCR 13.8%

Productive capital

- Bank Branches no. 277
- Personal Financial Advisers' Offices no. 377

Intellectual capital

- Investments in information systems €67m
- Projects no. 105

Human capital

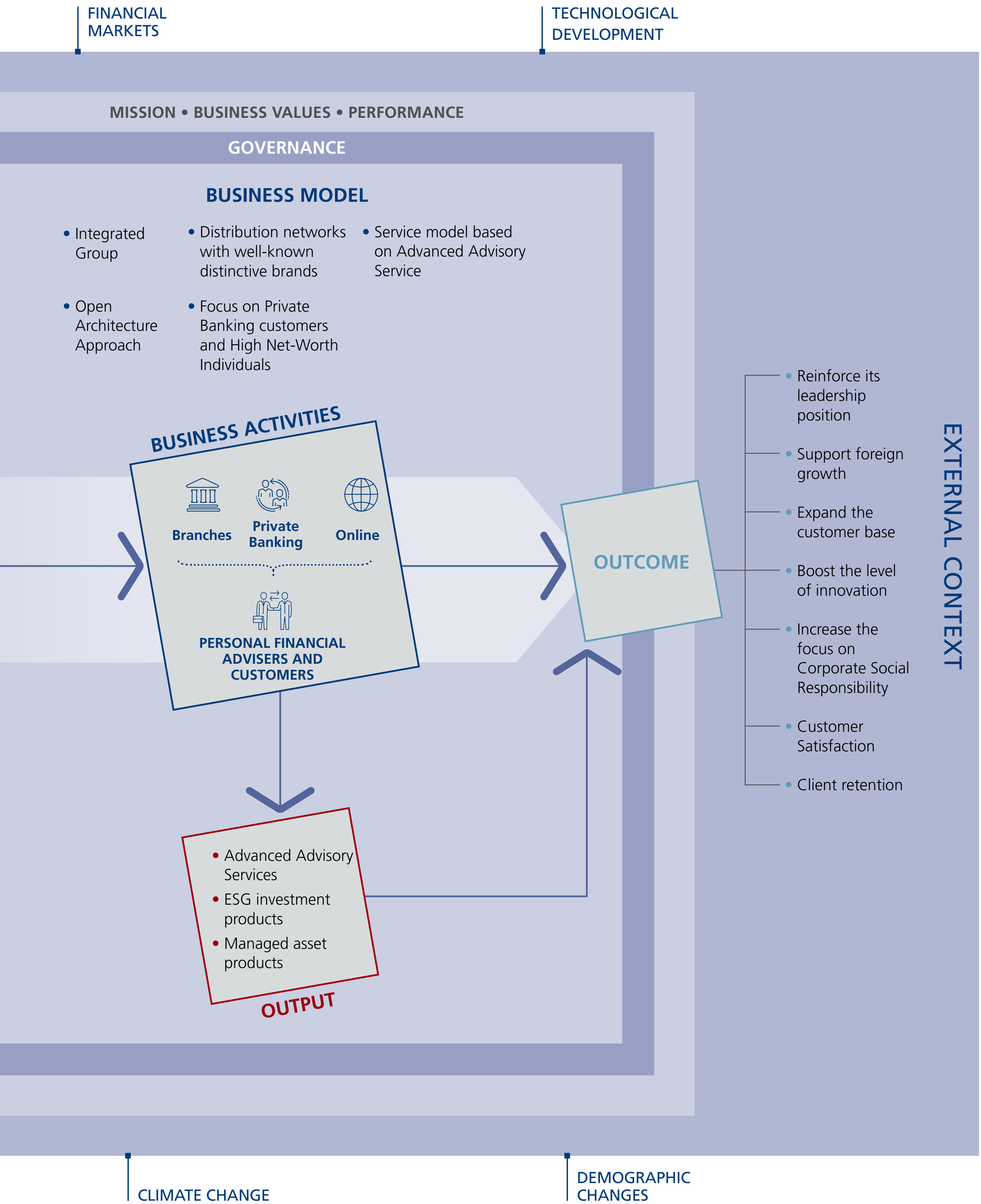
- Personal Financial Advisers no. 5,594
- Employees no. 4,013
- Personal Financial Adviser training hours no. 424,419 and Employee training hours no. 166,300

Relational capital

- Client retention rate 95%
- New client rate 11%
- Net Promoter Score Fideuram / Sanpaolo Invest Networks 69 and Intesa Sanpaolo Private Banking Network 66
- Customer Satisfaction Index Fideuram / Sanpaolo Invest Networks 8.5 and Intesa Sanpaolo Private Banking Network 8.6

INPUT

CONSUMER BEHAVIOUR


FINANCIAL MARKETS
TECHNOLOGICAL DEVELOPMENT
MISSION • BUSINESS VALUES • PERFORMANCE
GOVERNANCE
BUSINESS MODEL
• Integrated Group
• Distribution networks with well-known distinctive brands
• Service model based on Advanced Advisory Service
• Open Architecture Approach
• Focus on Private Banking customers and High Net-Worth Individuals
BUSINESS ACTIVITIES
Branches
Private Banking
Online
PERSONAL FINANCIAL ADVISERS AND CUSTOMERS
OUTCOME
• Reinforce its leadership position
• Support foreign growth
• Expand the customer base
• Boost the level of innovation
• Increase the focus on Corporate Social Responsibility
• Customer Satisfaction
• Client retention
EXTERNAL CONTEXT
• Advanced Advisory Services
• ESG investment products
• Managed asset products
OUTPUT
CLIMATE CHANGE
DEMOGRAPHIC CHANGES

1.3 Stakeholders

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

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

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

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

Our **suppliers** are business partners with whom the Group works to our mutual benefit to achieve the objective of satisfying needs connected with the purchase of goods and services.

Our **community** comprises all the social and cultural entities with which the Group interacts in the performance of its business, including the leading investment companies with which it has strategic relations.

The **environment** is the set of ecological and energy variables which the Group may affect in the performance of its business. The Fideuram Group believes that its work to create sustainable value can only proceed hand in hand with a commitment to reducing its ecological footprint.

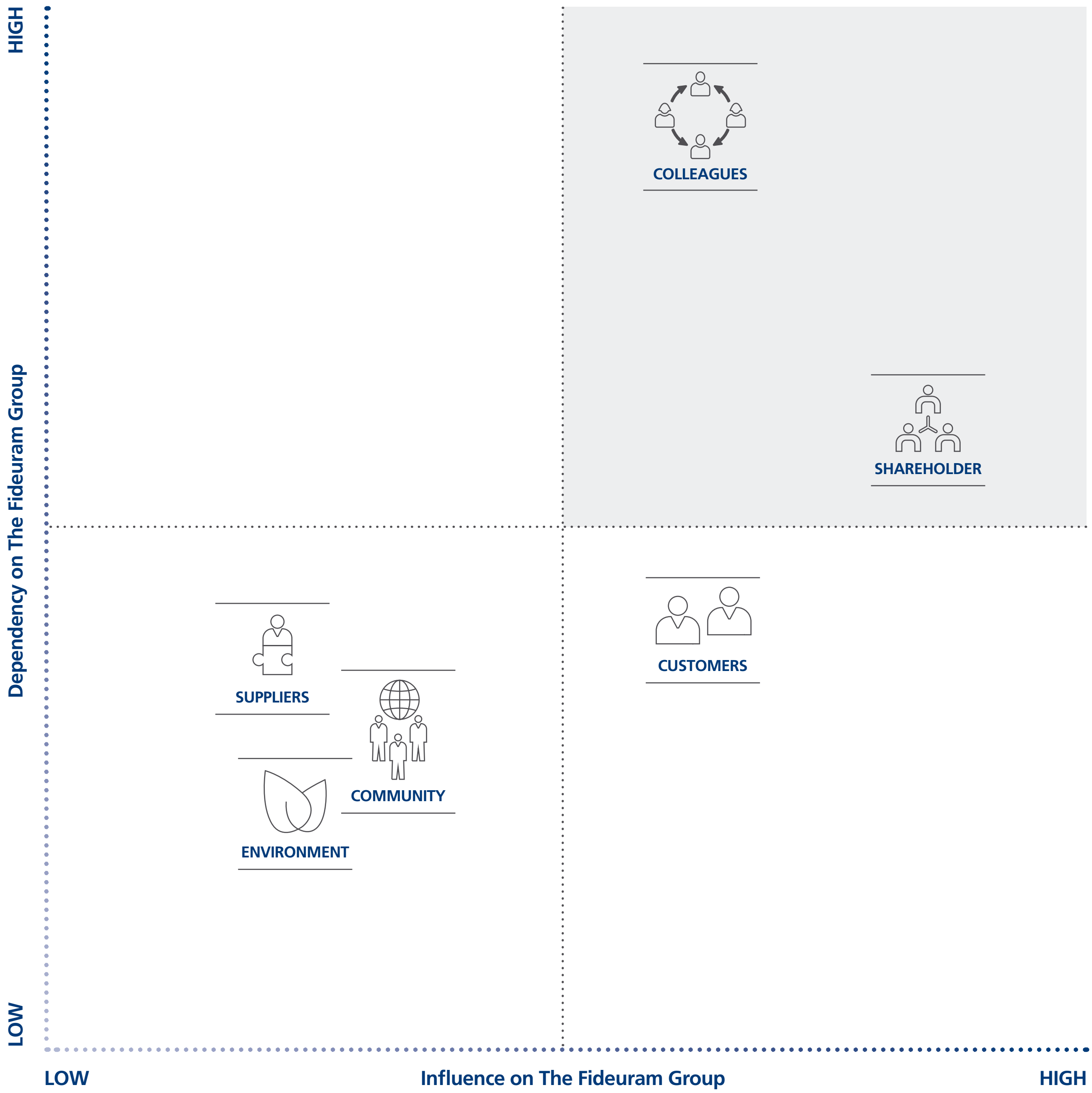
Effective stakeholder engagement has numerous benefits for the development of the Group's strategy:

- promoting more effective risk management and enhancing our reputation;
- enabling us to take all resources (knowledge, people and technologies) into account to achieve our strategic objectives;
- helping us to achieve a more in-depth understanding of the social environment in which the Group operates, including market developments and new business opportunities;
- building a climate of trust with its many reference interlocutors;

- leading to more equitable and sustainable social development by involving more parties in the decision-making processes;
- allowing us to play a social role through the management of our customers' assets and the succession management of their financial assets.

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

STAKEHOLDER MATRIX



The Fideuram Group's principal stakeholders are mapped below:

STAKEHOLDER MAP

		2021	2020
CUSTOMERS			
High Net Worth Individuals Private Banking customers Affluent customers Mass Market customers	Fideuram customers (No.)	638,710	606,012
	Sanpaolo Invest customers (No.)	167,262	160,809
	Intesa Sanpaolo Private Banking customers (No. of households)	49,031	38,327
	Siref Fiduciaria customers (No. fiduciary mandates)	1,770	1,844
	IW Bank customers (No.)	138,975	143,772
	Foreign Network customer (No.)	4,873	4,793
	Client Assets (€m)	341,238	303,711
	Average length of customer relationship Fideuram and Sanpaolo Invest Networks (years)	13	13
	Average length of customer relationship Intesa Sanpaolo Private Banking Network (years)	15	14
	Average length of customer relationship IW Bank Network (years)	11	11
SHAREHOLDER			
Intesa Sanpaolo S.p.A.	Fideuram ordinary shares (No.)	1,500,000,000	1,500,000,000
	Par value (€)	no-par shares	no-par shares
	Shareholders' equity (€m)	3,319	3,147
	Consolidated pay-out (%)	63.68	82.99
	Separate pay-out (%)	88.50	135.32
	Counterparty rating (S&P Global Ratings)	BBB/Positive	BBB/Stable
COLLEAGUES			
Employees	Employees: men (No.)	2,270	1,714
	Employees: women (No.)	1,743	1,409
	Graduate employees (%)	52	52
	Turnover (%)	11	10
	Average training hours per employee (No.)	46	44
Personal Financial Advisers	Personal Financial Advisers (No.)	6,594	6,475
	Client Assets / Number of Personal Financial Advisers (€m)	52	47
	Average training hours per Personal Financial Adviser (No.)	65	69
SUPPLIERS			
	IT services (€m)	48	37
	Building management (€m)	17	14
	Third-party services (€m)	142	98
	Professional and insurance costs (€m)	33	22
	Advertising and promotional costs (€m)	7	6
	Other expenses (€m)	29	27
COMMUNITY			
Leading investment companies Non-profit organisations Public institutions Local Media	Charitable and other donations (€m)	1.1	1.2
	Current taxes (€m)	420	344
	Indirect taxes and levies (€m)	337	265
	Expenses regarding the banking system (€m)	47	32
ENVIRONMENT			
Environmental organisations Future generations	Paper consumption per employee (kg)	46	39
	Direct and indirect GHG emissions (scope1 and scope2) (tCO_2)	3,454	2,483

The figures for 2020 for employees, suppliers, community and the environment were not restated.

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

The distribution of the wealth created by the Group and transferred to its stakeholders is illustrated below:

DISTRIBUTION OF WEALTH CREATED

	% 2019	% 2020	% 2021
The value created for our **CUSTOMERS** is reflected in the returns obtained through the subscription of financial products offered by the Group.			
The value created by the Group is distributed to the **SHAREHOLDER** as dividend income.	22	21	19
The value created by the Group is distributed to the **COLLEAGUES** through: • *fee and commission expense;* • *personnel expenses;* • *provisions for the termination of agency agreements and for the Personal Financial Adviser network loyalty schemes.*	37	41	38
The value created for the **SUPPLIERS** is distributed through Administrative expenses.	7	9	8
The Group distributes the value created for the **COMMUNITY** and the **ENVIRONMENT** through: • *fee and commission expense;* • *administrative expenses / other expenses (donations);* • *direct and indirect taxes and levies;* • *expenses for the resolution fund and deposit guarantee scheme.*	22	20	21
VALUE RETAINED This is the value remaining in the Group, mainly in the form of provisions, depreciation and amortisation, deferred tax assets and liabilities.	12	9	14

1.4 Business segments

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

MANAGED FINANCIAL ASSETS SEGMENT, which extends from mutual funds to SICAVs, alternative funds and individual discretionary accounts.

LIFE INSURANCE ASSETS SEGMENT, which covers unit-linked and traditional managed insurance asset products, as well as pension and protection products.

BANKING SERVICES SEGMENT, which covers the Group's banking and financial services.

MANAGED FINANCIAL ASSETS SEGMENT

The Group offers its customers:

MUTUAL FUNDS

The Group's mutual fund products are developed following an open architecture approach. They comply both with the UCITS Directive (mutual funds and SICAVs) and AIFM Directive (alternative investment funds - AIF), whether Group products or offered by third-party asset managers, and whether based inside or outside Italy.

The range covers the following different types of funds:

- **Benchmark** funds, with a return objective linked to a market index.
- **Flexible** funds, which seek to obtain positive absolute returns for different levels of risk without being linked to a reference benchmark.
- **Alternative** fund, which seek to obtain absolute returns through a wider range of investments than traditional funds. They mainly consist of AIF products that provide access to private markets, enabling greater portfolio diversification and market decorrelation. These funds have high subscription thresholds and are intended for Private Banking customers.

DISCRETIONARY ACCOUNTS

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

MANAGEMENT STYLES

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

Further information
on pages 93-97

Flexible lines
These are lines that have the objective of obtaining positive absolute returns with limited correlation with the financial markets. As such, they are products with a risk control policy based on respecting a maximum potential loss level or a maximum volatility level that constitutes a management limit.

Personalised lines
Lines built around a customer's specific requirements which may aim to generate an excess return with respect to a customer-specific market index or to obtain positive absolute returns through a risk control policy that reflects the customer's specific requirements with the option of reviewing the parameters over time in relation to their changing needs.

TYPES OF FINANCIAL INSTRUMENTS

Multimanager Asset Management Funds
Mainly invest in mutual funds and SICAVs offered both by the Group and third-party fund managers and in ETFs.

Portfolio Management
Mainly invests in financial instruments other than units/shares in funds/SICAVs.

The Group offers a flexible range of solutions in this area that can be tailored to different customer needs in terms of the service, operational efficiency and tax efficiency required (Fideuram OMNIA/Sanpaolo Invest OMNIA, Fideuram Folios, Fideuram Tesoreria and Wealth Collection AM for Intesa Sanpaolo Private Banking).

Through Fideuram/Sanpaolo Invest, OMNIA discretionary accounts and Fideuram Folios, Fideuram and Sanpaolo Invest have access to a wide range of investment lines of Fideuram Asset Management SGR offering different management styles, geographical areas and investment instruments that can be combined following a diversified approach to investment type and risk. OMNIA discretionary accounts also offers solutions that provide increasing levels of customisation in relation to the amount which may be invested and can extend to the construction of dedicated lines for Private Banking customers, supported by a specialist team.

Intesa Sanpaolo Private Banking offers a wide spectrum of investment lines organised by customer type, management style and investment risk. In particular, two dedicated solutions are available: the "Wealth Collection" multi-line asset management by Fideuram Asset Management SGR and the "Eurizon Capital management lines" managed by a team of specialists dedicated to high net worth customers.

Fideuram Tesoreria is a treasury management service designed specifically for the Division's institutional customers.

ESG PRODUCTS

Within the asset management and insurance-based investment areas, there are solutions, created by the Group or selected from the proposals of major international investment firms, that promote environmental and/or social issues or that have a sustainable investment objective.
These solutions are implemented through investment processes designed to guide the selection of investments in accordance with sustainability principles, which are broken down into three areas of interest:

- **Environmental** concerning environmental protection, inter alia through control of the direct and indirect impacts that economic activities can have, for example in terms of greenhouse gas emissions, energy efficiency and water resource management.

- **Social** referring to social values, i.e. upholding human rights, worker rights and conditions, diversity, minors, and everything pertaining to the sphere of respect for human dignity.
- **Governance** pertaining to the rules of conduct in the management of an entity, which may be a company, an institution, a local community or other. In particular, by applying the concept to companies, governance refers to the ways in which companies are managed and controlled and thus, for example, to the composition of the Board of Directors, shareholder relations, manager remuneration policy and legal compliance.

From March 2021, based on EU Regulation 2019/2088 "Sustainable Finance Disclosure Regulation" (SFDR), a classification of products connotated as ESG has been introduced based on the extent to which sustainability principles and criteria are integrated into their investment objectives or approaches. With reference to the Regulation, products are classified:

- article 8: a financial product that promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics;
- article 9: a financial product that has sustainable investment as its objective.

Products claiming to be covered by art. 8 and 9 of the SFDR aim at one or more of the 17 Sustainable Development Goals (SDGs) endorsed by the United Nations and included in the 2030 Agenda for Sustainable Development.
Products covered by the SFDR include Mutual Funds, Alternative Investment Funds, Discretionary accounts, Insurance-based Investment Products and Pension Products.

With reference to the Group's products, the most recent additions in 2021 to the ESG solutions were two solutions with sustainable investment objectives (art. 9), the Fonditalia 4 Children sub-fund and, for the Fideuram and Sanpaolo Invest networks, the Impact Allocation Folio management line. With regard to art. 8 products, the Fonditalia Quality Innovation Sustainability sub-fund and the Fonditalia SLJ Flexible China and Ailis BlackRock Balanced ESG sub-funds were created for Intesa Sanpaolo Private Banking, while the Next Generation Winners management line was released for the Fideuram and Sanpaolo Invest Networks.

LIFE INSURANCE ASSETS SEGMENT

The Group provides its customers with a wide range of insurance products, including:

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

INSURANCE PRODUCTS – TRADITIONAL

Traditional insurance products provide for the payment of a premium by the policyholder against the guaranteed return of a revalued capital sum, with the option of conversion into a life annuity which may be reversible (the latter form which allows the annuity to continue being paid to another person on the death of the beneficiary), upon the occurrence of a life-related event (survival or death). Products in this category include "Fideuram Vita Garanzia e Valore" offered by Fideuram, Sanpaolo Invest, and IW Bank and "Penso a te" and "Base sicura Tutelati" offered by Intesa Sanpaolo Private Banking.

INSURANCE PRODUCTS – UNIT LINKED

Unit linked insurance products provide for the payment of a capital sum upon the occurrence of a life-related event (survival or death), in return for the payment of a premium by the policyholder. The value of the capital sum is linked to the value of the internal funds or mutual funds in which the premiums paid by the policyholder have been invested. These policies thus provide a financial management service, while simultaneously offering optional basic insurance coverage. Products in this category include the "Fideuram Vita Insieme" family of policies offered by Fideuram and Sanpaolo Invest, and the "ISPL Selezione Private" and "ISPL Prospettiva 2.0" policies offered by Intesa Sanpaolo Private Banking. These are flexible solutions combining investment opportunities and insurance coverage. The "Fideuram Vita Insieme" family of products offers different versions tailored to different customer segments, with the highest level of personalisation being offered by "Fideuram Vita Insieme Private", the version offered to Private Banking customers.
The insurance products offered also extend to multi-class policies, which allow the customer's investment to be allocated in varying percentages to a traditional segregated insurance fund and to the Group's mutual and unit-linked funds. This category includes the policy "Fideuram Vita Sintonia" distributed by the Fideuram and Sanpaolo Invest, the policies "Synthesis" and "Synthesis HNWI", a version of the latter expressly for Private Banking customers of high-standing, distributed by Intesa Sanpaolo Private Banking.

PENSION AND PROTECTION PRODUCTS

The Group offers its customers personal pension plans and open pension funds that pay the policyholder, upon retirement, a life annuity which can also be reversible (pension products). This category includes the "Fondo Pensione Fideuram" open pension fund offered by Fideuram, Sanpaolo Invest and IW Bank, as well as the "Il Mio Domani" open pension fund and the "Il Mio Futuro" personal pension plan offered by Intesa Sanpaolo Private Banking.

The Group also offers its customers insurance products that cover the policyholder against the risk of certain specified events (protection products). These are "pure risk" life or accident products such as Term Life Insurance policies, which pay a capital sum upon the death of the policyholder within the contractual term of the policy in return for the payment of regular premiums, and health insurance policies, which reimburse the expenses required due to accident or illness. Products in this category include "Fideuram Vita Serena" and "Salute Fideuram", offered by Fideuram and Sanpaolo Invest.

BANKING SERVICES SEGMENT

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

- Banking services and in particular current accounts with ancillary services for the lodging of securities, debit cards (issued by Fideuram and Intesa Sanpaolo Private Banking), credit cards (issued by Mercury Payment Services with the Fideuram and Intesa Sanpaolo Private Banking logos, and by Nexi and American Express), mortgages issued by Fideuram or Intesa Sanpaolo, and lease products for Intesa Sanpaolo Private Banking (issued by Intesa Sanpaolo), and lending products (principally secured by assets held with the Group itself).
- Non-managed asset investment opportunities.

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

CURRENT ACCOUNTS

The Group offers a range of current accounts with different conditions to suit different customer needs and levels of financial assets.
Fideuram solutions satisfy customers' specific needs and different target groups of customers. In particular, the "Conto Fideuram One" account is dedicated to those customers who use their own current account in the traditional way. The "Conto Fideuram Prime" is aimed at customers who use digital channels. The "Conto Fideuram Private Banking" and "Conto Esclusivo Fideuram Private Wealth Management" accounts are dedicated to HNWI. Other lines of current accounts are also available, and are dedicated to specific commercial offers with favourable rate conditions for specific periods and maximum deposit limits.
Intesa Sanpaolo Private Banking offers the "Conto Private Zero Spese" and "Conto Private Flessibile". The Group offers a range of credit card solutions tailored for different customer profiles.

CREDIT SERVICES

The Group offers its customers lines of credit that afford them cash flow flexibility, secured by investment products held with the Group or substantial client assets held by the Group, and short-term and medium-long term loans for up to fifteen years.

NON-MANAGED ASSETS

The Group offers its customers the option of investing directly in shares, bonds, structured bonds, certificates and other financial instruments on the primary and secondary markets. It is also possible to make trades in repurchase agreements and, for Intesa Sanpaolo Private Banking and IW Bank, securities lending. The Group offers bonds and certificates on the primary market. These instruments are developed and issued by IMI Corporate & Investment Banking - Intesa Sanpaolo, supranational institutions or leading international issuers. The certificates with protected capital offered by Fideuram, Sanpaolo Invest and IW Bank, and the special interest investment theme certificates and bonds dedicated to customers of Intesa Sanpaolo Private Banking are of particular importance in this category.

The search for investment solutions with sustainable characteristics also involves the non-managed assets component, with the issue of Intesa Equity Protection Certificates with underlying ESG indices, which aim to reward sustainable companies for their environment, social and governance approach.

The Fideuram Group carefully selects outstanding international managers to offer its own customers a greater possibility of diversification. Over one third of our customers' assets are now invested in products offered by the world's best managers.

TOP CLASS PARTNERS

Aberdeen Standard Investments
Amundi Asset Management
AXA Investment Managers
BANOR SICAV
BlackRock
BNP PARIBAS ASSET MANAGEMENT
BNY MELLON
CAPITAL GROUP
CARMIGNAC RISK MANAGERS
COLUMBIA THREADNEEDLE INVESTMENTS
CREDIT SUISSE
DNCA INVESTMENTS
DWS
EPSILON SGR
EURIZON ASSET MANAGEMENT
Fidelity International
FIDEURAM ASSET MANAGEMENT IRELAND
FIDEURAM INTESA SANPAOLO PRIVATE BANKING Asset Management
FRANKLIN TEMPLETON
GAM Investments
Goldman Sachs Asset Management
iM Global Partner
Invesco
Janus Henderson INVESTORS
J.P.Morgan Asset Management
KAIROS a Julius Baer Group company
LA FINANCIÈRE DE L'ÉCHIQUIER
LEMANIK
LOMBARD ODIER
LYXOR Asset Management SOCIETE GENERALE GROUP
M&G Investments
Morgan Stanley INVESTMENT MANAGEMENT
Muzinich & Co
NEUBERGER BERMAN
NN investment partners
Nordea ASSET MANAGEMENT
PEGASO CAPITAL PARTNERS SA
PICTET Asset Management
PIMCO
Raiffeisen Capital Management Member of RBI Group
Schroders
UBP Union Bancaire Privée
UBS
Vontobel

1.5 Commitment to sustainable development

THE SUSTAINABILITY CONTEXT

The discussion about sustainable development began in 1987, when the United Nations World Commission on Environment and Development published a document entitled the Brundtland Report (also known as "Our Common Future"), in which sustainable development was defined as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs". Numerous institutional initiatives by the United Nations and the European Union have followed since then, significantly raising focus on these issues, and launching transition of the economy from the present development model to a sustainable development model.

UNITED NATIONS GLOBAL COMPACT

"Specifically, I call on you, individually through your firms, and collectively through your business associations, to embrace, support and enact a set of core values in the areas of human rights, labour standards, and environmental practices"

(Kofi Annan, Secretary General of the United Nations, World Economic Forum, 31 January 1999, Davos)

The United Nations Global Compact is a United Nations initiative established in 2000 with the aim of promoting a sustainable global economy. This initiative encourages companies around the world to adopt sustainable policies and to share, support and implement in their own sphere of influence a series of fundamental principles for human rights, labour standards, environmental protection and the fight against corruption, and to publish the results of the actions taken.
This initiative was proposed for the first time in 1999, at the World Economic Forum in Davos, by the former Secretary General of the United Nations, Kofi Annan, who asked world economic leaders to initiate a Global Compact in support of the ten Universal Principles concerning human rights, labour, environmental protection and the fight against corruption, and to implement the United Nations Sustainable Development Goals. The Global Compact is a network bringing together governments, enterprises, United Nations agencies, trade union organisations and social organisations, guiding them towards a more inclusive and sustainable global economy by sharing, implementing and spreading the principles and values promoted by the initiative.
Since 2000, the year when the initiative was launched at UN headquarters in New York and became operational, the Global Compact has steadily grown to become a genuine global forum called to address the most critical aspects of globalisation. The Compact originated with the idea that those enterprises that have a strategic, long-term vision focused on social responsibility, innovation and accountability can contribute to a new form of globalisation characterised by sustainability, international cooperation and partnership in a multi-stakeholder perspective that assures everyone the opportunity to share its benefits. The enterprises that support the Global Compact commit themselves to integrate the Ten Principles in their own strategic vision as well as in their organisational culture and daily operations and, more generally, to support the broader development goals set by the United Nations.

The Ten Principles that the members of the Global Compact promise to uphold in the operation of their own activities are listed in the following table:

Human rights

PRINCIPLE 1

Support and respect the protection of internationally proclaimed human rights in one's respective spheres of influence.

PRINCIPLE 2

Do not be complicit in human rights abuses, either directly or indirectly.

Labour

PRINCIPLE 3

Uphold the freedom of association and the effective recognition of the right to collective bargaining.

PRINCIPLE 4

Eliminate all forms of forced and compulsory labour.

PRINCIPLE 5

Abolish child labour.

PRINCIPLE 6

Eliminate discrimination in respect of employment and occupation.

Environment

PRINCIPLE 7

Support a precautionary approach to environmental challenges.

PRINCIPLE 8

Undertake initiatives to promote greater environmental responsibility.

PRINCIPLE 9

Encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

PRINCIPLE 10

Work against corruption in all its forms, including extortion and bribery.

PRINCIPLES FOR RESPONSIBLE INVESTMENT – UN PRI

In 2005, Kofi Annan, Secretary General of the United Nations, invited the principal international institutional investors to develop a set of Principles for Responsible Investment. These principles were presented at the New York Stock Exchange in 2006. They highlight the financial relevance of environmental, social and good corporate governance (ESG) issues, defining a reference framework for investors as a contribution to the development of a more stable and sustainable financial system.

Principles for Responsible Investment

1. Incorporate environmental, social and governance (ESG) issues into investment analysis and decision-making processes.
2. Be active owners and incorporate ESG issues into one's own ownership policies and practices.
3. Seek appropriate disclosure on ESG issues by the entities in which one invests.
4. Promote acceptance and implementation of the Principles within the investment industry.
5. Work together to enhance mutual effectiveness in implementing the Principles.
6. Report on one's activities and progress towards implementing the Principles.

SUSTAINABLE DEVELOPMENT GOALS – SDGS

On 25 September 2015, the General Assembly of the United Nations adopted the Agenda 2030 for sustainable development, an action plan for individuals, the planet and prosperity signed by the governments of the 193 member states of the United Nations. It incorporates 17 Sustainable Development Goals (SDGs) in a grand action plan for a total of 169 targets to be achieved over 15 years. The SDGs and associated targets establish the global priorities for 2030 and define an integrated action plan for individuals, the planet, prosperity and peace.

The adoption of Agenda 2030 represented an historic event in various ways. The current development model was clearly found to be unsustainable for the first time, not only in environmental terms but also in economic and social terms, in an integrated conception of the various dimensions of development. All countries are called on to contribute to the effort to lead the world on the path of sustainability, without any more distinctions between developed, emerging and developing countries. Therefore, every country has to commit to defining its own strategy to achieve the SDGs by the established deadline.

Given its scope, implementation of the Agenda 2030 demands major involvement by all members of society, from companies to the public sector, from civil society to philanthropic institutions, from universities and research centres to information and culture specialists. A key role is given to all companies, regardless of their size, sector or geographic location, which are called on to take a strongly proactive approach to sustainable development, through the implementation of new models for responsible business, investments, innovation, technological development and action in partnership. In particular, companies are called on to add the SDGs to their own plans and financial statements, aiming at a reduction in the impact of their own activities on the ecosystem, streamlining the use of human and material resources, and drastically reducing waste, while encouraging the creation of new jobs and redistribution of the wealth produced as a contribution to the struggle to eliminate poverty.

PARIS CLIMATE AGREEMENT

COP21·CMP11 PARIS 2015 UN CLIMATE CHANGE CONFERENCE

At the Paris Climate Conference (COP21) in December 2015, 195 countries adopted the first universal and legally binding climate agreement, agreeing to commit themselves effectively to limit the average increase in global temperature to 1.5°C by 2030, to cooperate at the international level to achieve that goal, and to reinforce the capacity of societies to deal with the impact of climate change. The Paris agreement came into force on 4 November 2016. All Member States of the European Union ratified the agreement.

The Sustainable Development Goals (SDGs) and the Paris Climate Agreement offer the strongest common agenda for achieving peace and prosperity at the global level. The Global Compact serves to be the catalyst for future changes, guiding the private sector towards achievement of the SDGs by 2030.

CLIMATE ACTION SUMMIT

The Climate Action Summit was held in New York on 22 September 2019 as part of the United Nations General Assembly. During the summit, another 77 countries announced their commitment to set a target of zero net emissions by 2050, and another 70 countries committed themselves to achieving even more ambitious reduction targets by 2020 than those adopted with the Paris Agreement. A major contribution was received from the financial and corporate world. Various fund managers will try to present financial plans based on zero net emissions by 2050, and numerous private companies will align themselves with the obligations established by the Paris Global Climate Conference. Moreover, 130 banks from around the world have adopted the **Principles for Responsible Banking** (PRB), an initiative of the United Nations Environment Programme in the financial sector (UNEP-FI). The programme aims to promote measures in favour of the development of a sustainable banking sector, by aligning it with the targets of the United Nations Agenda 2030 and those of the Paris Climate Agreement.

Principles for Responsible Banking

1.	Alignment: orient corporate strategies to compliance with the Paris Climate Agreement.
2.	Impact and target setting: concretely pursue the goal of reducing the actions that negatively impact the environment and publishing the results achieved in that sense.
3.	Clients and Customers: commit to supporting activities aimed at the well-being and prosperity of future generations.
4.	Stakeholders: raise the awareness of the various stakeholders involved in banking activity concerning the sustainability goals.
5.	Governance and culture: take action so that the sustainability goals become full-fledged benchmarks for internal governance systems.
6.	Transparency and accountability: make the progress towards ever-greater compliance with sustainable development principles public and verifiable, by pursuing a responsible approach oriented towards a reduced environmental impact.

The Principles for Responsible Banking represent a key step marking another goal in the definition of various reference frameworks in different economic, financial and political sectors. In particular, the activities operated by the banking sector are aligned with the Principles for Responsible Investment and allow the creation of a scope of action to determine what a "responsible bank" is.

COP26

COP26, the climate conference organised annually by the United Nations within the framework of the United Nations Framework Conference on Climate Change (UNFCCC), ended in Glasgow on 12 November 2021. The expectation of this conference was that parties would commit to more ambitious targets than those set by COP21. Under the Paris Agreement, parties are required to carry out a review of their commitments every five years, a process commonly known as the 'ratchet mechanism'.

The main objectives of COP26 are:

1. Mitigation: zero net emissions by 2050 and limit the temperature rise to no more than 1.5°C by accelerating the phase-out of coal, reducing deforestation and increasing the use of renewable energy.
2. Adaptation: supporting the most vulnerable countries to mitigate the impacts of climate change, and to protect communities and natural habitats.
3. Climate finance: mobilise funding for developing countries, reaching a target of USD 100 billion per year.
4. Finalisation of the 'Paris Rulebook': in order to make the Paris Agreement operational, work was finalised on three issues of a technical nature:
    - transparency: tables and formats for reporting under the new transparency framework (ETF) of the Paris Agreement, which will come into force for all countries, developed and developing, by 2024, have been adopted;
    - mechanisms: an agreement was reached on market mechanisms, relating to article 6 of the Paris Agreement, which recognises the possibility for countries to use the international carbon market to implement nationally determined emission reduction commitments (NDCs);

- timeframe: an agreement was reached on a decision that encourages, in a non-binding manner, countries to report NDCs on a five-year basis.

Within the UNFCCC, and therefore also at COP26, every decision is taken with the consensus of the 196 countries that are party to the Convention, essentially unanimously. Consensus on every line of the texts that make up the numerous final decisions is not easy, given the frequent differences in the positions of the participating countries.

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

On 24 September 2021, more than 130 heads of state and government, high representatives and multistakeholder leaders gathered for the High-level Dialogue on Energy with the aim of promoting the implementation of the energy goals set out in the 2030 Agenda and the Paris Agreement. The United Nations Secretary-General, António Guterres, published a Global Roadmap setting out key steps to accelerate the energy transition and net zero emissions by 2050, including the following actions:

a) Closing the energy access gap: urgent action is needed for 760 million people currently living without electricity and 2.6 billion people relying on polluting fuels for cooking. The goal is to ensure access to clean, decarbonised energy for all by 2030.

b) Rapidly transitioning to decarbonized energy systems: coal-fired power generation systems must be phased out in order to achieve the goal of limiting temperatures from rising by 1.5°C by 2030.

c) Mobilising adequate and predictable finance: investment in renewable energy should be tripled by 2030.

d) Leaving no one behind: the energy transition must be fair, inclusive and equitable.

e) Harnessing innovation, technology and data: more investment is needed to improve data collection and management to bridge the digital divide. International cooperation should be enhanced to promote technology transfer to developing countries.

EUROPEAN GREEN DEAL

Since the Paris Climate Agreement, the European Union has desired to affirm itself as the global leader in the fight against climate change. This orientation was reinforced with the appointment of Ursula von der Leyen as President of the European Commission. Since her first introductory speech to the European Parliament on 11 December 2019, the environmental issues and initiatives to combat climate change have assumed a central role in planning activities. Consequently, the first act taken by the new European Commission was to issue its announcement on the "Green Deal", with the aim of establishing the path for a just and socially fair transition to be undertaken to eliminate greenhouse gas emissions by 2050. The core of the plan is the establishment of a €100bn fund to be allocated to the most vulnerable regions and sectors, to encourage the power conversion of all European industry and 50 actions affecting the life and health of individuals, industry, the energy sector, mobility, and heating of buildings.

The green agenda will be the heart of the European Union growth strategy. One third of the €1,800bn investment of the NextGenerationEU recovery plan and the EU's seven-year budget will finance the European Green Deal. By integrating the EU Green Deal in the economic recovery plan, European institutions have decided not to postpone their environmental and climate targets but rather to leverage them to create new jobs and render the economy more resilient and competitive over the long term. Finance is crucial to making this plan work, and the aim of the EU is to ensure that capital flows are directed towards projects, organisations, and sectors in line with the environmental ambitions of the European Union. At least 30% of NextGenerationEU and of the 2021-2027 budget will have to be spent to realise the climate targets adopted with the Paris Climate Agreement and the Agenda 2030 of the United Nations. The European Council approved the proposal by the Commission, specifying that all EU expenditure will be bound by the principle of "do no harm": it may not finance activities or projects that negatively impact the climate and environment. As for the private sector, the European Commission announcement specifies that investments may be guided by the taxonomy of eco-compatible activities, the classification of economic sectors and the technical criteria that define which activities can be considered sustainable in environmental terms. To achieve the targets of the EU Green Deal, the financial sector will have to undergo a profound transformation. The new strategy will focus on three areas:

- encourage sustainable investments by introducing a new framework of more efficient structures and instruments;
- provide financial operators, undertakings and citizens with more opportunities to adopt sustainable solutions;
- improve the understanding and management of climate-related and environmental risks by financial firms.

After a long legislative process, the Green Deal targets have been approved by the European Council and Parliament. The Green Deal calls for a major overhaul of the European Union's energy and climate policies in order to reduce emissions by 55% instead of 40%. This revision is contained in the "Fit for 55" package, also known as the "Green Package", adopted by the Commission on 14 July 2021, which will profoundly change the way we use energy. The package contains 12 initiatives, including amendments to existing legislation and new proposals.

EUROPEAN UNION ACTION PLAN ON SUSTAINABLE FINANCE

The European Union played a decisive role in defining the Global Agenda 2030.
On 22 November 2016, the European Commission published a document entitled "Next steps for a sustainable European future", in which it links the SDGs to the EU strategic framework to ensure that all actions and strategic initiatives take the Sustainable Development Goals into account from the very beginning. The European Commission has repeatedly revisited this issue, with the aim of expressing the ways through which the Sustainable Development Goals can be achieved in the best way and how the European Union can make its best contribution by the scheduled deadlines, assuring a sustainable future for European citizens. In light of the Sustainable Development Goals, the Paris Agreement and the transition to a low-carbon, climate change resistant, circular and efficient economy in terms of resources, the European Union believes that a crucial role has to be played by banks and financial institutions, since they can channel financial flows to activities in the Green Economy and promote the growth of sustainable investments. To achieve its objectives, the European Commission has developed a comprehensive policy agenda on sustainable finance. This includes the 2018 Action Plan for financing sustainable growth and, more recently, the new strategy for financing the transition to a sustainable economy published in July 2021. The 10 points of the Sustainable Finance Action Plan aim to funnel capital flows towards sustainable investments, while managing financial risks arising from environmental, social and governance (ESG) issues.

The 10 points of the EU Action Plan on Sustainable Finance

OBJECTIVES	THE 10 POINTS OF THE EU ACTION PLAN
Reorient capital flows towards sustainable investment	1. Establishing an EU classification system for sustainability activities. 2. Creating standards and labels for green financial products. 3. Fostering investment in sustainable projects. 4. Incorporating sustainability when providing investment advice. 5. Developing sustainability benchmarks.
Mainstreaming sustainability into risk management	6. Better integrating sustainability in ratings and research. 7. Clarifying institutional investors and asset managers' duties. 8. Integrating sustainability into prudential requirements.
Foster transparency and long-termism in financial and economic activity	9. Strengthening sustainability disclosure and accounting rule-making. 10. Encourage the integration of ESG criteria and the adoption of a long-term approach in the decision-making processes of Boards of Directors.

Although some of the legislative work has already been formalised and implemented, much of the implementation process will take place over the next few years. ESG factors will therefore be integral part of every decision and will no longer be considered merely as a preferential consideration in the investment process.

Timetable for the EU Action Plan

2020 Q4	1 December	Regulations on Taxonomy	The sections on climate change adaptation and mitigation (1 and 2) of the EU Taxonomy enter into force with a grace period of one year.
	December	Benchmark	Entry into force of the changes to the ESG and climate reporting benchmark regulations.
	End of December	Sustainability preferences	Amendments to MiFID II to integrate sustainability risks into the suitability assessment.
2021 Q1	1 January	Benchmark	Application of delegated acts specifying which sectors to exclude from the benchmarks aligned with the Paris targets.
	10 March	Regulations on communication obligations	Implementation of most of the requirements of the Sustainable Finance Disclosure Regulation (SFDR).
2021 Q3	30 June	Regulations on communication obligations	Additional requirements regarding the reporting obligations of major market players come into force.
2021 Q4	30 December	Regulations on Taxonomy	Application of delegated acts on climate change mitigation and adaptation to climate change in the EU Taxonomy. The remaining four targets enter into force with a grace period of one year.
2022 Q1	1 January	Benchmark	All benchmark administrators must provide one or more EU Climate Transition Benchmarks (EU CTBs) in line with the new standards.
	1 January	Regulations on communication obligations	Transparency requirements for annual reports (sustainability reporting in the financial services sector) come into force.
2022 Q4	1 December	Regulations on Taxonomy	Application of the remaining four sections of the EU Taxonomy.

On 21 April 2021, the European Commission adopted an ambitious and comprehensive package of measures to facilitate capital flows to sustainable activities across the European Union (Sustainable Financial Package). By redirecting investors' interest towards sustainable technologies and businesses, these measures will be instrumental in making Europe climate neutral by 2050 and will make the EU a world leader in setting standards for sustainable finance.

The package includes:

- the delegated act on the climate aspects of the EU Taxonomy, which aims to promote sustainable investments by better clarifying which economic activities contribute most to achieving the EU's environmental objectives;
- a proposal for a directive on sustainability reporting that will harmonise the disclosure of sustainability information by companies so that financial companies, investors and the general public have comparable and reliable information;
- the six amending delegated acts relating to fiduciary duties and investment advice and insurance that will ensure that financial firms, such as advisers, managers or insurers, include sustainability in their procedures and in the investment advice they provide to customers.

Taxonomy

At the heart of the Action Plan is Regulation (EU) 2020/852 on the taxonomy of environmentally sustainable activities.
The Taxonomy Regulation applies to financial market participants offering financial products in the EU, large companies that are already required to provide a non-financial statement under the Non-Financial Reporting Directive (NFRD), and the EU and its Member States when establishing public measures, standards or labels for green financial products or green corporate bonds.

Taxonomy legislation is a classification tool to identify environmentally friendly economic activities. This tool allows companies and law-makers to make more targeted decisions by identifying activities that can make a substantial contribution to environmental objectives, thus helping to finance the transition to a more sustainable economy.

The taxonomy identifies six environmental objectives:
1. climate change mitigation;
2. climate change adaptation;
3. sustainable use and protection of water and marine resources;
4. transition to a circular economy, referring also to the reduction and recycling of waste;
5. pollution control and prevention;
6. the protection and restoration of biodiversity and ecosystems.

To be eco-sustainable, an activity must:

- contribute positively to at least one of the six environmental objectives;
- not produce negative impacts on any other objective;
- be operated in compliance with minimum social protections (e.g. those contained in the OECD Guidelines and United Nations documents).

The application of the Taxonomy Regulation is gradual and will be fully implemented in the coming years. Financial institutions and non-financial corporations under the NFDR will be required to report on eligible activities (i.e., eligibility for the taxonomy objectives) in early 2022. This will apply to the first two requirements of the EU Taxonomy, namely climate change mitigation and climate change adaptation. From 2023, non-financial NFRDs will have to start reporting their alignment with the taxonomy. Financial institutions will only have to start reporting their alignment with the taxonomy from 2024, when the necessary data reported in 2023 by the non-financial firms they hold in their portfolios and on their books will be available.

Disclosure and responsibilities

Regulation (EU) 2019/2088 (Sustainable Financial Disclosure, SFDR) was issued in November 2019. It indicates which financial operators have to make the disclosure based on the taxonomy and for what products. The regulation requires financial advisers and institutional investors to disclose whether and how the products that they sell on European Union markets include responses to sustainability issues.

The regulation explains that financial institutions are required to disclose information on how they integrate ESG risks and how they consider the negative impacts of their own investment policies on the environment and social issues. The disclosure on sustainability risks and the sustainability objectives of products will have to be included in the pre-contract documents, periodic reports, and on the website. The regulation, which entered into force on 10 March 2021, also explains what is meant by "sustainable investment" in environmental and social terms (art. 2, paragraph 17) and sets minimum disclosure standards to be followed in order to avoid so-called greenwashing, especially in the case of investments that seek to promote ESG credentials (art. 8) and those with ESG objectives (art. 9). Additional disclosures are expected to be published in 2022 and 2023. New standards for carbon products have also been created and two types of climate benchmarks have been defined to allow investors to better assess the emissions impact of their investments. The EU Climate Transition Benchmark (EU CTB) and the EU Paris-aligned Benchmarks (EU PAD) both set minimum criteria for climate indices, with stricter parameters for those in line with the Paris Agreement.

Sustainability preferences

Although managers and financial advisers in the EU often have a responsibility as fiduciaries to act in the best interests of the end investor and to perform adequate due diligence checks before making investment decisions, the EU is now integrating ESG considerations expressly into these obligations. The additional considerations will be incorporated in the form of amendments to the existing Investment Funds Directives. The amendments require managers to integrate relevant financial risks into complex investment and due diligence processes, but also to include all sustainability risks that could have a material adverse impact on the financial return of an investment.

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

THE PROPOSED GREEN DEAL INITIATIVES ARE:

- **European Climate Law**: proposed by the European Commission, it aims to ensure that the economy and society as a whole contribute to the goal of net zero emissions by 2050 and sets out a framework for assessing progress towards this goal. It also proposes a new EU net emissions reduction target of at least 55% by 2030 compared to 1990 levels.
- **EU Biodiversity Strategy**: proposed by the Commission in May 2020 and endorsed by the Council in October, its main objective is to put Europe's biodiversity on a path of recovery by 2030, benefiting people, the climate and the planet. Actions under the strategy include strengthening Europe's protected areas and restoring degraded ecosystems by boosting organic farming, reducing the use and harmfulness of pesticides, and reforestation.
- **Farm-to-fork strategy**: aims to help the EU achieve climate neutrality by 2050 by moving the current EU food system towards a sustainable model.
- **European Industrial Strategy and Action Plan for the Circular Economy**: the EU relies on European industry to lead the transition to climate neutrality and digital leadership. The aim is for EU industry to become an accelerator and driver of change, innovation and growth. In November 2020, the Council adopted conclusions on the new strategy, outlining how the recovery from the Covid-19 crisis could be used as a lever for a more dynamic, resilient and competitive European industry. It has reaffirmed that the recovery should be fair and based on the principles of competitiveness, single market integration, sustainability, cohesion, inclusiveness, solidarity, circularity and environmental protection and respect for social standards.
- **Just Transition Mechanism**: achieving climate neutrality by 2050 will be more challenging for some Member States and regions than for others: some countries are more dependent on fossil fuels or have carbon-intensive industries that employ a significant number of people. The EU has introduced a Just Transition Mechanism to provide financial support and technical assistance to the regions most affected by the transition to a low-carbon economy. The mechanism will help mobilise at least €65-75bn over the period 2021-2027.
- **Clean, cheap and secure energy**: as 75% of the EU's greenhouse gas emissions are due to energy production and use, decarbonising the energy sector is a key step towards a climate-neutral EU.
- **EU Chemicals Strategy for Sustainability**: chemicals are essential for modern living standards and the economy. However, they can be harmful to human health and the environment. In March 2021, the Council endorsed the EU Chemicals Strategy for Sustainability presented by the Commission, which outlines a long-term vision to better protect human health, strengthen the industry's competitiveness and support a toxic-free environment.
- **Sustainable and smart mobility**: a net zero emission society and economy require the mobility sector to become more sustainable and smarter. It is estimated that for the EU to achieve climate neutrality, emissions from the transport sector will have to decrease by 90% by 2050. The Council has recently worked on a number of legislative and non-legislative initiatives including the launch of the European Year of Rail 2021, the revision of the rules on road charging for heavy duty vehicles and new funding, under the Connecting Europe Facility, to support the decarbonisation of transport.
- **Renovation wave**: the building sector is one of the largest energy consumers in Europe and is responsible for more than a third of the EU's greenhouse gas emissions. The strategy aims to step up renovation efforts across the EU, boosting the decarbonisation of the building sector.
- **Forest Strategy**: presented by the Commission in July 2021, it is one of the main elements of the European Green Deal, and builds on the strategy to protect biodiversity and play a central role in efforts to reduce greenhouse gas emissions by at least 55% by 2030. The proposed measures aim, inter alia, to promote sustainable forest management, provide financial incentives for forest owners and managers to adopt environmentally friendly practices, improve the size and biodiversity of forests, including by planting three billion new trees by 2030, and promote alternative forest industries such as ecotourism.
  In the conclusions adopted in November 2021, the Council welcomed the forest strategy and emphasised the essential role of forests for human health and the EU's transition to a green, climate-neutral and competitive circular bio-economy.

PRUDENTIAL MEASURES IN THE EUROPEAN SYSTEM OF FINANCIAL SUPERVISION

The transition to a low-carbon economy carries risks and opportunities for the economic system and financial institutions, while the physical damage caused by climate change may have a significant impact on the real economy and the financial sector. So, their impact, and the likelihood that they will manifest themselves through financial transmission channels, have made climate-related risks a priority on the agendas of leading Central Banks, Regulatory Authorities and Supervisory Authorities, which are responsible for monitoring and maintaining financial stability.

The European Banking Authority (EBA) published in June 2021 a document entitled "EBA Report on management and supervision of ESG risks for credit institutions and investment firms". It is a report on those risks that the EBA believes should be included in the regulatory and supervisory framework for credit institutions and investment firms. The document outlines the impact that ESG factors, in particular climate change, may have on institutions' counterparties or invested assets, affecting financial risks. It illustrates the indicators, metrics and assessment methods required for effective ESG risk management and identifies remaining gaps and challenges on this front. The report proposes a step-by-step approach, starting with the inclusion of climate and environmental factors and risks in the supervisory model and internal governance analysis, while encouraging institutions and supervisors to build data and tools to develop quantification approaches to increase the scope of supervisory analysis to other elements. This report should be considered in conjunction with the EBA and European Supervisory Authority information publications under the Capital Requirements Regulation (CRR), the Taxonomy Regulation and the Sustainable Finance Disclosure Regulation (SFDR), which provide key parameters to support strategies and risk management.

In addition, the EBA published in January 2022 the "Final draft Implementing Technical Standards on prudential disclosures on ESG risks" on Pillar 3 disclosure requirements, in accordance with art. 449a of the Capital Requirements Regulation (CRR). The report specifies through tables, templates and instructions, the obligations under art. 449a of the CRR to disclose prudential disclosures including transitional and physical risks, addressed to large financial institutions with instruments listed on a regulatory market in any Member State. These ITS (Implementing Technical Standards) will allow investors and all stakeholders to compare the sustainability performance of institutions and their financial activities. They will also help institutions to be transparent about how they are mitigating these risks, including information on how they are supporting their clients and counterparties in adapting, for example, to climate change and in the transition to a more sustainable economy.

The ECB also recognises, within its mandate, the need to further integrate climate change considerations into its monetary policy framework. Climate change and the transition to a more sustainable economy affect the prospects for price stability through their impact on macroeconomic indicators (such as inflation, output, employment, interest rates, investment and productivity), financial stability and the transmission of monetary policy. In addition, climate change and the transition to a low-carbon economy affect the value and risk profile of the assets held on the Eurosystem's balance sheet and could lead to an undesirable build-up of climate-related financial risks. The Governing Council of the ECB has established a comprehensive action plan, with the publication in July 2021 of an ambitious roadmap to further integrate climate change considerations into its monetary policy framework. Moreover, the European Central Bank is closely watching the developments that will have an impact on entities in the eurozone and, in that regard, published the "Guide on climate-related and environmental risks" at the end of 2020, in which it sets out its own view in regard to the safe and prudent management of climate and environmental risks in the scope of the current prudential framework, describing its expectations as to how institutions should account for those risks in the formulation and implementation of business strategies and risk governance and management systems. The guide also illustrates how, according to the ECB, institutions should enhance their own transparency by strengthening their disclosures on climate and environmental issues. That guide also contains detailed directions on the integration of climate-related and environmental risks in the management of credit, operational, market and liquidity risks, and in the Internal Capital Adequacy Assessment Process (ICAAP), including the quantification of risks through sector analyses and stress tests.

In Italy, in the midst of the global climate crisis and after years of proposals, parliamentary discussions and debates between legal experts, **environmental protection** has officially entered the **Constitution**. In February 2022, the Chamber of Deputies gave its final approval to the bill amending two constitutional articles, 9 and 41, in order to protect the environment, biodiversity, animals and ecosystems, also in the interest of future generations. This is the first time that the first part of the Constitution (made up of the first 12 articles), i.e., the one concerning the country's **fundamental principles**, has been amended.

REPORTING STANDARDS

"Theory and good management practice emphatically underscore that measurement is the premise for guiding the behaviour of individuals and organisations. If you can't measure it, you can't improve it".

(Peter Drucker, Economist)

So, measuring sustainability is fundamental and possible through adequate indicators. Likewise, the measurement of traditional business performance entails the existence of a reliable database and designing a system of interrelated indicators, to acquire and govern an overview of performance. The SDGs render sustainable development a global and measurable goal to be reported in corporate financial statements in relation to corporate strategies and performance.

Financial markets need an increasing amount of high-quality ESG information to measure the value of the companies they invest in. While voluntary guidelines and reporting frameworks have stimulated organisations to provide this information in innovative ways, their sheer number and heterogeneity have increased costs and complexity for organisations, investors and regulators.

The following is an overview of voluntary standards and frameworks as well as a preview of the future scenario for reporting non-financial information.

GRI Standards

The GRI Standards issued by the Global Reporting Initiative are an international standard for sustainability reporting and constitute a universally accepted reporting model, guided by the goal of facilitating the comparability, reliability and verifiability of information. The new revised GRI Universal Standards were published on 5 October 2021 to improve the quality and consistency of sustainability reporting, as well as the way organisations use the standards to disclose their impact on the economy, the environment and people. Effective implementation of the new Universal Standards will start in January 2023.

CDP, CDSB, GRI, IIRC and SASB collaboration

In September 2020, the five principal international institutions that create the standards for financial and non-financial reports – Carbon Disclosure Project (CDP), the Climate Disclosure Standards Board (CDSB), the Global Reporting Initiative (GRI), the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB) – published a joint document that illustrates the essential elements for producing a complete corporate reporting system. The document, entitled "Joint Statement: Working Together Towards Comprehensive Corporate Reporting", proposes a joint vision on how sustainability standards can be integrated with international financial reporting standards and serve as the basis for a consistent and complete corporate reporting system. Conditions are now ripe to proceed towards an integrated reporting system that makes it possible to direct investments towards more sustainable firms.

Value Reporting Foundation (VRF)

In June 2021, the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB) merged into the Value Reporting Foundation, with the aim of providing investors and companies with a comprehensive framework for corporate reporting using the entire range of drivers of business value and standards to guide the performance of global sustainability.
The initiative responds to the need for companies to simplify and harmonise their corporate reporting on ESG issues, while at the same time giving investors access to reliable and comparable ESG data. For the preparation of integrated reports, the VRF provides companies with three tools:

- **Integrated Reporting Principles**: principles containing a management approach to consider sustainability risks and opportunities in business strategy and decision-making.
- **<IR Framework>**: reference framework for the preparation of Integrated Financial Statements in accordance with the principles set out by the International Integrated Reporting Council (IIRC). The first version published in 2013 was updated in January 2021 and is effective from 1 January 2022, with the possibility of early adoption on a voluntary basis.
- **SASB Standards**: industry standards identified by the Sustainability Accounting Standards Board to measure key sustainability issues for use in decision-making and reporting.

European reporting standards

The European Commission has mandated EFRAG (European Financial Reporting Advisory Group) to develop sustainability reporting standards in the context of the revision of the Non-Financial Reporting Directive. The ad-hoc appointed multi-stakeholder task force, after a series of round tables, published two documents and a roadmap for the definition of a single European Standard.
Specifically, the first document aims at proposing a standard with specific disclosure requirements, metrics and indicators, the second document concerns the presentation of a new EFRAG governance in case it becomes the new standard setter. According to the Roadmap, the first draft of the core reporting standards is expected to be released by mid-2022, covering the disclosure requirements of the SFDR and the EU Taxonomy. The second draft covering the second set of industry-specific standards will be released by mid-2023 and the third, with residual topics, by 2024.

IFRS Sustainability Disclosure Standards

On the occasion of COP26, the UN World Summit addressing the critical and urgent issue of climate change, the IFRS Foundation established the International Sustainability Standard Board (ISSB), with the aim of developing a single global reference for sustainability disclosures that promotes transparency and comparability of information and encourages sustainable investment decisions.

The main sustainability reporting organisations: the Climate Disclosure Standard Board (CDSB) and the Value Reporting Foundation (VRF) will be consolidated into the IFRS Foundation by June 2022. Through the Technical Readiness Working Group, a working group tasked with facilitating the start of the work, two prototype standards have been published: the General Requirements Prototype, which provides a set of indicators to report information related to corporate sustainability aspects, and the Climate Prototype, which provides standards that incorporate the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and are primarily aimed at climate-related business aspects.

OUR COMMITMENT

"We will always be more willing to vote against executives and board members when companies do not make sufficient progress in terms of sustainability disclosures and do not prepare sustainability guidelines and business plans".

(Laurence D. Fink, Chairman and CEO of BlackRock)

Our Group has been committed for years to reporting on the factors on which the value creation process and sustainable growth are based. Fideuram has reported its ESG activities and results since 2005, first with the social responsibility report and, beginning in 2013, with its Integrated Annual Report, prepared in accordance with the standards of the Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC).

The integration of environmental, social and governance factors in the business model is deemed to be of fundamental importance, in the conviction that these elements not only encourage sustainable economic and social development, but can also contribute positively to the financial results of client portfolios, while reducing their risks at the same time.

The recent acceleration demanded by regulators and civil society towards the transition to a more sustainable economy has led Fideuram to further intensify the evolution of its approach to sustainability by launching in June 2021 the ESG Programme, an ambitious project that cuts across all areas of the Division and aims to integrate sustainability into all aspects of business management and activities.

Sustainability governance

As part of the activities of the Intesa Sanpaolo Management Committee, an ESG Steering Committee has been set up with the aim of identifying ESG initiatives, their strategic priority as well as coordinating the activities necessary for their implementation. Depending on the sessions and the issues addressed, the Steering Committee is supported by the Sustainability Managers identified in each Area and Division of the Intesa Sanpaolo Group. Among other duties, the Sustainability Manager of the Private Banking Division performs comprehensive and integrated supervision of the ESG initiatives in the Division and act as liaison between the initiatives of the Division and those of the Control Unit.

Management Committee - Sustainability Session

A "Sustainability (ESG)" session was set up in the Division Management Committee. It meets at least once quarterly with the purpose of collaborating on the identification of sustainability issues, the determination of strategic projects in that area, while also evaluating its financial feasibility and impact on the image of the Division. Its assigned functions include the coordination and integration of Division activities with the sustainability initiatives of Intesa Sanpaolo and the Control Unit, and policymaking on the consistency of technological development with the principles of the Group Code of Ethics.

Fideuram Asset Management, the Italian asset management company of the Private Banking Division, in order to ensure proper management of issues at the level of the Division's product factories, has also set up a unit called "ESG & Strategic Activism". This unit, which reports directly to the CEO/General Manager, is dedicated, among other things, to integration of the ESG metrics in the financial analysis of the products managed by the product factories, evaluation of the sustainability aspects of the products distributed and managed by third parties, the management of products focused on sustainability, and protection of the corporate governance activities and engagement with issuers.

The Division's product companies, Fideuram Asset Management SGR and Fideuram Asset Management (Ireland), continually evaluate their adherence to collective sustainability initiatives, in line with the ESG principles promoted by the Division. For this purpose, they adhered during the year to the Principles for Responsible Investment (UN PRI) and the Net Zero Asset Management Initiative.

Net Zero Asset Management Initiative
Fideuram Asset Management SGR, the only one in Italy together with Eurizon Capital, as well as Fideuram Asset Management (Ireland) and Asteria Investment Managers have joined the NZAMI initiative.

Adhesion involves:

- working with asset owners to achieve decarbonisation targets and net zero emissions by 2050 on all client assets;
- set an interim target for the portions of client assets to be managed in line with the achievement of the above target;
- review the interim target at least every 5 years to increase the percentage of client assets covered to include 100% of client assets.

ESG integration in the investment process
With the aim of outlining an approach focused not only the preference for sustainable and responsible investments (SRI), but also on the integration of environmental, social and governance (ESG) factors, the Division's product companies have adopted Sustainable and Responsible Investment Policies. These policies involve all employees and are applied to company activities and investment processes. The Commitment Policies aimed at describing the action that the companies should take to stimulate a dialogue with issuers and favour a long-term commitment in the companies in which they invest were also adopted.
In addition, both companies have redefined the activity relating to the exercise of administrative and voting rights, adopting the ISS proxy voting platform for securities held by the managed funds. Fideuram Asset Management SGR has also adhered, in compliance with the SRD II Directive, to the Italian Stewardship Principles sponsored by Assogestioni for the exercise of administrative and voting rights in listed companies, ensuring full transparency on issuer performance and strategy, governance, corporate social responsibility and risk management.

The ESG Programme
In 2021, the Private Banking Division launched its ambitious ESG Programme, the main objectives of which are:

- defining the Division's strategic positioning with regard to ESG issues;
- integrating sustainability into the service model;
- including sustainability factors and risks in both the investment process and financial advice;
- complying with regulatory requirements.

The Programme, which actively involves all corporate functions, is structured into seven main working areas and four cross-cutting working areas, for each of which key objectives have been set out, representing priority areas for the evolution of the Division's ESG approach.

Objectives and description of the seven main working areas

NAME	OBJECTIVE	DESCRIPTION
Working area 1: Regulations and Policy	Definition and publication of the internal ESG framework based on evolving EU regulatory requirements	The main activities of the working area include supporting the definition of ESG requirements for the evolution of the suitability engine, updating sustainability risk policies and policies on managing the negative impacts of investment decisions on ESG factors. In addition, the working area follows the updating of internal policies to the regulatory requirements of the EU Sustainable Financial Package and related delegated acts.
Working area 2: ESG Investment Process	Integration of ESG factors into key asset management processes	The working area follows the main project activities related to the Division's Asset Managers, including the definition of a framework for the classification of articles 8 and 9 (SFDR) products, as well as the integration of ESG factors into the investment process. It also monitors Stewardship and Engagement activities and initiatives.
Working area 3: ESG Service Model	Review and update of the service model to integrate ESG factors into the suitability engine and advisory platforms	In addition to selecting the infoprovider and defining the criteria for classifying ESG products, the main activities of the working area are to ensure the evolution of advisory platforms and commercial tools.
Working area 4: Sustainable offer	Implementation of new offer strategies focusing on sustainable products	A sustainable offer is one of the pillars of the Division's ESG transformation. Among the main activities of the working area are the definition of the 2022 Product Plan, the identification of KPIs to consolidate the sustainable offer with its 2022-2025 roadmap, the updating of Product Governance policies and processes to integrate sustainability elements and the gradual introduction of sustainability-related elements in the Networks' incentive system.
Working area 5: Engagement and Training	Definition and implementation of ESG training initiatives for all networks in the Division	Targeted training plans were defined within the working area with the aim of ensuring an adequate level of knowledge of ESG issues and investment opportunities. In this context, the Division has evaluated an EFPA certification path for all financial advisers.
Working area 6: Marketing and Communication	Definition and implementation of a marketing strategy to promote the ESG vision in all the Division's networks	A marketing and communication strategy dedicated also to sustainability issues has been defined in the working area. During 2022, the Division plans brand-awareness and sponsorship initiatives on ESG issues, as well as making dedicated tools available on institutional websites to support Sales Networks in presenting ESG content to customers.
Working area 7: Impact - Environment, Community and Territory	Promotion of a positive impact by the Division on the environment and society	The Division has defined a plan of initiatives dedicated to its resources and aimed at creating a new corporate culture attentive to ESG issues. Initiatives with an impact on the world outside the Division are also provided for to implement community and local support programmes.

The following four working areas that cut across the seven main working areas have been identified:

- Working area A - Risk Model, which involves the Division's Risk Management structures, with the aim of defining the logics for measuring, managing and monitoring sustainability risk.
- Working area B - Information Systems, which involves the units tasked with the development of information systems to ensure the correct implementation of the solutions adopted in the field of sustainability.
- Working area C - Organisation and Processes, with the aim of identifying a common approach to the new processes developed and the existing processes, whether modified or integrated, in the context of the activities carried out by each working area and in the implementation of new developments in the field of sustainability.
- Working area D - Reporting & Disclosure, with the aim of producing and updating the disclosures provided for in the financial statements in the field of sustainability, providing timely and comprehensive evidence of the Division's commitment in this area.

Dissemination of the ESG culture

Over the last few years, the ESG investment approach has moved from being a niche issue to the mainstream and represents a factor of the distinction and quality of the Asset Management industry. Likewise, comprehension of the ESG investment logic in the Financial Advisory Service is fundamental to presenting its merits to customers.

During 2021, a number of info-training activities were launched to enhance the internal culture on ESG issues. These activities included:

- an ESG training pathway, in collaboration with some of Italy's most prestigious universities, for the Personal Financial Advisers of the Fideuram and Sanpaolo Invest Networks, at the end of which there will be an exam to certify the skills acquired;
- a webinar on the Circular Economy dedicated to the Intesa Sanpaolo Private Banking Network which saw the participation of about 1,100 Personal Financial Advisers;
- a plan consisting of six meetings for the Division's Top Management in collaboration with Intesa Sanpaolo's Institutional Affairs Department, focusing on the evolution of EU legislation on ESG issues;
- a training course on ESG issues issued on the Apprendo platform of about 3 hours in the framework of the mandatory CONSOB training addressed to an audience of 1,800 employees of the Division.

Further meetings on ESG issues are planned for 2022, where the implications for the financial sector will be further explored with a view to integrating these issues into the advisory service provided to customers.

The Group's contribution to Sustainable Development Goals

Our Group is also called on to make its own contribution to achieve the Sustainable Development Goals set in the Agenda 2030, which is realised through the company's activities as a whole that have a positive impact on the Sustainable Development Goals. The following table describes the existing connections between the main tangible themes identified for our Group, the stakeholders and the Sustainable Development Goals impacted by corporate activity.

CAPITAL	MATERIAL TOPICS	RELEVANCE FOR OUR STAKEHOLDERS						CONTRIBUTION TO THE SDGS
		CUSTOMERS	SHAREHOLDER	COLLEAGUES	SUPPLIERS	COMMUNITY	ENVIRONMENT	SUSTAINABLE DEVELOPMENT GOALS
Financial Capital	- Maintenance of Group solidity and profitability	●	●	●	●	●	●	8 DECENT WORK AND ECONOMIC GROWTH
Productive Capital	- Consolidation of the Sales Network - Accessibility of services for customers with physical disabilities	●	●	●				10 REDUCED INEQUALITIES; 11 SUSTAINABLE CITIES AND COMMUNITIES
Intellectual Capital	- Transparent management of customer portfolios - Digitalisation - Improving communication channels dedicated to customers - Adequacy and innovation of financial products on offer - Developing consulting services - New tools available to customers	●		●			●	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Human Capital	- Training and development of Personal Financial Advisers - Employee training - Incentive systems and career paths			●				3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES
Relational Capital	- Reinforcement of customer retention measures - Customer satisfaction - Effective management of reports and complaints - Financial education and promotion of a culture for responsible investment management - Development and distribution of sustainable (ESG) investments	●	●	●	●			2 ZERO HUNGER; 3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Natural Capital	- Climate change		●			●	●	13 CLIMATE ACTION; 15 LIFE ON LAND

Fideuram Group's ESG Offering

For years, the products and services offered by the Fideuram Group have allowed it to satisfy the demands of customers who are most sensitive to ESG issues, simultaneously reconciling the risk, return and diversification goals required by professional portfolio management with moral values and convictions.

The Fideuram Group's ESG offering consists of 26 asset management products (22 products under Article 8 and 4 products under Article 9 of the SFDR Regulation) with a total client assets as at 31 December 2021 of €3.4bn, more than three times that of last year. In addition, during 2021, the Luxembourg Market Supervisory Authority (CSSF) approved, effective 1 January 2022, the request to classify 30 funds with total assets of €16.6bn as Article 8 of EU Regulation 2019/2088 (SFDR).

€m

MANAGED ASSET PRODUCTS	PLATFORM	PRODUCT NAME	SFDR TYPOLOGY (*)	CLIENT ASSETS 31.12.2021	CLIENT ASSETS 31.12.2020
Mutual funds	AILIS SICAV	AILIS BLACKROCK BALANCED ESG	Art. 8	297	-
		AILIS MSCI EUROPE ESG SCREENED INDEX	Art. 8	272	-
		AILIS MSCI USA ESG SCREENED INDEX	Art. 8	172	-
	FONDITALIA	FONDITALIA 4CHILDREN	Art. 9	191	-
		FONDITALIA ETHICAL INVESTMENT	Art. 8	88	74
		FONDITALIA MILLENNIALS EQUITY	Art. 8	1,087	633
		FONDITALIA QUALITY INNOVATION SUSTAINABILITY	Art. 8	218	-
		FONDITALIA SLJ FLEXIBLE CHINA	Art. 8	262	-
Discretionary accounts	FOLIOS	IMPACT ALLOCATION	Art. 9	94	-
		NEXT GENERATION WINNERS	Art. 8	50	-
	OMNIA	EGO HIGH CONVICTION 100	Art. 8	155	80
		EGO HIGH CONVICTION 70	Art. 8	305	148
		EGO SUSTAINABLE	Art. 8	88	51
	ISPB WEALTH COLLECTION	MIX SUSTAINABLE	Art. 8	82	53
Insurance funds (**)	FIDEURAM VITA	FVI BALANCED SUSTAINABLE IMPACT	Art. 9	-	-
		FVI CONSUMER TRENDS	Art. 8	-	-
		FVI EQUITY WORLD	Art. 8	1	-
		FVI MULTI THEMATIC	Art. 8	-	-
		FVI RESOURCE EFFICENCY	Art. 8	-	-
	ISP LIFE	BILANCIATO SOSTENIBILE	Art. 9	-	-
		CONSERVATIVE BOND	Art. 8	-	-
		CONSUMER TRENDS	Art. 8	-	-
		GLOBAL BOND	Art. 8	-	-
		GLOBAL EQUITY	Art. 8	-	-
		ISP LIFE MULTI THEMATIC	Art. 8	-	-
		RESOURCE EFFICIENCY	Art. 8	-	-
	Total	**no. 26 products**		**3,362**	**1,039**
	art. 8	no. 22 products		3,077	1,039
	art. 9	no. 4 products		285	-

(*) Articles 8 and 9 of the SFDR constitute two separate product categories: on the one hand, financial products that promote environmental or social characteristics or a combination of such characteristics, provided that the companies in which the investments are made follow good governance practices and, on the other hand, financial products that have sustainable investment as an objective. The two separate categories are crucial in determining end-investors' access to financial products that meet their sustainability preferences.

(**) Products distributed to customers at the end of December 2021.

As a member of the Intesa Sanpaolo Group, Fideuram also enjoys benefits deriving from the membership and active participation of Intesa Sanpaolo in international networks and associations on sustainable development themes.

Intesa Sanpaolo has joined the Global Compact, the Equator Principles and the Principles for Responsible Banking of the United Nations Environment Programme - Finance Initiative (UNEP-FI), Net-Zero Banking Alliance (NZBA) and the Task Force on Climate-related Financial Disclosures (TCFD). Moreover, Intesa Sanpaolo is included in numerous sustainability indices, including the Dow Jones Sustainability Indices, S&P ESG Indices, the CDP, the FTS4Good Index Series, the MSCI ESG Indexes, Low Carbon and Climate Indices, the index of the 100 most sustainable companies in the world, managed by Corporate Knights, Euronext Vigeo Eiris Indices, MIB ESG Index, Solactive ESG Indices, STOXX® Sustainability Indices and the thematic 2022 Bloomberg Gender - Equality Index dedicated to gender equality.

2.1 Economic scenario
2.2 Market growth prospects
2.3 Group competitive position
2.4 Brand Equity and Customer Satisfaction
2.5 Group strategy

The **MSCI ACWI** index (in dollars) stood at **754.83** at the end of 2021 (646.27 at the end of 2020)

Source: Bloomberg

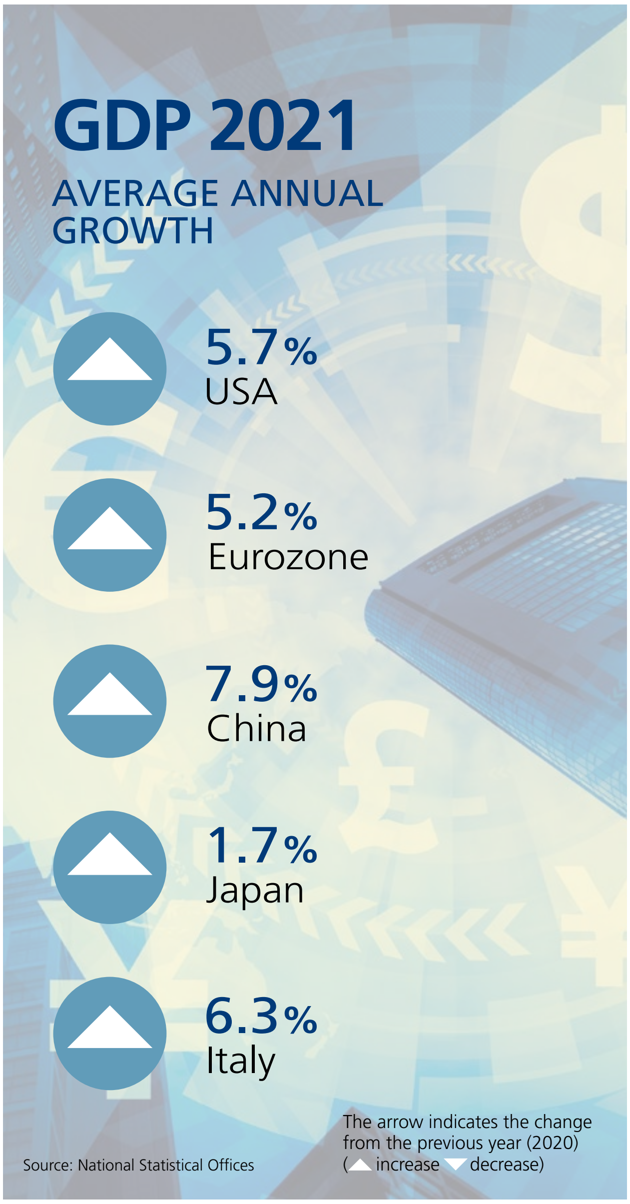
Drivers of the managed assets market 2021-2023:

- **Preference for liquidity** due to low opportunity cost and the uncertain situation
- **Reallocation of portfolios** in favour of the managed asset and insurance components
- **Reduced impact** of **debt securities and bank securities** in the portfolios

2. External context and strategies

2.1 Economic scenario

In 2021, the recovery of global economic activity continued at a strong pace, following the sharp drop caused by the pandemic the year before. However, the virus continued to spread, having a significant impact on growth due to the restrictive measures taken by governments during the various waves of the pandemic. These had a negative effect on economic activity in the Eurozone at the beginning of the year and in Asia during the summer. The high demand for goods around the world led to a surge in raw material prices and congestion in logistics and transport at international level, resulting in slowdowns in production and distribution chains at global level, also due to the continuous interruptions caused by the pandemic in production activities in emerging countries, where vaccination coverage has been lower. At the end of the year, the particularly rapid spread of the Omicron variant of the virus led to the adoption of new restrictive measures. In the United States, infection levels generally continued to be quite high, but economic growth was stronger than in other areas, especially in the first half of the year, thanks to fewer restrictions and a vaccination campaign that was initially carried out very quickly, but above all due to fiscal support that was much greater than expected. As the vaccination campaign picked up steam and restrictive measures were eased, economic activity recovered significantly also in the Eurozone, which recorded higher growth rates than both the US and China during the summer. After a sharp slowdown in the third quarter, growth in the global economy recovered again at the end of the year thanks to the recovery in the United States and China.



Overall, global economic growth during the year was largely in line with expectations, apart from the positive surprise from the increased fiscal stimulus in the United States. However, the same cannot be said of inflation, which, especially in the United States and Europe, was the biggest surprise in the economic scenario. The surge in inflation, initially thought to be transitory, continued in the following months and the rate in the United States was shy of 7% at year end, compared to just over 1% at the beginning of the year. Inflation in the Eurozone also rose sharply in the second half of 2021, reaching 5% in December. However, the price hike in the Eurozone was largely due to a supply shock (primarily in the energy sector), rather than a demand shock as in the United States. In China, by contrast, inflation was kept under control.

Inflation risks have led to a considerable change in the attitude of central banks. In the case of the Federal Reserve, in particular, there was a shift from a monetary policy that, at the beginning of the year, promised to continue to be very accommodating for much longer, to a clear (and rather sudden) restrictive turn towards the end of the year. In contrast, the ECB's position continued to be more accommodating, though curbing its expansionary stance, again linked to rising inflation. Monetary policy in China bucked the trend, being rather cautious in the first part of the year and then gradually more expansive from the summer onwards as the economy slowed down.

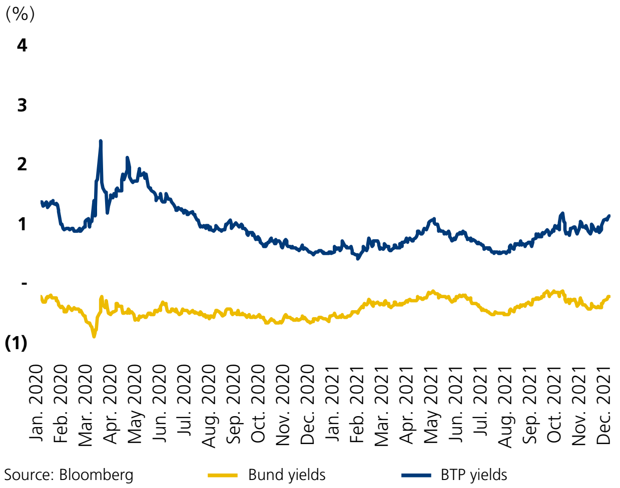
In the **United States**, the unexpected victory of the Democratic Party in the races for the two Georgia Senate seats in early January allowed President Biden's party to gain narrow control of both branches of Congress. The Biden Administration thus proposed a nearly $2trn fiscal stimulus plan, much larger than expected, which was approved by Congress in early March and added to the nearly $1trn fiscal package approved in December 2020. The fiscal packages included additional (and particularly generous) household allowances and subsidies for the unemployed, which helped to boost domestic final demand considerably in the first part of the year, when annualised final demand growth was around 10%. The speed of the vaccination campaign and the subsequent reopening of businesses, although the level of new infections remained generally quite high, further contributed to economic recovery and improved labour market conditions. However, an unexpected surge in inflation was recorded in the spring, initially limited to certain goods and services, which were clearly impacted by the pandemic and the resulting disruptions in production and distribution chains. In addition, labour supply constraints, also probably resulting from the response to the pandemic and the disincentive effect of very high unemployment benefits, were also reflected in a significant rise in wages, together with a much sharper than expected decline in the unemployment rate to below 4% at the end of the year. In the third quarter, supply constraints and the spread of the Delta virus definitely dampened growth in consumer spending and the economy in general, but towards the end of the year GDP growth returned to the same pace as in the first part of 2021, while prices and wages remained very dynamic. In the first part of the year, the Fed pursued a clearly accommodating monetary policy, anticipating that the normalisation of rates would take a very long time. However, in response to the unexpected upward surges in inflation, the central bank's attitude changed decisively towards the end of the year, when it decided to accelerate tapering (the reduction in purchases of Treasuries and securitised mortgages, which began in November) and to anticipate a first rise in rates in a relatively short time.

The Covid-19 pandemic still had a very significant impact on economic performance in the **Eurozone** but, thanks in part to the success of vaccination campaigns and greater adaptation to the virus, GDP returned to very strong growth (at around 5% per year on average, after a drop of -6.5% in 2020). The first quarter of the year was still difficult, due to the increase in the spread of infections that forced governments to keep significant restrictive measures in place, essentially until April. Due to vaccine supply problems, the vaccination campaign only got off the ground in the second quarter, allowing a gradual reopening of businesses from spring onwards, which was reflected in very robust GDP growth in the middle quarters of the year (just over 9% annualised on average). The manufacturing sector benefited from the pick-up in international trade since the beginning of the year and the persistence of extraordinarily high global demand for goods (due to the pandemic-induced squeeze in spending on services), while the services sector recovered mainly from the second quarter. Rising commodity prices and the aforementioned bottlenecks in global production and distribution chains led to a rise not only in producer prices, but also in consumer prices. Inflation thus recorded an unexpected surge (5% at the end of the year, up from 1% in January, although the increase in core inflation, i.e., excluding energy and food, was more contained), and worsened in the Eurozone in the final months of the year also due to tensions in the natural gas market (whose prices reached unprecedented levels). The year then ended with growth rates down considerably due to the problems posed by another strong pandemic wave and the emergence of the Omicron variant, which made it necessary to reintroduce measures to reduce mobility in countries with low vaccination levels. The ECB, which had to cope with a complicated macroeconomic scenario, still maintained a very accommodating monetary policy. In March, the ECB decided to increase purchases under the PEPP pandemic programme for the second and third quarters and in July it presented the revision of its monetary policy strategy (which made the 2% inflation target symmetrical), while in the final months of the year, in the face of rising concerns about a sharp rise in inflation, the pace of PEPP purchases was reduced and its end in March 2022 was announced.

Asian economies too, though clearly recovering, still felt the impact of the spread of the virus, particularly during the summer with the Delta variant, which caused significant disruptions in production chains. In China, growth remained relatively robust in the first half of the year, but then slowed abruptly in the third quarter, due to both the negative impact on consumer spending of the measures imposed by the authorities to contain the spread of the Delta variant and the restrictive fiscal and credit policies adopted in the first months of the year, aimed in particular at reducing financial risks in the real estate sector, which consequently slowed significantly. Faced with evidence of a sharp slowdown in the economy, there was therefore a moderately expansionary shift in economic policy, with an unexpected cut in the reserve requirement ratio at the beginning of July, followed by a second cut in December and an easing of fiscal policy in the final months of the year. In Japan, the economy recovered rather modestly, given the still significant impact of the restrictive measures adopted to contain the spread of the pandemic, although there were signs of acceleration towards the end of the year. There were also no significant changes in the BoJ's monetary policy stance. At political level, Kishida became Prime Minister at the end of the summer, following Suga's unexpected resignation, which largely marked a continuation in policy.

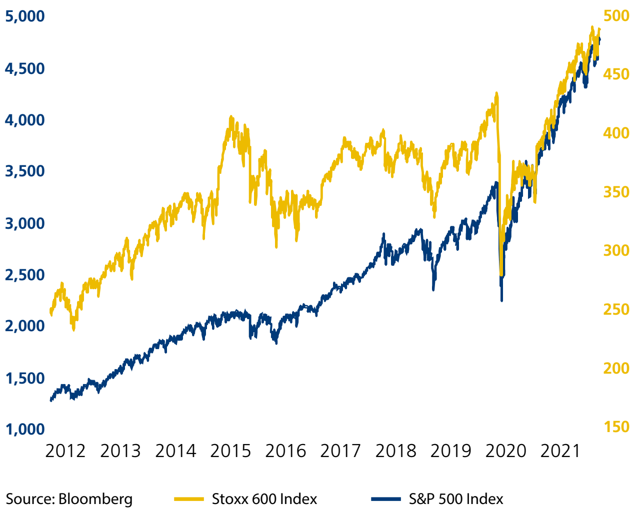
Despite upward surprises on the inflation front, the recovery in economic activity was reflected in a particularly robust performance of equity markets, particularly in the United States (with the S&P500 index up 26.9%) and Europe (with the Stoxx-600 index up 22.2% and the FTSE-MIB performing broadly in line). The Japanese market was less brilliant (+10.4% for the Topix index) and performance in emerging equity markets was decidedly weak (-4.6% for the related MSCI index in dollars). As regards bonds, the improvement in growth prospects in the United States at the beginning of the year was reflected in a sharp rise in yields, with the rate on ten-year Treasuries reaching 1.75% at the end of March (from less than 1% at the beginning of the year). There was no further upward movement in rates for the rest of the year, but a new significant increase occurred in early 2022. In the Eurozone, yields also recovered from the very low levels of the beginning of the year, with the 10-year Bund rate approaching zero at the beginning of 2022.

10-year Bund and BTP yields



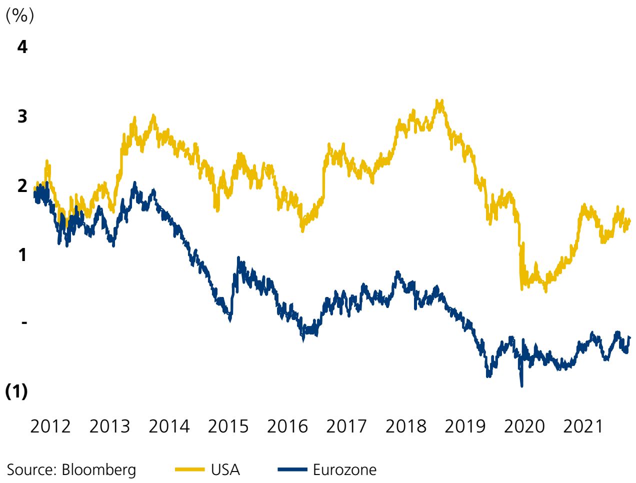
Source: Bloomberg

Stock market performance



Source: Bloomberg

Bond market performance
(10-year government bond yields)



Source: Bloomberg

Historic market returns 2012-2021

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

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Financial Euro sub	USA shares	USA shares	ITALY shares	Oil	EM shares	USA Monetary	USA shares	GOLD	Oil
Euro HY	EUROPE shares	USA Government Bonds	USA shares	USA shares	ITALY shares	USA Government Bonds	ITALY shares	Convertible	USA shares
Pac formerly Japan shares	ITALY shares	Global Inflation Linked	USA Government Bonds	EM shares	GOLD	Germany Government Bonds	Oil	USA shares	Commodity
Italy Government Bonds	Convertible	Italy Government Bonds	USA Monetary	Commodities	EUROPE shares	Euro Government Bonds	EUROPE shares	EM shares	ITALY shares
GLOBAL HY Euro hdg	Euro HY	USA Monetary	EUROPE shares	GLOBAL HY Euro hdg	Pac formerly Japan shares	USA shares	EM shares	Global Inflation Linked	EUROPE shares
EUROPE shares	Financial Euro sub	Pac formerly Japan shares	Global Inflation Linked	EM local debt	EM external debt hdg	Global Government Euro hdg	Pac formerly Japan shares	Italy Government Bonds	JAPAN shares
EM external debt hdg	Italy Government Bonds	EMU Government Bonds	Italy Government Bonds	Pac formerly Japan shares	Financial Euro sub	EMU Monetary	GOLD	Global Corp Hdg Eur	USA Monetary
EM shares	GLOBAL HY Euro hdg	EM shares	Convertible	Euro HY	USA shares	Euro Corporate Bonds	EM local debt	Euro Government Bonds	Euro Inflation Linked
EM local debt	Global Hedge Fund EUR	Germany Government Bonds	Pac formerly Japan shares	EM external debt hdg	Euro HY	Italy Government Bonds	EM external debt hdg	Global Government Euro hdg	EM shares
USA shares	EU Corporate Bonds	Financial Euro sub	EMU Government Bonds	GOLD	GLOBAL HY Euro hdg	Euro Inflation Linked	Euro HY	GLOBAL HY Euro hdg	USA Government Bonds
EU Corporate Bonds	EMU Government Bonds	Global Government Bonds Euro hdg	Financial Euro sub	Global Inflation Linked	Oil	EM local debt	GLOBAL HY Euro hdg	EM external debt hdg	Global Inflation Linked
ITALY shares	Pac formerly Japan shares	EU Corporate Bonds	Global Government Bonds Euro hdg	Financial Euro sub	Convertible	GOLD	Italy Government Bonds	Global Hedge Fund EUR	GOLD
Convertible	EMU Monetary	Global Corporate Bonds Euro hdg	Euro Inflation Linked	EU Corporate Bonds	Global Corporate Bonds Euro hdg	Global Inflation Linked	Euro subordinated financials	EM local debt	Euro HY
Euro Inflation Linked	Global Government Bonds Euro hdg	EUROPE shares	Euro HY	Global Corporate Bonds Euro hdg	Global Hedge Fund EUR	Euro subordinated financials	Convertible	Euro Inflation Linked	Global Hedge Fund EUR
EMU Government Bonds	Global Corporate Bonds Euro hdg	EM local debt	EM external debt hdg	USA Government Bonds	EU Corporate Bonds	Global Corporate Bonds Euro hdg	Global Corporate Bonds Euro hdg	Germany Government Bonds	Global HY Hdg Eur
Global Corporate Bonds Euro hdg	Germany Government Bonds	EM external debt hdg	Germany Government Bonds	Germany Government Bonds	Euro Inflation Linked	Euro HY	USA Government Bonds	Euro subordinated financials	Euro subordinated financials
GOLD	Euro Inflation Linked	Euro HY	EMU Monetary	Euro Inflation Linked	EM local debt	Global HY Euro hdg	Commodity	Euro HY	EMU Monetary
Global Inflation Linked	USA Monetary	Euro Inflation Linked	EU Corporate Bonds	USA Monetary	Italy Government Bonds	Convertible	Euro Government Bonds	Euro Corporate Bonds	Euro Corporate Bonds
Germany Government Bonds	Oil	Convertible	Global Corporate Bonds Euro hdg	EUROPE shares	Global Government Bonds Euro hdg	Pac formerly Japan shares	Euro Inflation Linked	EMU Monetary	Global Corporate Bonds Euro hdg
Global Government Bonds Euro hdg	EM external debt hdg	ITALY shares	GLOBAL HY Euro hdg	EMU Government Bonds	EMU Government Bonds	EM external debt hdg	Euro Corporate Bonds	USA Government Bonds	Convertible
Global Hedge Fund EUR	EM shares	GLOBAL HY Euro hdg	Global Hedge Fund EUR	Global Government Bonds Euro hdg	EMU Monetary	Commodities	Global Inflation Linked	Pac formerly Japan shares	Germany Government Bonds
Oil	USA Government Bonds	EMU Monetary	EM shares	Italy Government Bonds	Germany Government Bonds	EM shares	Global Government Euro hdg	EUROPE shares	EM local debt
EMU Monetary	Global Inflation Linked	Global Hedge Fund EUR	EM local debt	Global Hedge Fund EUR	Global Inflation Linked	Europe shares	USA Monetary	ITALY shares	Global Government Euro hdg
USA Government Bonds	EM local debt	GOLD	GOLD	Convertible	USA Government Bonds	Global Hedge Fund EUR	Global Hedge Fund EUR	USA Monetary	Italy Government Bonds
USA Monetary	Commodities	Commodities	Commodities	EMU Monetary	USA Monetary	ITALY shares	Germany Government Bonds	Commodities	Euro Government Bonds
Commodities	GOLD	Oil	Oil	ITALY shares	Commodities	Oil	EMU Monetary	Oil	EM external debt hdg

> 3% 0% / 3% -3% / 0% < -3%

The information, opinions and data contained in this table do not in any way constitute research, recommendation, investment advice, investment advisory or any other form of advice and are subject to change.

The data shown refers to the past. Past results do not constitute a reliable indicator of future results.

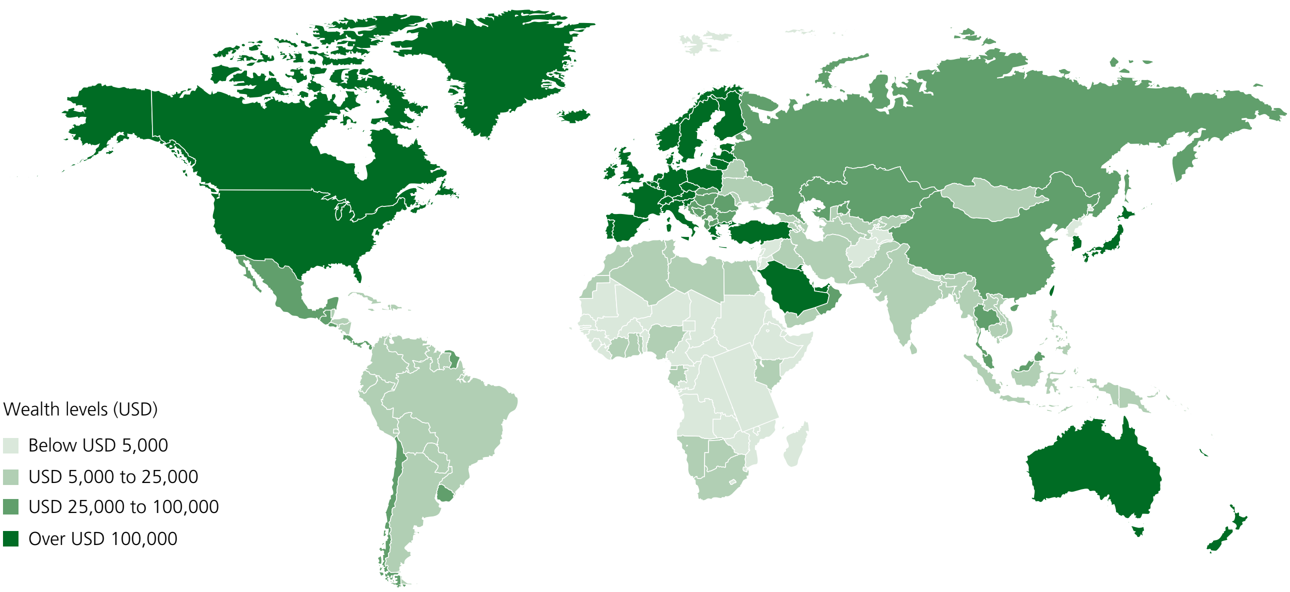
Source: Prepared by Fideuram Asset Management SGR S.p.A..

2.2 Market growth prospects

THE WORLD MARKET[1]

The impact of the health emergency on global wealth creation was modest due to measures by governments and central banks to mitigate the effects of Covid-19. In the first quarter of 2020, the pandemic had a profound, short-term impact on global markets. Total global household wealth is estimated to have fallen by $17,500bn between January and March 2020, equivalent to a 4.4% decline. This loss was largely recovered by the end of June. In the second half of 2020, equity markets surprisingly followed an upward trend, reaching record highs by the end of the year. However, the pandemic exacerbated socioeconomic inequalities within and between countries. In 2020, global wealth increased by $28,716bn, reaching $418,342bn with a growth rate of 7.4%. Even the average assets per capita increased, reaching an all-time high of $79,952bn (+6%). Some regions of the world registered positive changes, both in terms of global wealth and assets per capita, first of all North America, Europe, Asia-Pacific and China; other regions, such as India and Latin America, recorded wealth losses. The solidity of the stock markets meant that financial assets registered most of these increases with $22,486bn for financial assets compared to $10,023bn for non-financial assets, partially offset by the increase in debts of $3,794bn.

World Wealth Map, 2020



Source: Original estimates by the authors.

1. The information presented in this part was taken from the "Global Wealth Report 2020" published by Credit Suisse in June 2021.

As shown in the table below, geographically the pandemic has generated a wide disparity in wealth growth levels. North America and Europe accounted for most of the increase in global wealth.
The most affected regions were Latin America and India, where currency devaluations exacerbated the decline in GDP, resulting in a loss of wealth of 10.1% and 4.4%, respectively.

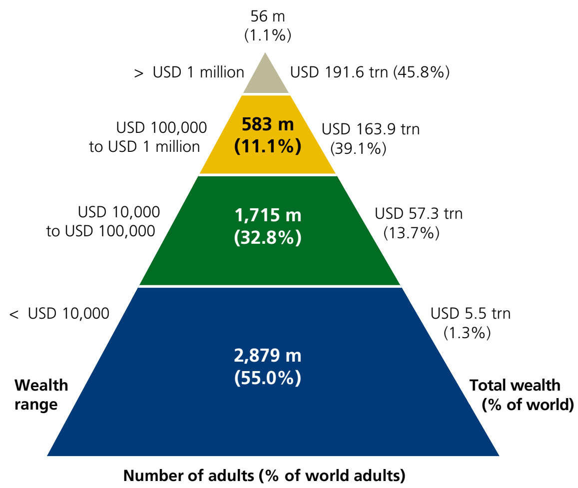
Change in household wealth 2020, by region

	TOTAL WEALTH	CHANGE IN TOTAL WEALTH		WEALTH PER ADULT	CHANGE IN WEALTH PER ADULT	CHANGE IN FINANCIAL ASSETS		CHANGE IN NON-FINANCIAL ASSETS		CHANGE IN DEBTS	
	USD BN	USD BN	%	USD	%	USD BN	%	USD BN	%	USD BN	%
Africa	4,946	36	0.7	7,371	–2.1	–24	–1.0	26	0.9	–34	–8.5
Asia-Pacific	75,277	4,694	6.7	60,790	5.0	2,974	7.4	2,549	6.4	829	8.9
China	74,884	4,246	6.0	67,771	5.4	3,389	10.2	1,912	4.3	1,055	15.3
Europe	103,213	9,179	9.8	174,836	9.8	6,648	14.0	3,969	6.6	1,438	10.3
India	12,833	–594	–4.4	14,252	–6.1	119	3.8	–782	–6.8	–70	–5.8
Latin America	10,872	–1,215	–10.1	24,301	–11.4	–655	–11.1	–796	–10.5	–236	–17.0
North America	136,316	12,370	10.0	486,930	9.1	10,037	10.0	3,145	7.7	812	4.7
World	**418,342**	**28,716**	**7.4**	**79,952**	**6.0**	**22,486**	**9.7**	**10,023**	**4.8**	**3,794**	**7.5**

Source: Original estimates by the authors.

WEALTH CONCENTRATION

The global wealth pyramid 2020



Source: Original estimates by the authors.

Household wealth is distributed unevenly. Geographical imbalance is evident in the fact that, at the end of 2020, North America and Europe represented 57% of aggregate wealth, although they account for only 17% of global adult population.

The differences in wealth between countries are increasingly more pronounced. In each country, the richest 1.1% of wealth holders saw their wealth quadruple between 2000 and 2020, from around $41,500bn to $191,600bn (an increase from 35% to 46% in terms of share of global wealth). The upper-middle segment of the pyramid (with wealth between $100,000 and $1,000,000) has also seen a significant increase in wealth since 2000, reaching a share of 39% of total wealth.
The pandemic had a heterogeneous impact on population subgroups: the wealth of people who held a higher share of securities in their assets showed better results.
The effects on unemployment vary considerably from country to country. Between January and April 2020, the unemployment rates almost tripled in India reaching 24% and quadrupled in the US, reaching 14.8%. In contrast, in the same period, unemployment only increased from 3.3% to 4.2% in Germany and from 5.3% to 6% in urban China. From May onwards, it began to decline gradually and, at the end of 2020, was below the peak reached in spring in most countries. In OECD countries, the unemployment rate stood at 6.5% in December 2020, compared to 5.3% a year earlier.

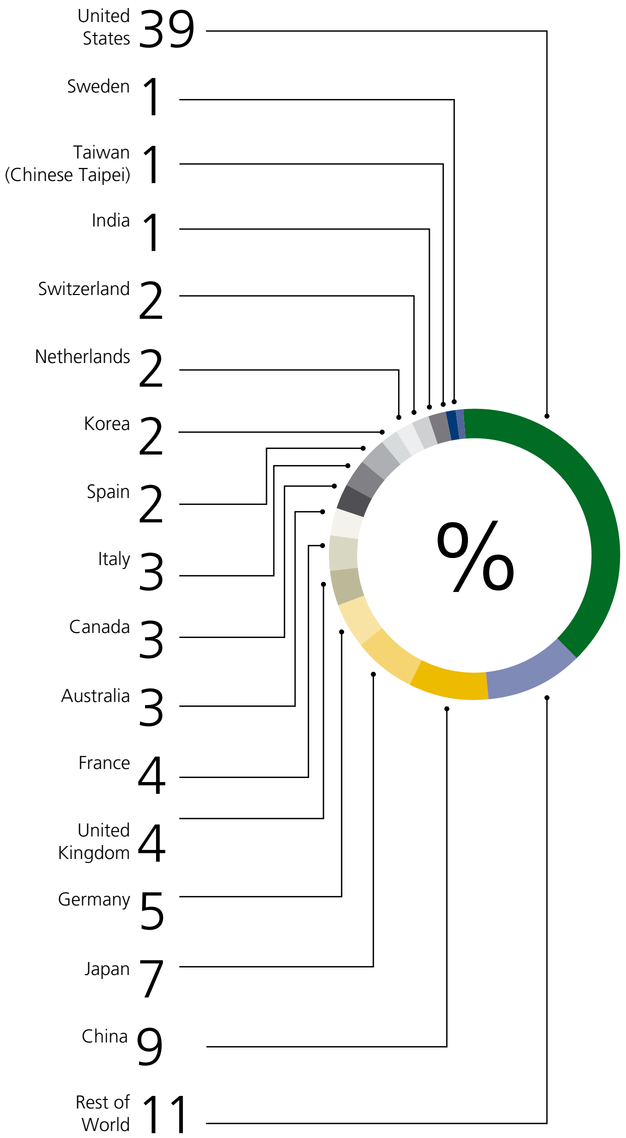
Available data shows that women and young people suffered heavily from the effects of the pandemic in terms of employment. For example, while the total number of persons employed in the United States decreased by 13% between February and May 2020, the fall in workers aged under 35 was 17.1%. Women workers suffered considerably, also because of their high presence in companies and industries such as restaurants, hotels, personal services and retail which were severely affected by the pandemic. Over the year, however, participation in the labour force declined at similar rates for both sexes in the more developed economies.

In late 2020, the millionaires worldwide totalled 56.1 million, an increase of 5.2 million compared to the previous year. As a result, assets of more than $1m are now required to be among the richest 1% globally, up from $988,103 the year before. This makes 2020 the first year in history that more than 1% of adults globally are millionaires, in nominal dollar terms.

The United States accounted for about a third of the total increase with 1.7 million new millionaires. For some countries, such as Germany, Australia, Japan, France, the United Kingdom, China, Canada, the Netherlands and Italy, the upward change is inflated by the appreciation of their currencies against the US dollar; for others, such as Brazil, India, Russia and Hong Kong, currency depreciations were, on the contrary, the main cause of the decline in the number of millionaires.

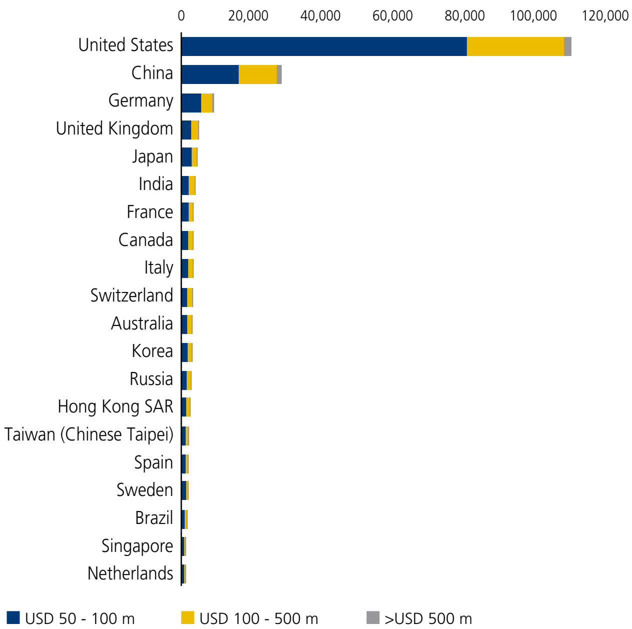
China (+257,000 new millionaires in 2020) consolidated its second place behind the United States.

Number of dollar millionaires (% of world total) by country 2020



Source: Original estimates by the authors.

ULTRA-HIGH NET WORTH INDIVIDUALS in 2020, top 20 countries



Source: Original estimates by the authors.

At the top of the pyramid of wealth at the end of 2020, there were 215,030 adults in the world in the ultra-high net worth (UHNW) bracket with assets exceeding $50m. Of these 68,010 had assets of at least $100m and 5,332 had a higher wealth at $500m. North America dominates the list with 114,380 people (53% of the total), followed by Europe with 38,110 (18%) and Asia-Pacific with 28,130 (13%) excluding China and India.

The total number of UHNW adults increased by 41,420 in 2020 (+24%), recording the highest growth rate since 2000, with the exception of 2003. The United States is the country that has contributed the most to the increase with 21,313 individuals; along with China, Germany, Japan, the United Kingdom and Korea are the other countries with more than 1,000 new UHNWs as of January 2020.

THE ITALIAN MARKET[2]

CONSUMER SPENDING

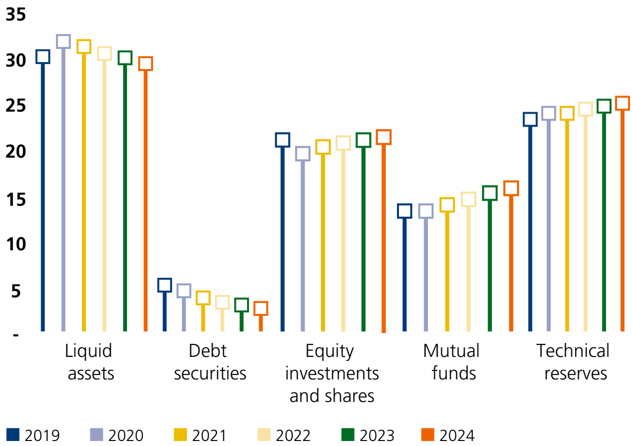
The summer of 2021 confirmed and consolidated the recovery in European household spending thanks to a well-established vaccination campaign and holiday spending. The temporary rise in Covid-19 cases due to the Delta variant did not lead to further closures of economic activities and therefore did not undermine the momentum of summer consumer spending in most EMU countries. In Italy, with a cyclical growth of 3%, household spending is below the EMU average, although there have already been large increases in the third quarter (+4%). Consumer spending remained strong over the summer, boosting the economic recovery thanks to household confidence. Semi-durables (+4.8%) and services (+8%) continued to grow strongly, although still below pre-crisis levels. Consumption of non-durable goods picked up steam from 0.5% growth in Q2 to 1.3% in Q3. The health crisis undoubtedly led to significant changes in the consumption habits of Italian families, resulting in a sharp decrease compared to previous years in spending on accommodation, catering, recreation and culture, as well as clothing. On the other hand, consumption in communications bucked the trend, mainly due to telework and distance learning and the drive towards digitalisation; expenditure on household goods and home maintenance also increased, renewing the interest of families in domestic comfort and a greater need to feel protected.

THE INVESTMENT MARKET

As at June 2021, financial assets at current prices were up 3% compared to December 2020 (an increase of over €145bn to €4,952bn), in line with the trend throughout 2020 (+2.9%). Wealth benefited from the largely positive contribution of equity markets, which drove a recovery in the value of equities and equity investments and supported the performance of asset management products. In 2021, financial wealth increased by 6.1%, more than twice as much as in 2020 and slightly less than in 2019 (+6.6%). Less buoyant intense growth is forecast for the next three-year period (+2.6% on average per year), as a result of a lower accumulation of savings and in the hypothesis of financial markets that are on average positive, but less lively than in the recent past. Flows invested in financial assets will return towards pre-pandemic levels, settling back below €50bn in 2024, in line with 2019.
The preference for managed and insurance-based products was confirmed, against a backdrop of rising equity prices and low interest rates. In the third quarter, households continued to invest in insurance policies, particularly multi-line and unit-linked, and in managed products, both mutual funds and discretionary accounts. Cash accumulation was still important but less buoyant than in 2020, while direct holdings of both government and corporate bonds declined further, given the low yields to maturity and higher inflation affecting real returns. After the high growth in recent years, the accumulation of deposits is expected to fall sharply in 2022 and come to a halt in the following two years, allowing a greater share of new savings to be allocated to investments, with a strong bias towards managed and insurance-based instruments, which can support portfolio profitability through increased investment in markets and sectors with growth prospects.

Households: breakdown of financial assets in Italy

(percentages)



Source: Prometeia forecasts using Bank of Italy data.

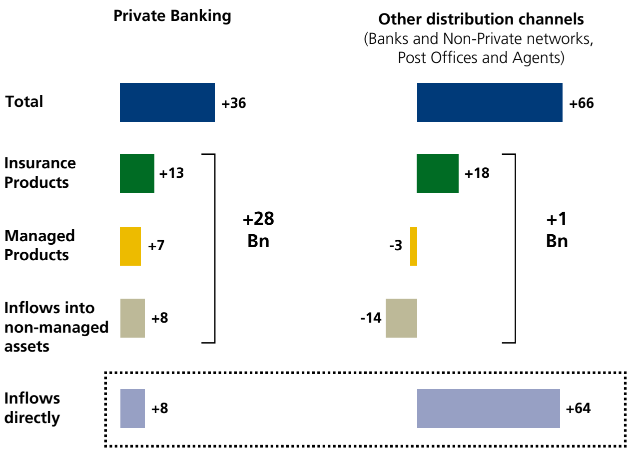
2. The information presented in this section has been taken from the Prometeia publication "Forecast Report – December 2021".

THE PRIVATE BANKING MARKET[3]

The world economy was strongly affected by the impact of the epidemic in 2020 (world GDP -3.9%) and Italy suffered a severe recession, with GDP falling by 8.9% compared to the previous year (Eurozone -6.8%; United States -3.5%; China +2.2%).
The decline in activity was reflected differently across sectors. In Italy, added value decreased by 11.1% in industry, 8.1% in services, 6.3% in construction and 6% in agriculture. The only sector that recorded an increase in activity was information and communication services, with added value up by 1.9%. The impact of expansionary fiscal policies on national budgets in all the major economies was strong, and national resources were matched by support from the European Union through extraordinary measures. The 2.8% drop in household disposable income is not far from the negative values recorded during the 2008 and 2012 crises. By financing social transfer expenditure, the State mitigated the fall in income, which was on the whole limited when compared with the drop in GDP (-8.9%).
The decline in income was more frequent among the more fragile groups of workers with lower individual disposable income, lower qualifications, and less stable contractual conditions, but who are the main beneficiaries of welfare measures. Financial markets experienced great uncertainty and volatility. Recession, lockdown and uncertainty about future pandemic developments reduced consumption and increased the propensity to save in many economies. The pandemic crisis also affected the allocation of household disposable income, leading to an increase in the savings ratio of a large group of households (around 40%) who, constrained by the lockdown, largely reduced spending on non-essential goods.
The growth in household savings was a phenomenon common to all major economies and it was very strong in Italy, where the propensity doubled (15.2% compared to 7.6% in 2019), resulting in the accumulation of €100bn in new savings.
The growth in the savings rate was met by caution on the fixed investment front, with an unprecedented halt in the rate of investment by consumer households in the first two quarters of the year and a recovery already in the third quarter.
Against this backdrop, households' investable financial wealth closed 2020 at €3,269bn, recovering the marked decline in the early months of the year and surpassing 2019 levels, up 3.9%. The growth was mainly driven by the strong increase in savings (3.4% flow effect), but also supported by the market recovery that followed the announcement of vaccines in the last months of the year (0.5% market effect).
The Private Banking segment, i.e., households with net financial assets in excess of €500,000, is looking for solutions to meet the complex needs of protection, growth and transmission of personal, family and business assets. At the end of 2020, the Private Banking segment's investable wealth stood at €1,180bn, up 4.9%, higher than that of total households thanks to the higher flow of savings available for investment (+3.8%) and positive market performance (+1.1%), linked to the greater exposure of these assets to market recovery.
In 2020, 7,700 new households exceeded the €500,000 threshold of financial wealth, accounting for about 2.6% of households, and the wealth they hold stands at about 36% of total investable wealth. There was no significant change in the distribution of wealth among wealthy households, which is concentrated in the intermediate wealth brackets: 68% of assets are attributable to households with assets of between €0.5 and €5m, which account for 95% of the total. The richest households (more than €10m in assets) account for around 1.3% and hold 16.5% of the total with €194bn.
The effectiveness of the advisory service provided by Private Banking operators (thanks to the speed with which they were able to transfer the relationship with customers from physical to remote in a short period of time) is clear when compared with the wealth managed by other operators in the system. Private Banking was more effective in acquiring assets in a phase when markets were recovering confidence (new Private Banking inflows +4.1% compared to 2.9% for other operators); moreover, the revaluation of assets was double that of other channels, due to the greater weight of mark-to-market managed components in the Private client portfolio and a lower weight of liquidity. Analysing Private Banking's performance over the quarters, the deep negative market effect recorded at the end of March was promptly recovered as early as the second quarter, returning to pre-pandemic levels in the last quarter (-8.8% in March, +5.0% in the following three months, +1.0% and +3.9% in the second half of the year). Customers saw the value of their assets grow twice as fast as other wealthy households: over the past 5 years, the value of financial wealth entrusted to the sector grew at an average annual rate of 4.4%, twice the rate of wealth growth of wealthy households that did not turn to private banking.
The data on inflows in 2020 highlight the key role played by the proximity of investment Advisers to private customers, which fostered prudent attitudes in dealing with the uncertainty generated by the crisis: Private Banking led the allocation of savings in financial investments other than deposits to the tune of €28bn, while the savings of other households flowed mainly into liquidity, only €1bn was transformed into investments by the other channels.

Inflows of Private Banking operator vs other distribution channels

Bn €, year 2020



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

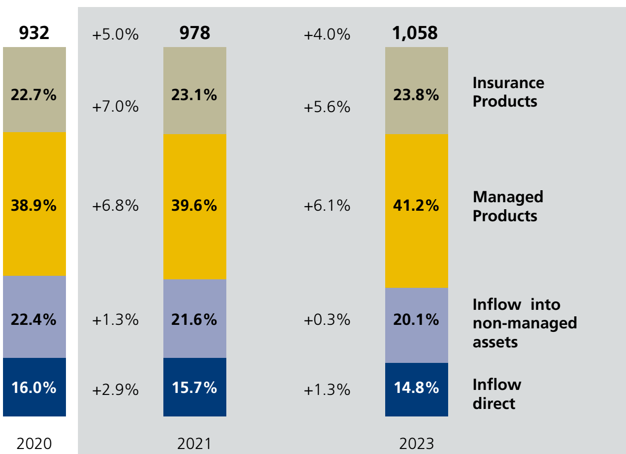
3. The information presented in this section has been taken from the publication "Rapporto sul Private Banking in Italia (2021)", AIPB-Strategy&.

STRATEGIES

In the first few months of 2021, the Italian economy began a path of normalisation. The first quarter opened with an improvement in GDP compared to the previous quarter (+0.1%), fuelled mainly by the recovery in domestic demand thanks to the recovery in investment (-0.6% EMU GDP).
The outlook for the financial markets in the coming years remains positive. There is no shortage of risk factors, such as possible higher inflation, which should not have a negative effect on equity indices as it is accompanied by an improvement in economic growth prospects.
In the next two years, the propensity of households to save will remain above 2019 levels, due to the persistence of the uncertain environment that will fuel precautionary saving (11.3% in 2022 and 10.2% in 2023). After recovering in 2021 (+2.8%), growth in disposable income will slow down due to the gradual ebbing of the impetus of fiscal policy (+1.6% in 2022 and 1.3% in 2023). At the end of 2023, Italian households' portfolios will reach €3,582bn (+3% in 2022, +2.6% in 2023), with a progressive reduction in the contribution of flows (2.0% in 2022 and 1.6% in 2023) and a rather stable market effect over the years (+1.0%).
Private banking assets are also expected to grow by €80bn over the next two years, reaching €1,058bn by the end of 2023 (+4% on average per year compared with 2.3% for other distribution channels). Private Banking's growth potential lies in the evolving needs of affluent households, who say they are in favour of advice that has a deeper focus on future objectives, supporting them on all investment issues that may be of interest, with a strong emphasis on integrating sustainability criteria (ESG) into product selection.

Forecasts for managed wealth since Private Banking

Bn € and average annual change



Source: AIPB-Prometeia.

FOCUS ON ESG INVESTMENTS[4]

Over the last several years, the sustainable finance market has been growing significantly at global, European and Italian levels. Client assets managed according to sustainable and responsible investment strategies are growing, and the number of operators who integrate ESG (environmental, social and governance) criteria in their investment strategies and choices is on the increase. Generally speaking, a sustainable and responsible investment is an investment which aims to create value for the investor and for society as a whole through a medium-long term strategy and which, in the assessment of companies and institutions, integrates financial analysis with environmental, social and good governance analysis[5].

Sustainable investments can be broken down according to various strategies that can be applied simultaneously to the same portfolio and to different asset classes (shares, bonds, private equity, private debt, etc.).

The most common SRI strategies are as follows:

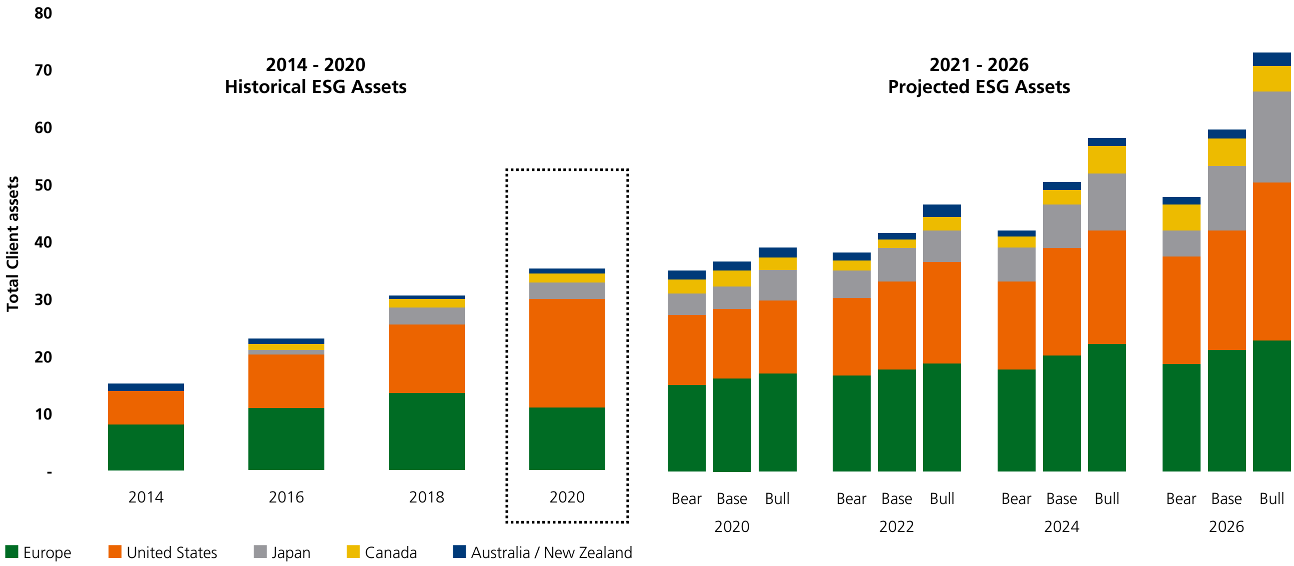
- **Exclusions** (Negative/exclusionary screening): exclusion of several issuers, sectors or countries according to specific principles and values (including the most frequently used criteria: arms, pornography, tobacco, etc.).
- **Best in class** (Positive/best-in-class screening): selection or weight of the portfolio investments according to ESG criteria, privileging the best ones in a sector, a category or an asset class.
- **International conventions** (Norms-based screening): selection of investments according to compliance with international regulations and treaties (the most commonly used ones are those defined by the OECD, UN and UN agencies).
- **ESG integration:** selection of investments according to the integration of environmental, social and governance criteria with financial criteria.
- **Engagement** (Corporate engagement and shareholder action): constructive dialogue with issuers on sustainability issues and exercise of voting rights connected with participation in share capital.
- **Thematic investments** (Sustainability themed investing): selection of investments according to one or more ESG themes (e.g. climate change, energy efficiency, health, etc.).
- **Impact investing** (Impact/community investing): investments in companies, organisations and funds made with the intention of generating a positive and measurable socio-environmental impact, together with a financial return.

The economic disruption caused by the Covid-19 pandemic, the increased need to address climate risks together with heightened consumer awareness of sustainability have brought ESG investments into the spotlight. This trend characterised the whole of 2021 and is very likely to continue in 2022.

4. The information presented in this section has been taken from the publication "Sustainable Investing in 2022: Focus on regulation and decarbonisation" – Credit Suisse, 6 Dec. 2021 Equity Research Global.

5. Definition identified in 2013 by a working group of the Forum for Sustainable Finance.

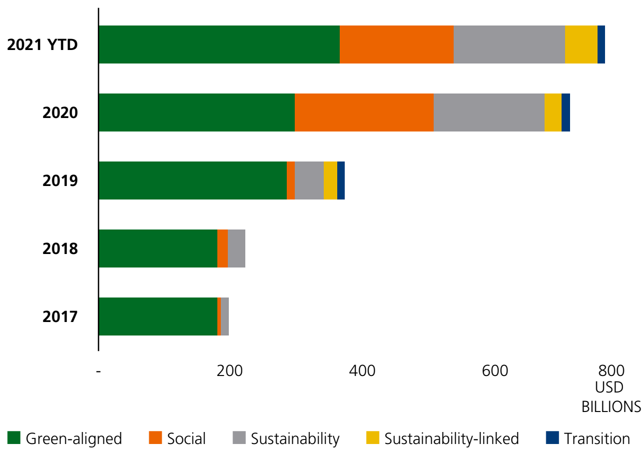
ESG global projected client assets by country/region



Source: GSIA, Bloomberg Intelligence, Credit Suisse research.

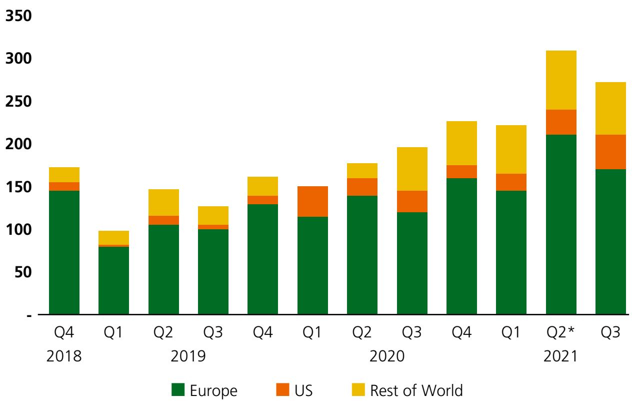
Assets invested in ESG products are projected to exceed \$35tr in 2020, up from \$30.6tr in 2018 and \$22.8tr in 2016, according to the Global Sustainable Investment Association and Bloomberg Intelligence.
Bloomberg Intelligence estimates that global ESG assets are expected to exceed \$53tr by 2025, although the rate of growth will slow to half that recorded in the past five years.
The growing focus on ESG in 2021 can also be seen through developments in the sustainable debt market. According to Climate Bond Initiative, investments in sustainable debt reached \$779bn as at September 2021, with green bonds set to reach \$500bn in 2021.
Green-labelled bond issues for the first nine months of 2021 stood at \$354bn and have already surpassed \$294bn in volume realised for the full year 2020.
As a result of the introduction of the Sustainable Finance Disclosure Regulation (SFDR) in Europe, at the beginning of the year Bloomberg Intelligence expected a decline in ESG assets under management as the SFDR imposed stricter regulatory requirements on what qualifies as sustainable investment. However, the opposite appears to have occurred. Morningstar looked at the number of open-ended funds and ETFs claiming to have a sustainability objective and/or using binding ESG criteria for investment selection and calculated an increase of around 51% in ESG funds in the third quarter, amounting to 7,486 funds at the end of September 2021.
Overall, Morningstar data shows that global ESG assets under management reached \$3.9tr, an increase of 7.8% in the third quarter 2021 compared to the previous quarter.
Europe continued to dominate the ESG fund landscape with 88% of assets held, followed by 8% in the US, with the remainder held by the rest of the world. Sustainable funds had net inflows of \$141bn in the third quarter of 2021, around 60% higher than the same period last year.

Total volumes for sustainable debt issuances



Source: Climate Bonds Initiative, Credit Suisse research.

Global sustainable fund launches per quarter



*Q2 data has been restated because of new ESG language found in fund prospectuses following the introduction of SFDR on 10 March 2021. Data as of September 2021.
Source: Morningstar Direct, Morningstar Research, Credit Suisse research.

2.3 Group competitive position

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

The Group's distribution model is built on four well-known brands, Fideuram, Intesa Sanpaolo Private Banking, Sanpaolo Invest and IW Bank. All four have consolidated reputations on the Italian market among customers and Personal Financial Advisers alike, strengthened by their Networks' constant ability to act as a reference point, synergistically bringing together not just individual professionals in the sector but entire companies as well. As part of the Group's foreign development project, the acquisition of the Reyl Group boosted international growth, in order to expand its range of action beyond national borders.
The Group has a leading position in its reference market (Asset Gathering), being ranked sixth in Europe and second in the Eurozone for client assets.

The Group is, moreover, the undisputed leader of the Italian managed assets market and in the distribution of financial products through Networks of Personal Financial Advisers registered in the Unified Register of Financial Advisers, taking a very solid first place in the Assoreti ranking with a 39.5% market share at 31 December 2021 (amounting to approximately €310.4bn). Moreover, the Group took first place in 2021 both for total net inflows (€16.1bn) and for net inflows into managed assets (€11.2bn).

Top 10 Private Banking operators in Europe

(31.12.2021 - €bn)

	CLIENT ASSETS
UBS [1]	2,916
Credit Suisse [2]	801
Julius Bar	466
BNP Paribas	422
HSBC	373
Fideuram - Intesa Sanpaolo Private Banking	341
Deutsche Bank [3]	283
Pictet	264
Santander	232
ABN-AMRO	214

(1) Invested Assets (Global Wealth Management division).
(2) Client assets of the Suisse Universal Bank – Private Customers, IWM – Private banking and Asia Pacific divisions.
(3) Client assets IPB Private Banking and Wealth Management (partially estimated figure).
Source: Internal processing based on financial statements, presentations, press releases and websites.

The tables below analyse the assets management market and net inflows in Italy by the main Groups operating in Italy.

Market shares by client assets

(€bn)

	31.12.2021		31.12.2020	
	CLIENT ASSETS	% OF TOTAL CLIENT ASSETS	CLIENT ASSETS	% OF TOTAL CLIENT ASSETS
Fideuram Group (*)	310.4	39.5	258.0	38.6
Banca Mediolanum	96.6	12.3	83.3	12.5
Finecobank	94.6	12.0	79.6	11.9
Banca Generali Group	84.6	10.8	73.3	11.0
Allianz Bank	63.6	8.1	56.3	8.4
Azimut Group	50.6	6.4	45.2	6.8
Credito Emiliano Group	41.1	5.2	34.6	5.2
Deutsche Bank Group	17.9	2.3	15.7	2.4
BNP Paribas Group	8.9	1.1	6.7	1.0
Monte dei Paschi di Siena Group	8.2	1.0	7.4	1.1

(*) Includes the client assets of the Fideuram, Sanpaolo Invest, Intesa Sanpaolo Private Banking and IW Bank Networks.
Source: Assoreti.

Total net inflows and into managed assets

(€bn)

	2021		2020	
	TOTAL NET INFLOWS	NET INFLOWS INTO MANAGED ASSETS	TOTAL NET INFLOWS	NET INFLOWS INTO MANAGED ASSETS
Fideuram Group (*)	16.1	11.2	11.6	5.8
Finecobank	9.9	7.1	8.0	4.0
Banca Mediolanum	7.8	5.9	6.4	3.0
Banca Generali Group	7.7	4.8	5.9	3.4
Allianz Bank	5.4	4.8	4.0	3.1
Azimut Group	2.8	2.8	2.0	1.5
Credito Emiliano Group	2.3	2.1	1.3	0.9
BNP Paribas Group	1.7	1.2	1.0	0.7
CheBanca	1.5	1.2	1.2	0.8
Deutsche Bank Group	1.5	1.3	0.9	0.7

(*) Includes the inflows of the Fideuram, Sanpaolo Invest, Intesa Sanpaolo Private Banking and IW Bank Networks.
Source: Assoreti.

1. BUSINESS MODEL
2. EXTERNAL CONTEXT AND STRATEGIES
3. PERFORMANCE
4. GOVERNANCE
5. CONSOLIDATED FINANCIAL STATEMENTS

2.4 Brand Equity and Customer Satisfaction

The Fideuram Group constantly monitors the perception that Italian Personal Financial Advisers have as regards the Fideuram and Intesa Sanpaolo Private Banking Networks, evaluating their rate of satisfaction and the reputation of the Brand.

BRAND EQUITY MARKET RESEARCH SURVEY

The **FINER CF EXPLORER 2021** market research survey confirmed that the Fideuram Network continued to lead the sector in terms of its standing among Italian financial advisers. The survey showed that Fideuram:

- **was the leader for brand awareness and image**;
- had **98% of satisfied Personal Financial Advisers**.

In addition, Fideuram was also ranked number one for:

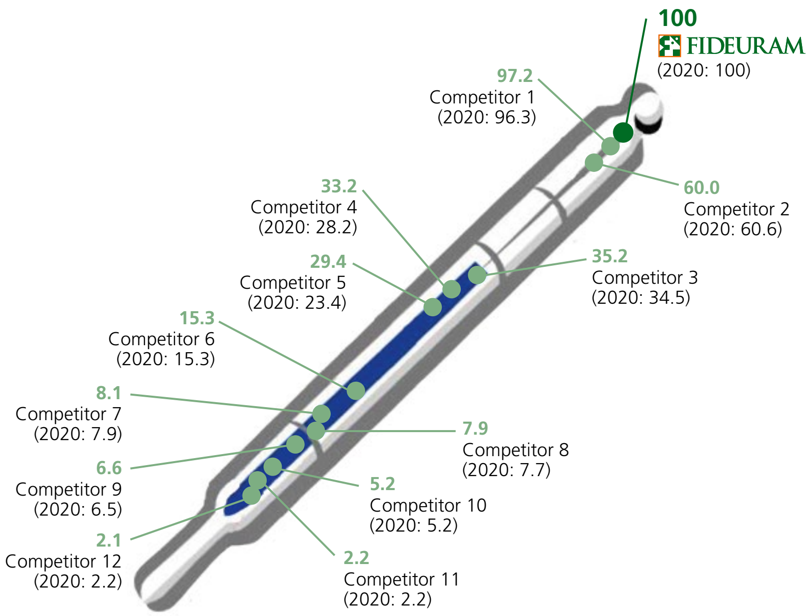
- professionalism and dependability;
- growth potential in the reference market;
- management excellence;
- availability and expertise of head office staff.

In a socio-economic scenario like today's, levels of recognition such as these are especially significant and are a source of enormous satisfaction.

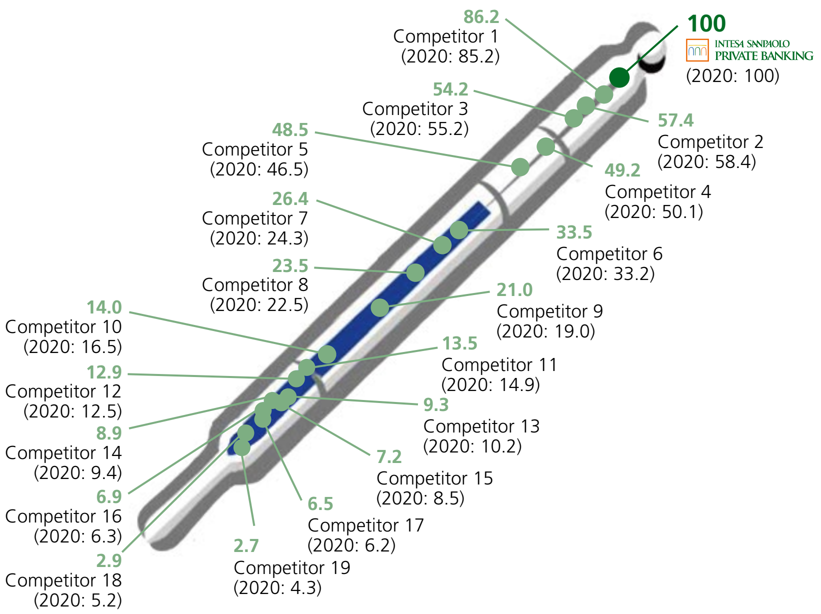
The **FINER PB EXPLORER 2021**, with its annual survey on the world of Italian personal financial advisers and wealth managers, has once again confirmed Intesa Sanpaolo Private Banking as the best Equity Brand in terms of consideration and appreciation from the Private Banking professionals.

The survey was conducted through 1,717 telephone interviews with the Personal Financial Advisers of the 34 largest and most important Private Banking and Wealth Management companies in Italy (the sample surveyed also includes former Ubi Top Private Bankers and WM).

Synthetic index of Brand Equity 2021



Synthetic index of Brand Equity 2021



The strong sense of belonging and loyalty to the company remains unchanged among the sales network, which feels involved in company decisions, trusts the Group's management, and is satisfied with the support of the product specialists and managers to whom it reports, and with the career, training and professional development paths. They are particularly gratified by the remuneration incentives provided.

The positive judgement is also expressed for the breadth of the commercial offer, frequency and quality of information on markets, and specialised banking services among which Internet Banking is particularly important.

CUSTOMER SATISFACTION SURVEY

The ability to create lasting customer relationships based on professionalism and trust is the key to success.
Listening to customers is a powerful tool that guides all stages of the relationship: in the definition and development of financial products and services, in the placement of products and in the measurement of satisfaction or dissatisfaction factors.
The listening process is designed to readily identify the latent needs to be addressed with the development of new products and services, the measurement of success and failure factors with a view to taking action where corrective measures are necessary.
For a number of years now the Customer Satisfaction survey has been in use for the Fideuram/Sanpaolo Invest and Intesa Sanpaolo Private Banking Networks in order to find out the opinions of customers about the services offered and the quality of relationships with Personal Financial Advisers.
The analysis of Customer Satisfaction is one of the most important aspects for planning and checking the quality of our offered services. In a highly competitive environment like the current one, in which the development of digital channels makes it easy for customers to reach products independently, banks are increasingly attentive in analysing the satisfaction and changing needs of customers so as to meet their requirements promptly and effectively.

In 2021 a Customer Satisfaction survey was carried out by the Private Banking Division in relation to the Fideuram and Sanpaolo Invest Networks and the Intesa Sanpaolo Private Banking Network.
The survey took account of the distinctive features of the two service models and involved a sample group of customers resident throughout Italy, who had to fill in two distinct questionnaires made available exclusively in digital mode, on various platforms.

The questionnaires, answered by 30,589 customers (21,582 for the Fideuram Network, 5,876 for the Sanpaolo Invest Network and 3,131 for the Intesa Sanpaolo Private Banking Network), were structured to investigate various points of contact with the customer (the relationship with the Personal Financial Advisers, customer support and online services), assuming that the degree of customer satisfaction depends on an overall effort involving not only the Personal Financial Advisers, but also all the units and people coming into direct and indirect contact with the customer.

The survey results confirmed high customer satisfaction for all three Networks. The relationship with Personal Financial Advisers is always one of the fundamental elements in measuring appreciation of the service provided and in particular, customers recognise their approachability, preparation and ability to propose solutions, and also their great courtesy.

From the survey conducted on the Fideuram and Sanpaolo Invest Networks, it emerges that, in the current context, there is an enhanced appreciation for their soundness and reliability, for the fact that they belong to a large group, for their multi-channel facilities, for the presence of top professionals and their attention to customer needs. Among the most valuable tools in the relationship with the bank, customers indicate the financial and investment advisory service but also online banking.

The survey on the Intesa Sanpaolo Private Banking network shows that, in addition to belonging to a large group, the professionalism of the bankers and branch staff, the understanding of customers' needs, the ability to make them feel privileged, as well as attention to privacy and the ability to anticipate critical issues continue to be highly appreciated.

In the questionnaires addressed to customers, the opportunity was taken to ask some questions devoted to issues relating to sustainable investments (Environmental, Social, Governance and Sustainable and Responsible Investment) in order to investigate the knowledge of customers and their propensity to investing their assets in products with ESG characteristics.

As regards customers in the Fideuram e Sanpaolo Invest Networks, the survey showed that ESG issues are known to over 60% of customers and 45% of them believe that ESG investments create value for themselves and for the community and the environment, confirming last year's figure. The percentage rises to 59% and 61% if one considers, respectively, the band of Private Banking customers and the band of customers with an aggressive or dynamic risk profile. In addition, over 40% (31% in 2020) of customers are willing to invest more than 30% of their assets in sustainable products.

With regard to of Intesa Sanpaolo Private Banking customers, it appears that these types of investments are known to over 50% of customers involved, that 36% of them already have them in their portfolios (27% in 2020), and that over 64% of the sample would prefer to invest in ESG/CSR instruments, if yields are the same.

Net Promoter Score (NPS)	**Customer Satisfaction Index (CSI)**
Fideuram/Sanpaolo Invest Networks: 69	**Fideuram/Sanpaolo Invest Networks: 8.5**
Intesa Sanpaolo Private Banking Network: 66	**Intesa Sanpaolo Private Banking Network: 8.6**

2.5 Group strategy

BUSINESS PLAN 2022-2025

In recent years, the Intesa Sanpaolo Group has demonstrated that it is capable of generating value for all stakeholders, achieving excellent results even in a challenging external landscape characterised, for example, by the severe crisis generated by Covid-19, interest rates at historic lows, the growing competitiveness of international competitors and new tech-oriented operators and increased regulatory pressure.

Fideuram - Intesa Sanpaolo Private Banking is already well poised to take full advantage of market opportunities, thanks to the new distinctive skills it has acquired in recent years, partly through the integration of various Italian and international companies, to its ongoing investments in technology, digital channels and ESG, and to an efficient and streamlined operating model that evolves proactively, anticipating new market dynamics.

The objectives of the new business plan are in the following areas:

1. **Strengthening the Division's identity** by fully tapping the potential of its People and their skills. The key activities include:
    - Continuation of the 'Value & Purpose' project to share common values within the Division.
    - Management training and the evolution of digital culture.
    - Further optimisation of the recruiting machine, with dedicated strategies for the acquisition of teams of Consultants and Personal Financial Advisers, also to bring new blood into the Networks, and reorganisation and segmentation of the Consultant Networks to differentiate management, training, development and induction of young talents.
    - Consolidation of head office and branch units by hiring young talents to cope with the specialist skills required for plan initiatives (e.g., Credit, Digitalisation, Analytics) and to support growth.
    - Development of innovative contractual forms (e.g., mixed contracts).
2. **Consolidate the core business in Italy**, positioning Fideuram - Intesa Sanpaolo Private Banking as the Group's centre of excellence in Wealth Management and specialising the Service Models. To achieve this goal, it will aim to:
    - Increasingly build a complete and dedicated product offering by customer segment with the updating of the product range in innovative areas (e.g., alternative investments, ESG products), in continuous collaboration with Eurizon/Epsilon/Eurizon Capital Real Asset (ECRA) and leveraging external partnerships.
    - Increase lending to the Private segment by improving the product catalogue (e.g., new Lombard loans, mortgages for HNWIs) and strengthen the credit platform in terms of supporting tools and skills.
    - Introduce a CRM system to support the commercial offering using Advanced Analytics/AI technology and evolving the Service Model of the Networks and the direct channel.
    - Strengthen the service model dedicated to the management of large assets and Family Office and create a service dedicated to Lower Private and Young customers.
    - Consolidate the premium advisory model by incorporating ESG principles and including real estate advice.
    - Introduce cutting-edge solutions (e.g., RoboAdvisory) to support the commercial offering and in a multi-channel perspective.
3. **Strengthen and expand the international business** by reinforcing our European leadership in Wealth Management, also by hiring Personal Financial Adviser teams and evaluating possible selective small acquisitions in strategic geographic areas. Specifically, the main activities include:
    - Definition of a distinctive value proposition for each country covered.
    - Development of synergies with the domestic customer base.
    - Launch and enhancement of the digital channel, also by leveraging other Fideuram Group initiatives as growth tools in countries with limited Network presence and/or specific customer segments.
    - Further development of a product offering dedicated to international customers (e.g., Private Insurance, RAIF).
    - Development of international factories as specialist competence centres of the Fideuram Group (e.g., Asteria in the impact area, Fideuram Asset Management (Ireland) in the liabilities and ESG areas).
    - Start of the convergence process of the Fideuram Group's international IT platforms.
4. **Develop the digital channel of Banca Diretta & Advanced Trading** through the development of an investment and trading platform dedicated to customers with a significant technological inclination and limited use of traditional channels, centred on IW Bank and the evolution of the digital service model.

The initiatives in this area are:

- Creation of a new digital channel for customers who prefer to manage their investments themselves and strengthening of the hybrid service model for financial Advisers.
- Development of digital products and services (e.g., RoboAdvisor, channels for self-service activities).
- Enhancement of the investment and trading platform (IW Bank) to offer distinctive services to customers with significant technological appetite and limited use of traditional channels.
- Introduction of Advanced Analytics systems to manage customer journeys between different channels and maximise cross-selling.
- Development of an online consulting tool dedicated to international customers, leveraging Alpian's innovative digital platform.

5. **Integrate ESG aspects** across the board into the business proposition, operating model and Division processes. The main activities include:
   - Introduction of initiatives and best practices to reduce the Division's environmental impact, also in line with the Group's initiative plan.
   - Consolidation of the Division's leadership in the Italian and European markets with regard to ESG governance aspects, leveraging on its recent membership of NZAMI.
   - Integration of commercial tools that enhance the ESG value proposition.
   - Set-up of IT tools for defining and monitoring sustainability parameters.
   - Integration of ESG factors in all Division processes also in line with Group standards.
   - Introduction of a best-in-class ESG advisory service through the definition of a new ESG advisory model aimed at assisting customers, also by implementing dedicated customer journeys and the set-up of dedicated ESG teams within the networks with the introduction of specialist skills through ESG training.
   - Creation of a dedicated ESG product offering, including by leveraging the recent acquisition of Asteria Investment Managers.
   - Definition of specific targets and sustainable investment policies per sector/customer.
   - Analysis of the integration of sustainability factors for third-party companies and their products.

Fideuram and Sanpaolo Invest - Genoa Office

Further information on page 83

3.1 Overview of 2021
3.2 Reclassified financial statements
3.3 Client financial assets
3.4 Inflows into managed and non-managed assets
3.5 Customer segmentation
3.6 Advanced advisory services
3.7 Financial risk
3.8 Financial and non-financial results
3.9 Events after 31 December 2021 and outlook

Total net inflows

€**15.7** **bn**

(including **€11.5bn** inflows into managed assets)

R.O.E.

34%

Cost / Income Ratio

35%

3. Performance

3.1 Overview of 2021

Against an economic backdrop of gradual recovery from the global health crisis, the Fideuram - Intesa Sanpaolo Private Banking Group closed the reporting period 2021 with a consolidated net profit of €1.1bn, up sharply from 2020 (+€284m). Excluding non-recurring income of €219m (€164m after tax) from the sale of the Depositary Bank and Fund Administration business unit of Fideuram Bank (Luxembourg), net profit stood at €937m, up €120m compared to last year (+15%). The Cost/Income Ratio stood at 35%, an improvement from 36% last year. The Return On Equity (R.O.E.) was 34% (27% at the end of 2020).

The analysis of the main income statement items shows that net operating income increased by €155m (+7%) due to the growth in net commissions (+€176m) and income from equity investments and other income (+€20m), partly offset by the decline in net interest income (-€39m) and loss on financial assets measured at fair value (-€2m). Net adjustments to loans improved by €17m and provisions for risks and charges decreased by €9m. Operating expenses moved in the opposite direction (+€35m). Non-recurring income includes the aforementioned gain on the sale of the Depositary and Fund Administration Business unit of Fideuram Bank

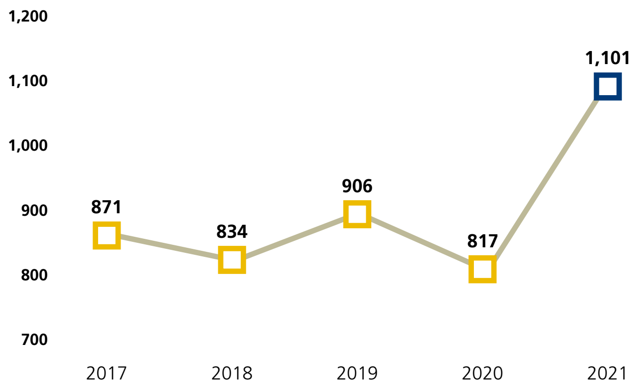
Fideuram - Intesa Sanpaolo Private Banking - Turin, Registered Office

(Luxembourg). Gross income (loss) from continuing operations grew strongly (€360m) compared to the previous year.

At 31 December 2021, there were a total of 6,594 Personal Financial Advisers, up from 6,475 at 31 December 2020. Client assets per Personal Financial Adviser as at 31 December 2021 amounted to around €52m, up from €47m in 2020. The Group's workforce consisted of 4,013 employees, down slightly from 4,054 employees at 31 December 2020. There were 277 bank branches and 377 Personal Financial Advisers' offices.

Trend in Consolidated net profit (*)

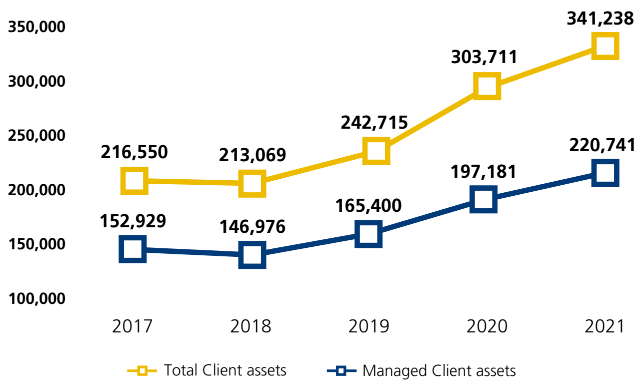
(€m)



(*) Profit for 2021 includes, for €164m, the net capital gain realised on the sale of the Custodian Bank and Fund Administration Business unit of Fideuram Bank (Luxembourg).

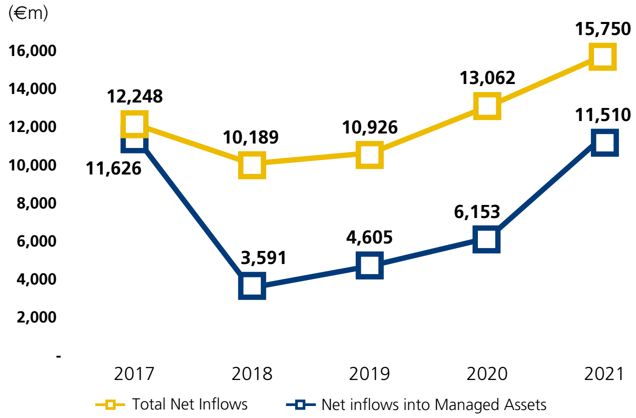
Trend in Client assets (**)

(€m)



Trend in Net Inflows (**)

(€m)



(**) The 2020 and 2021 figures comprise the net inflows of the Reyl Group, IW Bank, Fideuram Bank (Luxembourg) and the UBI Top Private business unit.

3.2 Reclassified financial statements

Consolidated balance sheet

(reclassified - €m)

	31.12.2021	31.12.2020 (*)	CHANGE	
			AMOUNT	%
ASSETS				
Cash and cash equivalents	3,707	3,074	633	21
Financial assets measured at fair value through profit or loss	552	433	119	27
Financial assets measured at fair value through other comprehensive income	2,908	2,812	96	3
Debt securities measured at amortised cost	20,776	20,144	632	3
Loans to banks	20,334	18,654	1,680	9
Loans to customers	13,833	12,138	1,695	14
Hedging derivatives	32	16	16	100
Equity investments	238	192	46	24
Property and equipment and intangible assets	1,099	783	316	40
Tax assets	191	226	(35)	-15
Non-current assets held for sale and discontinued operations	-	1,065	(1,065)	-100
Other assets	1,606	1,401	205	15
TOTAL ASSETS	**65,276**	**60,938**	**4,338**	**7**
LIABILITIES				
Due to banks	3,988	3,752	236	6
Due to customers	54,619	49,948	4,671	9
Financial liabilities held for trading	28	64	(36)	-56
Hedging derivatives	730	954	(224)	-23
Tax liabilities	204	146	58	40
Liabilities associated with non-current assets held for sale and discontinued operations	-	1,065	(1,065)	-100
Other liabilities	1,711	1,209	502	42
Provisions for risks and charges	648	620	28	5
Share capital, reserves and equity instruments	2,218	2,330	(112)	-5
Equity attributable to non-controlling interests	29	33	(4)	-12
Net profit	1,101	817	284	35
TOTAL LIABILITIES	**65,276**	**60,938**	**4,338**	**7**

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

Consolidated income statement

(reclassified - €m)

	2021 (*)	2020 (*)	CHANGE	
			AMOUNT	%
Net interest income	212	251	(39)	-16
Net profit (loss) on financial assets and liabilities	46	48	(2)	-4
Net fee and commission income	2,097	1,921	176	9
INTERMEDIATION MARGIN	**2,355**	**2,220**	**135**	**6**
Profit on equity investments and other income (expense)	22	2	20	n.s.
NET OPERATING INCOME	**2,377**	**2,222**	**155**	**7**
Personnel expenses	(480)	(464)	(16)	3
Other administrative expenses	(276)	(262)	(14)	5
Depreciation and amortisation	(73)	(68)	(5)	7
NET OPERATING EXPENSES	**(829)**	**(794)**	**(35)**	**4**
OPERATING MARGIN	**1,548**	**1,428**	**120**	**8**
Net impairment of loans	3	(14)	17	n.s.
Net provisions for risks and charges and net impairment of other assets	(37)	(46)	9	-20
Net non-recurring income (expenses)	219	5	214	n.s.
GROSS INCOME (LOSS)	**1,733**	**1,373**	**360**	**26**
Income taxes for the year on continuing operations	(505)	(405)	(100)	25
Integration and voluntary redundancy expenses (net of tax)	(38)	(70)	32	-46
Effects of purchase price allocation (net of tax)	(22)	(48)	26	-54
Expenses regarding the banking system (net of tax)	(32)	(23)	(9)	39
Net profit (loss) attributable to non-controlling interests	(35)	(10)	(25)	n.s.
NET PROFIT	**1,101**	**817**	**284**	**35**

n.s.: not significant

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

3.3 Client financial assets

€341.2 bn

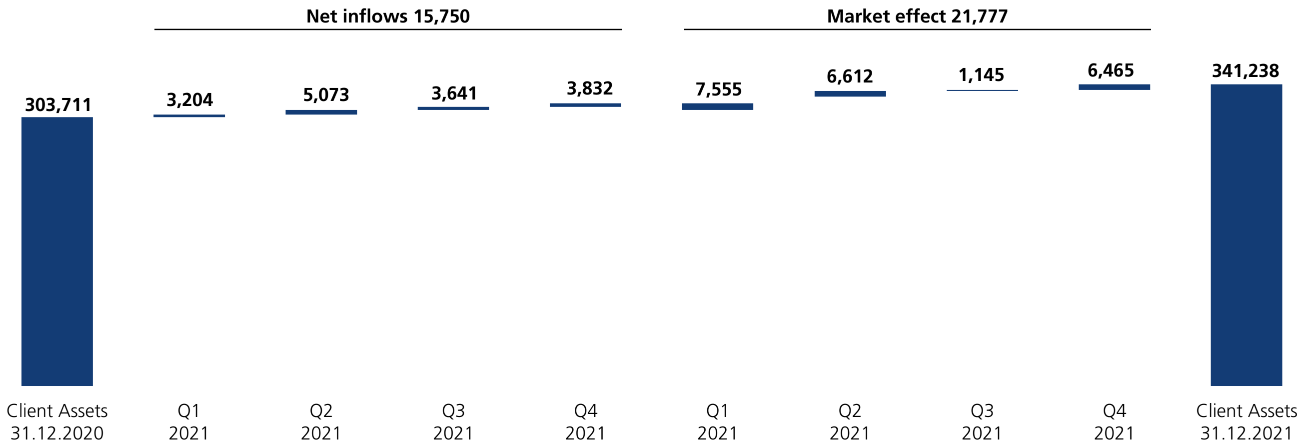
Client assets

(up 12% on 2020)

Client assets as at 31 December 2021 amounted to **€341.2bn**, an increase of €37.5bn compared to 31 December 2020, mainly due to market performance, which had a favourable impact on assets of €21.8bn and, to a lesser extent, net positive inflows of €15.7bn.

Trend in Client assets 2021 (*)

(€m)



An analysis by aggregate shows that the **managed assets** component (65% of total client assets) amounted to **€220.7bn**, up €23.6bn on the end-2020 figure. The increase was in discretionary accounts (+€10.4bn), mutual funds (+€7.4bn) and life insurance (+€5.3bn). **Non-managed assets** increased to a total of **€120.5bn**, or €13.9bn higher than at 31 December 2020.

Client assets (*)

(€m)

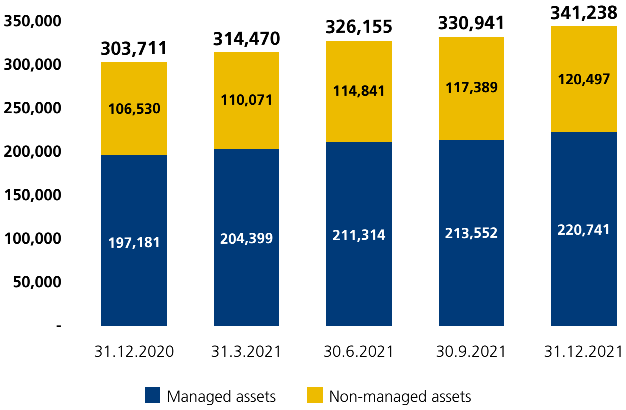
	31.12.2021	31.12.2020	CHANGE	
			AMOUNT	%
Mutual funds	82,044	74,653	7,391	10
Discretionary accounts	65,032	54,630	10,402	19
Life insurance	70,434	65,121	5,313	8
including: Fideuram Vita / Intesa Sanpaolo Vita unit linked	*46,313*	*41,462*	*4,851*	*12*
Pension funds	3,231	2,777	454	16
Total managed assets	**220,741**	**197,181**	**23,560**	**12**
Total non-managed assets	**120,497**	**106,530**	**13,967**	**13**
including: Securities	*73,142*	*62,171*	*10,971*	*18*
Total Client assets	**341,238**	**303,711**	**37,527**	**12**

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

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

Client assets - by type of inflows (*)

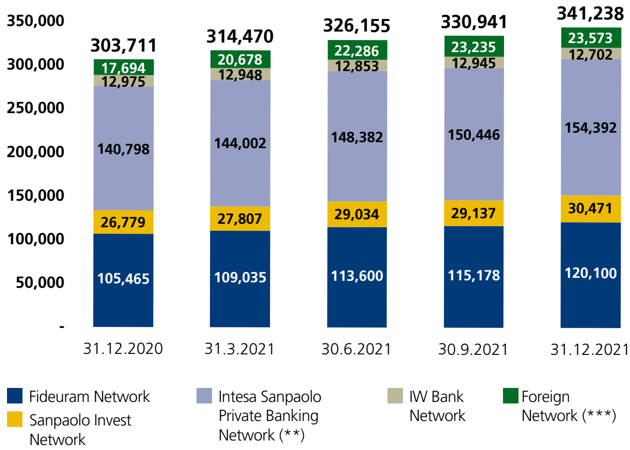
(€m)



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

Client assets - by sales Network (*)

(€m)



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

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

(***) The figures for the international network includes the client assets of Reyl, Intesa Sanpaolo Private Bank (Suisse) Morval and Fideuram Bank (Luxembourg).

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

3.4 Inflows into managed and non-managed assets

€15.7 bn

Net inflows
(up 20% on 2020)

The Group's sales networks brought in **€15.7bn** of **net inflows** in 2021, up €2.7bn (+20%). The analysis of aggregated figures shows that the inflows into managed assets rose sharply from the previous year (+€5.4bn). This was mainly attributable to the Group Personal Financial Advisers directing new inflows from customers towards managed asset products. Non-managed assets were positive at €4.2bn, down €2.7bn compared to the previous year.

Net inflows (*)

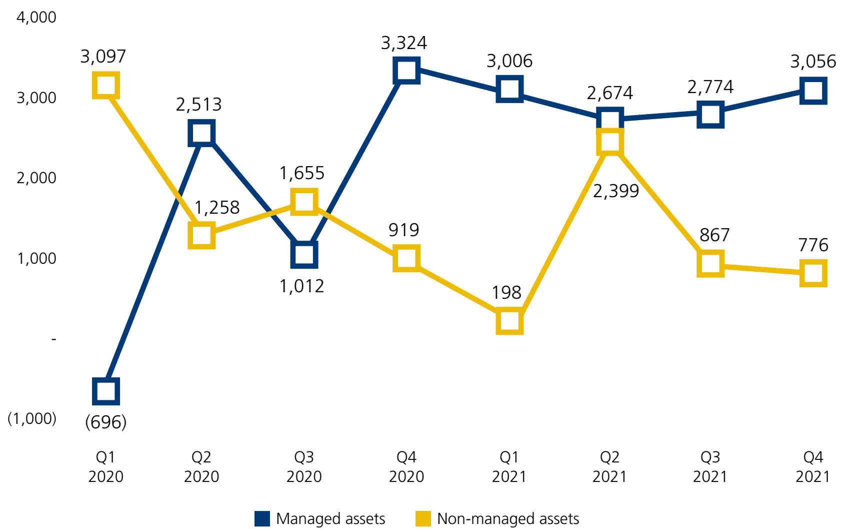
(€m)

	2021	2020	CHANGE	
			AMOUNT	%
Mutual funds	1,726	(50)	1,776	n.s.
Discretionary accounts	6,782	4,068	2,714	67
Life insurance	2,740	1,908	832	44
including: Fideuram Vita / Intesa Sanpaolo Vita unit linked	*2,401*	*1,183*	*1,218*	*103*
Pension funds	262	227	35	15
Total managed assets	**11,510**	**6,153**	**5,357**	**87**
Total non-managed assets	**4,240**	**6,929**	**(2,689)**	**-39**
including: Securities	*899*	*2,853*	*(1,954)*	*-68*
Total net inflows	**15,750**	**13,082**	**2,668**	**20**

n.s.: not significant

Trend net inflows (*)

(€m)



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

3.5 Customer segmentation

CLIENT ASSETS at 31 December 2021

- Fideuram: €120.1bn
- Sanpaolo Invest: €30.5bn
- Intesa Sanpaolo Private Banking: €150bn
- IW Bank: €12.7bn
- Siref Fiduciaria: €4.4bn (*)
- Foreign network: €23.5bn

(*) The figure does not include the fiduciary mandates regarding Group client assets. The total number of fiduciary mandates is 61,630, with total client assets of €12.9bn.

CUSTOMERS at 31 December 2021

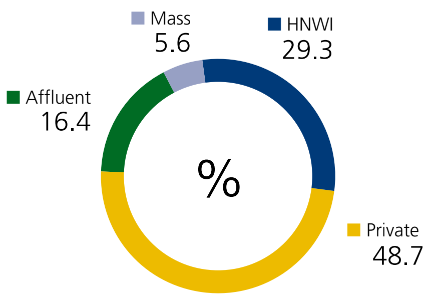
- Fideuram: No. 638,710
- Sanpaolo Invest: No. 167,262
- Intesa Sanpaolo Private Banking: No. 49,031 (**)
- IW Bank: No. 138,975
- Siref Fiduciaria: No. fiduciary mandates 1,770 (*)
- Foreign network: No. 4,873

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

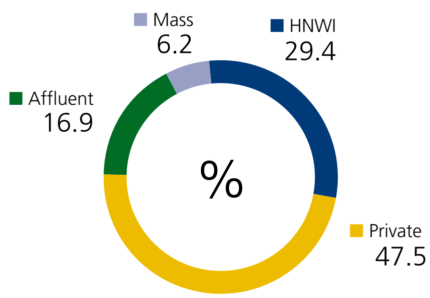
Analysis of the Group's customer base shows that it is concentrated in the Private Banking and High Net Worth Individual (HNWI) segments.
This focus on high-end customers (about 78% of client assets, corresponding to about 16% of customers, come from Private Banking and HNWI customers) enables our Personal Financial Advisers to target a segment with high growth prospects in the Italian market. The Group supports its customers with a dedicated service model using ad hoc organisational management (Private Banking and HNWI branches) and customised products and services. The table and graphs below analyse client assets by type of customer.

Percentage of client assets by type of customer

31.12.2021



31.12.2020 (****)



Client assets by type of customer (***)

(€m)

	31.12.2021	31.12.2020 (****)	CHANGE AMOUNT	CHANGE %
High Net Worth Individual customers	99,860	89,172	10,688	12
Private Banking customers	166,057	144,398	21,659	15
Affluent customers	56,201	51,396	4,805	9
Mass-Market customers	19,120	18,745	375	2
Total	**341,238**	**303,711**	**37,527**	**12**

(***) 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 totalling less than €100,000.
(****) Figures restated on a consistent basis to take account of changes in the scope of consolidation.

3.6 Advanced advisory services

€46.6 bn

Advanced advisory services

The Fideuram Group is a leading Italian banking group in the provision of financial advisory services and in the distribution, development and management of financial services and products for private individuals. The Group's principal distinctive strengths, emblematic of its market leadership, are founded on a business model that anchors the distribution of products and services in the professional relationships between our Personal Financial Advisers and their customers. This is supported by the strength of a banking group with three renowned brands – Fideuram, Intesa Sanpaolo Private Banking and Sanpaolo Invest – and a network of 277 bank branches and 377 Personal Financial Advisers' offices, 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 supporting each customer's investments, paying careful attention to risk management and the suitability of their overall portfolio.
- Advanced Advisory Services: provided on the basis of a dedicated contract and subject to the payment of commission.

In particular, the Group offers its customers the following fee-paying Advanced Advisory Services:

- SEI Advanced Advisory Service: advisory service offered by Fideuram and Sanpaolo Invest. SEI provides customers with a highly personalised advisory service, able to support them in achieving their investment objectives and in realising their plans, including through value-added ancillary services dedicated to responding to particular asset needs. SEI puts the customer and their needs centre stage and supports Personal Financial Advisers in identifying optimal customised solutions to meet those needs and in monitoring their progress over time. All this while keeping a constant eye on the risk level and diversification of the customer's overall assets. Personal Financial Advisers are supported by the Advisory Platform at all stages of providing the SEI service. This technologically advanced application provides Personal Financial Advisers with all the features and reporting necessary to provide the customer with the Advanced Advisory Service.
- VIEW (Value Investment Evolution Wealth) Advanced Advisory Service: an advisory service offered by Intesa Sanpaolo Private Banking. VIEW takes all 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 Bank's Active Advisory Service, the real estate tool and the asset protection tool. 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 the customer's risk/return profile and to monitor their wealth from a global standpoint over time.
- Private Banking Advanced Advisory Service: a personalised advisory service offered by Intesa Sanpaolo Private Banking, with high added value for customers who want to be actively involved in their asset allocation choices with the assistance of their Personal Financial Adviser and the support of one of our Advisory Unit specialists.

A total of approximately 64,000 customers were subscribed to our Advanced Advisory Services at the end of December 2021, accounting for approximately €47bn of client assets.

The customer and client assets data for our Advanced Advisory Services are shown below. Despite the reduction in the total number of customers, it is worth highlighting the increase in client assets with the advisory services.

64 k

Customers subscribed to Advanced Advisory Services

Customers subscribed to Advanced Advisory Services (*)

(number)

	31.12.2021	31.12.2020	CHANGE	
			AMOUNT	%
High Net Worth Individual customers	1,038	1,016	22	2
Private Banking customers	19,244	17,516	1,728	10
Affluent customers	30,132	30,724	(592)	-2
Mass-Market customers	13,356	15,107	(1,751)	-12
Total	**63,770**	**64,363**	**(593)**	**-1**

Advanced Advisory Service client assets (*)

(€m)

	31.12.2021	31.12.2020	CHANGE	
			AMOUNT	%
High Net Worth Individual customers	8,524	7,695	829	11
Private Banking customers	29,333	27,440	1,893	7
Affluent customers	7,952	7,961	(9)	-
Mass-Market customers	772	863	(91)	-11
Total	**46,581**	**43,959**	**2,622**	**6**

Advanced Advisory Service client assets

up 6%

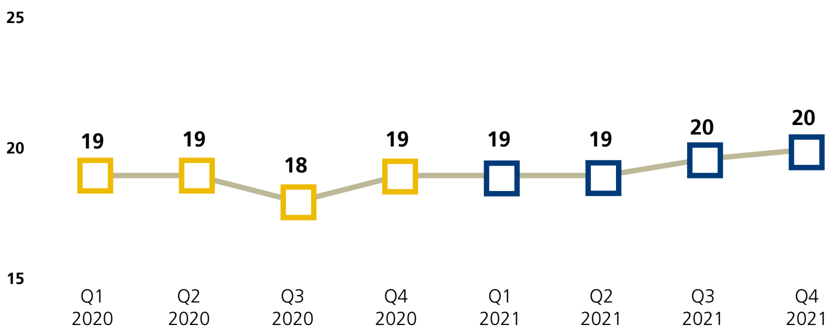
Advanced Advisory Service fee and commission income (*)

(€m)

	2021	2020	CHANGE	
			AMOUNT	%
Fee and commission income	124	118	6	5
Fee and commission expense	(46)	(43)	(3)	7
Net fee and commission income	**78**	**75**	**3**	**4**

Quarterly Advanced Advisory Service fee and commission income (*)

(€m)



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

3.7 Financial risk

The main risks and uncertainties that the Group faces in doing business in the current macroeconomic and market scenario are summarised below.

GOING CONCERN

The Group ended this year with net profit totalling €1.1bn and a Return on Equity of 34%. Financial resources acquired as customer deposits through current accounts, deposits and repurchase agreements totalled €54.6bn, up 9% compared to the end of 2020. Consolidated shareholders' equity totalled €3.3bn. Fideuram's own funds totalled €1.1bn and its total capital ratio was 15.4%. The Fideuram Group voluntarily estimates its consolidated capital requirements, taking its membership of the Intesa Sanpaolo Banking Group into account. At 31 December 2021, our Common Equity Tier 1 Ratio was estimated to be 13.6% and the Total Capital Ratio 13.8%.

Fideuram distributed to its shareholder a dividend of €701m, with a payout ratio of 63.7% of consolidated net profit and 88.5% of the net separate profit of Fideuram - Intesa Sanpaolo Private Banking S.p.A..
The Group's stability has a fivefold foundation:

- a business model which integrates production and distribution;
- sustainable revenue deriving mainly from recurring fees generated by a solid base of client assets;
- appropriate staff distribution across our branches and networks, with a good balance between fixed and variable costs;
- a structured risk monitoring system on different control levels;
- effective management of legal and tax disputes with sufficient provisions set aside (the provision for litigation, securities in default and complaints totalled 3% of consolidated shareholders' equity).

SECURITIES HOLDINGS AND RELATED FINANCIAL RISKS

In regard to the method used to determine the fair value of the bonds held in its portfolio, the Group continued referring directly to market values and made only marginal use of financial models for the pricing of unlisted or illiquid assets.
The banking book, which totalled €61bn at 31 December 2021 (€48bn at 31 December 2020), consisted of €37.3bn in loans to banks and customers, with the remainder being comprised of bonds and hedging derivatives. Twelve per cent of the securities portfolio consisted of Italian government bonds and 79% of bonds issued by Intesa Sanpaolo Group companies. A positive reserve for financial assets measured at fair value through other comprehensive income was recorded under shareholders' equity at year-end, totalling €19m (€24m at 31 December 2020). The €5m negative change resulted from decreases in fair value recorded by the bond portfolio during the year.
Analysis of the portfolio showed continued high loan quality, with 8.9% of the investments having a high investment grade rating and 91.1% belonging to the investment grade.
The Group's total exposure to interest rate risk (shift sensitivity) was mitigated following a strategy of making asset swap contracts linked to the individual fixed-coupon bonds in the portfolio. Hedging derivatives totalling €730m were recorded under liabilities in the balance sheet at year-end 2021, down 23% from the figure for the previous year.

Composition of portfolio

LIQUIDITY RISK

Analysis of the Group's consolidated liabilities shows the prime role of customer deposits, which totalled approximately €54.6bn at year-end and principally consisted of current accounts and deposits that are highly stable over time. More volatile markets exposed to crisis of confidence situations, such as the money market (through interbank loans), are conversely allocated a more limited role in funding the Group's business.
Liquidity from liabilities is mainly invested in a portfolio of securities with medium/long-term maturities containing a substantial proportion of eligible securities. The Group has put in place a liquidity monitoring system based on the quantification of inflows and outflows, focusing its controls both on indicators quantifying short-term risk and on structural liquidity indicators, aiming to monitor and manage mismatch risk regarding the medium/long-term maturities of assets and liabilities.

CONCLUSIONS

The Group's business model and the strategies adopted to put our future growth plans into effect leave us strongly placed to tackle the volatility of the financial markets without any impact on our business continuity.

The following are shown below for the principal activities of the Group: the type of risk, the mitigation measures adopted and the stakeholders involved. The impact of each activity on the income statement is also illustrated.

	ACTIVITIES	TYPE OF RISK	MEASURES TO MITIGATE RISK	ECONOMIC EFFECTS	INTERESTED STAKEHOLDERS
REVENUE	The Group specialises in the provision of **financial advisory services** and the development, **management and distribution** of banking, insurance, pension and investment products through its Personal Financial Adviser Networks	Operational risks Reputational risks Performance risks Social risks	- application of Intesa Sanpaolo's directives for the measurement, management and control of operational risks; - establishment of a legal disputes fund to deal with any legal proceedings; - stipulation of an insurance policy to cover any Personal Financial Adviser misconduct; - personalised dynamic management of customers' financial wealth; - commercial due diligence for Private customers; - in-depth knowledge of customers and counterparties and compliance with regulations on combating money laundering and terrorist financing.	- Fee and commission income - Other operating income	CUSTOMERS PERSONAL FINANCIAL ADVISERS SHAREHOLDERS COMMUNITY
	The Group **operates in the financial markets** on its own account: it buys and sells financial instruments and puts in place instruments to mitigate the risks associated with them	Credit risk Liquidity risk Market risk Operational risk	- application of the Group Investment Policy which subjects the securities holdings to limits regarding asset allocation, rating, currency area, geographical area, sector and counterparty concentration; - monitoring current exposures and auditing hedge effectiveness.	- Net interest income - Net profit (loss) on financial assets and liabilities	SHAREHOLDERS
	The Group provides **financing** to its customers and operates on the interbank market	Credit risk Liquidity risk Market risk Operational risk Environmental risk	- acquisition of collateral and personal guarantees or irrevocable mandates to sell financial instruments; - analysis of counterparty creditworthiness, monitoring of collateral deterioration and periodic review of each position - consideration of environmental risk in the assessment of creditworthiness by acquiring specific supporting information for customers belonging to sectors most at risk.	- Interest income	SHAREHOLDERS CUSTOMERS COMMUNITY
COSTS	The main sources of **funding** for the Group are deposits and current accounts (banks and customers)	Liquidity risk Market risk Operational risk	- Liquidity control, maintaining a balanced relationship between inflows and outflows in both the short and medium-to-long term.	- Interest expense	SHAREHOLDERS CUSTOMERS
	The Group **invests in its people**: Personal Financial Advisers Employees	Operational risks Reputational risks Social risks	- carrying out training activities; - drawing up written procedures, circulars and regulations; - personnel selection policies in line with respect for human rights.	- Personnel expenses - Fee and commission expenses - Net provisions for risks and charges - Other operating expenses	EMPLOYEES PERSONAL FINANCIAL ADVISERS SHAREHOLDERS COMMUNITY
	The Group **invests in its operating departments**	Operational risks Reputational risks Environmental risks	- Application of internal regulations regarding expenditure which aim to ensure continual improvement in quality standards and an attentive supplier selection process.	- Other administrative expenses - Depreciation and amortisation	CUSTOMERS EMPLOYEES PERSONAL FINANCIAL ADVISERS SUPPLIERS SHAREHOLDERS
	The Group **purchases goods and services** for its day-to-day operations	Social risks Environmental risks	- ethical suppliers; - professional assignments awarded with respect for human rights.	- Other administrative expenses	SUPPLIERS SHAREHOLDERS

3.8 Financial and non-financial results

The Fideuram Group uses the resources at its disposal in the value creation process by means of its business model and modifies them in line with its strategies. The Group has five strategic objectives, which combine to enable it to achieve its prime objective of creating sustainable value over time.

In the process of creating value, the Group allocates, modifies and makes use of the following types of capital:

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

Below there is a connection grid showing the contribution of the different types of capital to the value creation process, indicating the relations between the capital, the Group's strategic objectives and its Key Performance Indicators. The grid shows the procedures used by the Group to achieve its strategic objectives by combining the different types of capital available, following its business model.

STRATEGIC OBJECTIVES

	STRENGTHEN THE IDENTITY OF THE DIVISION	CONSOLIDATE THE CORE BUSINESS IN ITALY	EXPAND INTERNATIONAL BUSINESS	DEVELOP THE DIRECT BANKING AND ADVANCED TRADING DIGITAL CHANNEL	INTEGRATE ESG FACTORS
Financial capital	- Net profit - Net fees and commissions - Personnel expenses - Wealth created	- Net Profit - Net Fees and Commission - Client assets - Client assets by customer group - Wealth created - Number of customers subscribing to the Advanced Advisory service - Client assets by Advanced Advisory	- Net Profit - Net Fees and Commission - Client assets - Client assets by customer group - Wealth created	- Net Profit - Net Fees and Commission - Client assets - Wealth created	- Client assets of Products under Art. 8 and Art. 9 of the SFDR - Donations and Sponsorships
Productive capital	- Client assets by Business Area - Personal Financial Advisers by Geographical and Business Area	- Area presence of the Group's logistical structure - Strengthening of operations in Private Banking Customer Centres and HNWI Branches in key geographical areas - Personal Financial Advisers by geographical and commercial area	- Growth of offices in strategic international centres - Area presence of the Group's logistical structure - Personal Financial Advisers by geographical and commercial area	- Development of direct customer service channel	- Implementation of measures in branches and offices to reduce environmental impact on the area
Intellectual capital	- Strengthening the organisational structure dedicated to institutional communication and training	- Strengthening of digital tools to support counselling - Consolidation of organisational supervision dedicated to training	- Growth in foreign markets with high development potential	- Fideuram Alfabeto 2.0 - Aladdin platform - Investments in operating systems - Consolidation of online services - Personalised offered advice	- Consolidation of the ESG product offering - Integration of Sustainability Criteria into Advisory
Human capital	- Recruitment of high-standing Personal Financial Advisers - Composition of employees and Personal Financial Advisers by grade and age - Training hours for employees and Personal Financial Advisers - Highly specialised training	- Recruitment of high-standing Personal Financial Advisers - Turnover by gender and age - Assessment of Personal Financial Adviser satisfaction	- Recruitment of Personal Financial Advisers with high standing and international experience - Employees by region	- Online Training - Digital Specialist	- ESG skills development of employees and Personal Financial Advisers
Relational capital	- Number of clients per Personal Financial Adviser - Client assets / number Personal Financial Advisers - Net Inflows / number Personal Financial Advisers - Net Promoter Score and Customer Satisfaction Index	- Online events for customers - Image and product communication in print and on the internet - Complaint response time	- Number of customers - Number of customers per Personal Financial Adviser	- Extension of digital customer interaction features - Number of customer contacts received by the Customer Care Service	- Commitment to sustainable finance - Improving corporate image, reputation and customer and community satisfaction
Natural capital	- Reduced paper consumption thanks to the digitisation of forms and the use of biometric signatures and remote digital signatures	- Reduced emissions (net zero initiative)	- Reduced emissions (net zero initiative)	- Reduced paper consumption with the digitisation of forms and the use of biometric signatures and remote digital signatures	- Reduced emissions (net zero initiative) - Improvement of environmental KPIs, with a focus on greenhouse gas emissions (scope1 and scope2)

3.8.1 **Financial** capital

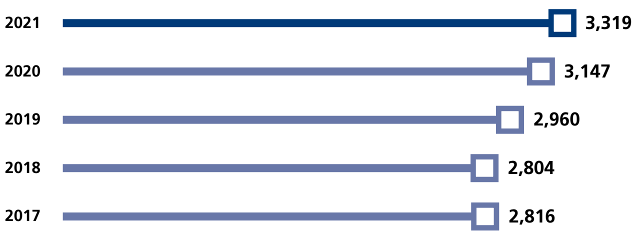
The Group's Financial capital is the set of funds available to it and the performance resulting from the use of these funds.

MATERIAL TOPICS	WHY TOPICS ARE MATERIAL	CORPORATE POLICIES
Maintenance of Group solidity and profitability Market competitiveness Capital adequacy	The Group provides products and services of excellence that are personalised to suit customer needs through detailed advice provided by highly qualified professionals, with full transparency, and in compliance with the rules.	The Code of Ethical Conduct is a voluntary self-regulatory tool and an integral part of the Corporate Social Responsibility management model. It contains the mission, corporate values, and principles that govern relations with stakeholders, beginning with the corporate identity. In certain particularly important areas (e.g. human rights, protection of employee rights, environmental protection, the fight against corruption), it cites rules and principles consistent with the best international standards.

KEY INDICATORS (*)

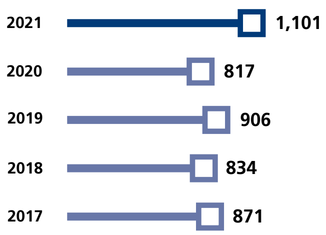
Group shareholders' equity

(€m)



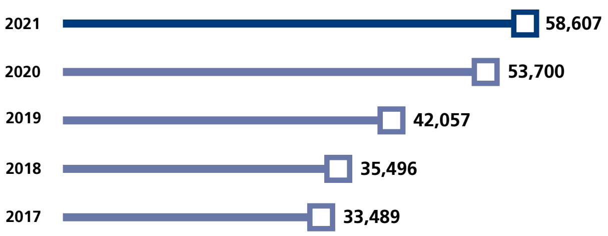
Consolidated net profit

(€m)



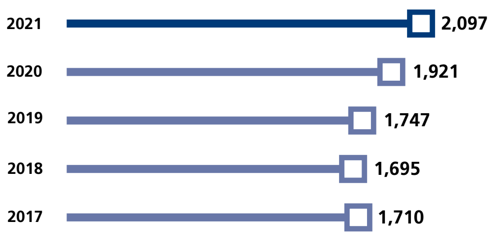
Bank and customer deposits

(€m)



Consolidated net fees

(€m)

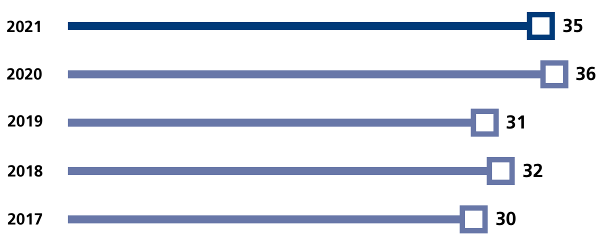


R.O.E.

(%)

Cost / Income Ratio

(%)



(*) The figures for 2020 and 2021 were restated, where necessary, to take account of changes in the scope of consolidation; shareholders' equity and consolidated net profit were not restated. The figures for 2017, 2018 and 2019 were not restated.

ANALYSIS OF THE INCOME STATEMENT

The Fideuram - Intesa Sanpaolo Private Banking Group ended 2021 with consolidated net profit of €1.1bn, up €284m from the previous year (+35%).
This increase includes, for €164m the net capital gain realised on the sale of the Depositary and Fund Administration Business unit of Fideuram Bank (Luxembourg).

Consolidated income statement

(reclassified - €m)

	2021 (*)	2020 (*)	CHANGE	
			AMOUNT	%
Net interest income	212	251	(39)	-16
Net profit (loss) on financial assets and liabilities	46	48	(2)	-4
Net fee and commission income	2,097	1,921	176	9
INTERMEDIATION MARGIN	**2,355**	**2,220**	**135**	**6**
Profit on equity investments and other income (expense)	22	2	20	n.s.
NET OPERATING INCOME	**2,377**	**2,222**	**155**	**7**
Personnel expenses	(480)	(464)	(16)	3
Other administrative expenses	(276)	(262)	(14)	5
Depreciation and amortisation	(73)	(68)	(5)	7
NET OPERATING EXPENSES	**(829)**	**(794)**	**(35)**	**4**
OPERATING MARGIN	**1,548**	**1,428**	**120**	**8**
Net impairment of loans	3	(14)	17	n.s.
Net provisions for risks and charges and net impairment of other assets	(37)	(46)	9	-20
Net non-recurring income (expenses)	219	5	214	n.s.
GROSS INCOME (LOSS)	**1,733**	**1,373**	**360**	**26**
Income taxes for the year on continuing operations	(505)	(405)	(100)	25
Integration and voluntary redundancy expenses (net of tax)	(38)	(70)	32	-46
Effects of purchase price allocation (net of tax)	(22)	(48)	26	-54
Expenses regarding the banking system (net of tax)	(32)	(23)	(9)	39
Net profit (loss) attributable to non-controlling interests	(35)	(10)	(25)	n.s.
NET PROFIT	**1,101**	**817**	**284**	**35**

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

Quarterly consolidated income statements

(reclassified - €m)

	2021				2020			
	Q4	Q3	Q2 (*)	Q1 (*)	Q4 (*)	Q3 (*)	Q2 (*)	Q1 (*)
Net interest income	51	55	54	52	56	66	67	62
Net profit (loss) on financial assets and liabilities	5	9	11	21	12	9	14	13
Net fee and commission income	539	518	518	522	513	465	461	482
INTERMEDIATION MARGIN	**595**	**582**	**583**	**595**	**581**	**540**	**542**	**557**
Profit on equity investments and other income (expense)	1	7	7	7	(3)	4	1	-
NET OPERATING INCOME	**596**	**589**	**590**	**602**	**578**	**544**	**543**	**557**
Personnel expenses	(139)	(118)	(113)	(110)	(122)	(119)	(115)	(108)
Other administrative expenses	(78)	(65)	(67)	(66)	(70)	(63)	(68)	(61)
Depreciation and amortisation	(19)	(18)	(18)	(18)	(17)	(17)	(17)	(17)
NET OPERATING EXPENSES	**(236)**	**(201)**	**(198)**	**(194)**	**(209)**	**(199)**	**(200)**	**(186)**
OPERATING MARGIN	**360**	**388**	**392**	**408**	**369**	**345**	**343**	**371**
Net impairment of loans	3	(1)	(1)	2	4	3	(17)	(4)
Net provisions for risks and charges and net impairment of other assets	(9)	(11)	(10)	(7)	(10)	(13)	(17)	(6)
Net non-recurring income (expenses)	-	-	(1)	220	(1)	(1)	3	4
GROSS INCOME (LOSS)	**354**	**376**	**380**	**623**	**362**	**334**	**312**	**365**
Income taxes for the year on continuing operations	(96)	(110)	(113)	(186)	(93)	(102)	(97)	(113)
Integration and voluntary redundancy expenses (net of tax)	(25)	(3)	(6)	(4)	(59)	(4)	(3)	(4)
Effects of purchase price allocation (net of tax)	(6)	(5)	(6)	(5)	(8)	(39)	(1)	-
Expenses regarding the banking system (net of tax)	(4)	(15)	(4)	(9)	1	(15)	(3)	(6)
Net profit (loss) attributable to non-controlling interests	(4)	(7)	(10)	(14)	(9)	30	(11)	(20)
NET PROFIT	**219**	**236**	**241**	**405**	**194**	**204**	**197**	**222**

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

€2.4 bn

Net operating income

Net operating income totalled €2.4bn, up €155m (+7%) compared with 2020. This result is attributable to:

- the drop in net interest income (-€39m);
- the decrease in net profit on financial assets (-€2m);
- the growth in net fee and commission income (+€176m).
- the growth in equity investments and other income (+€20m)

Net interest income

(€m)

	2021	2020	CHANGE	
			AMOUNT	%
Interest expense on due to customers	(53)	(49)	(4)	8
Interest expense on due to banks	(16)	(16)	-	-
Interest income on debt securities	226	255	(29)	-11
Interest income on loans	165	168	(3)	-2
Net interest on hedging derivatives	(91)	(90)	(1)	1
Other net interest income	(19)	(17)	(2)	12
Total	**212**	**251**	**(39)**	**-16**

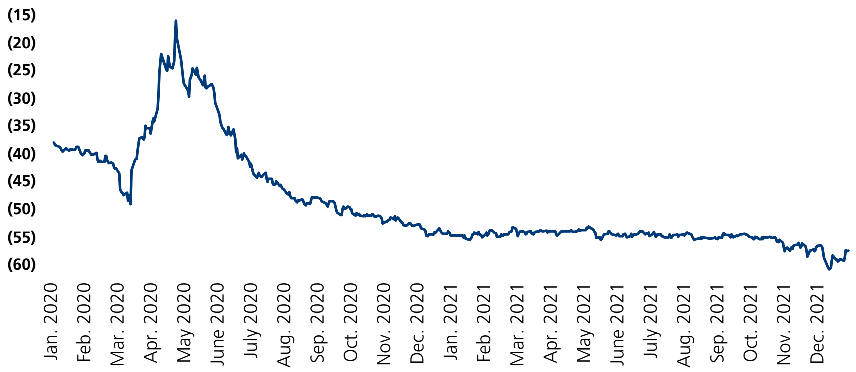
€212 m

Net interest income

Net interest income amounted to €212m, down €39m compared to last year, mainly due to the lower profitability of loans resulting from the drop in market yields and, to a lesser extent, the increase in the average cost of customer deposits. An analysis of the quarterly trend shows that the margin held up after the drop in short-term interest rates from the second half of 2020.

3-month Euribor rate

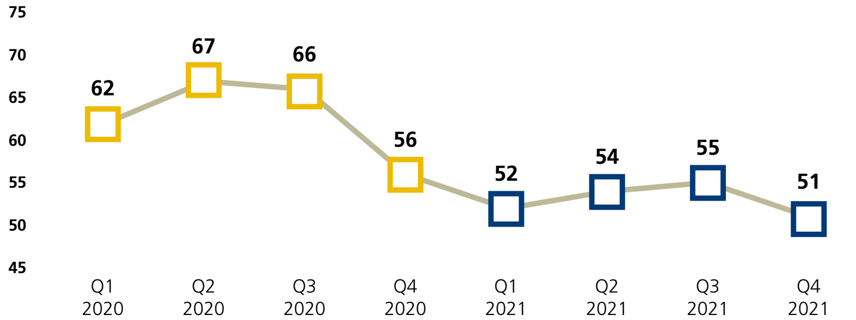
(bps)



Source: Bloomberg

Quarterly net interest income

(€m)



Net profit (loss) on financial assets and liabilities

(€m)

	2021	2020	CHANGE	
			AMOUNT	%
Net profit (loss) on sale of financial assets	2	9	(7)	-78
Net profit (loss) of financial assets measured at fair value through profit or loss	45	35	10	29
Net profit (loss) on hedging derivatives	(1)	4	(5)	n.s.
Total	**46**	**48**	**(2)**	**-4**

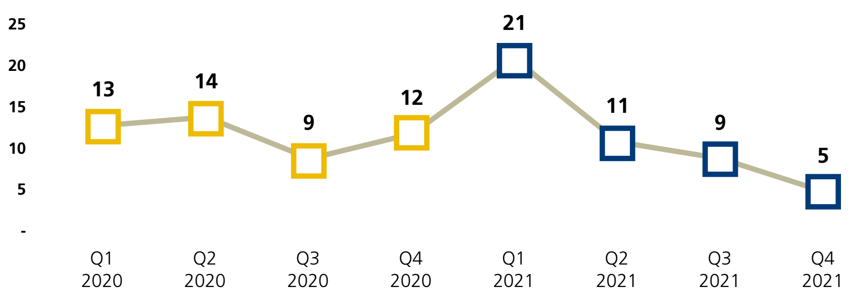
Net profit (loss) on financial assets and liabilities amounted to €46m, down €2m compared with the same period last year, due to lower gains realised on the sale of debt securities (-€7m) and the reduction in net income from hedging activities (-€5m), partly offset by the capital gains on financial instruments held to service the incentive plans of risk takers and distribution networks (+€10m).

€46 m

Net profit on financial assets and liabilities

Quarterly net profit (loss) on financial assets and liabilities

(€m)



Net fee and commission income

(€m)

	2021	2020	CHANGE	
			AMOUNT	%
Fee and commission income	3,157	2,839	318	11
Fee and commission expense	(1,060)	(918)	(142)	15
Net fee and commission income	**2,097**	**1,921**	**176**	**9**

Net fee and commission income totalled €2.1bn, up €176m from 2020 (+9%).

€2.1 bn

Net fee and commission income

Net recurring fees

(€m)

	Q1	Q2	Q3	Q4	TOTAL
2021	482	488	503	501	1,974
2020	439	420	444	470	1,773
Change	**43**	**68**	**59**	**31**	**201**

Net recurring fees amounted to €2bn, up (+€201m, +11%) from the same period last year. This trend is attributable to the growth in average client assets, which rose from €183.4bn as at 31 December 2020 to €209.3bn at 31 December 2021 (+€25.9bn, +14%). An analysis of quarterly trends shows an upward trend in recurring

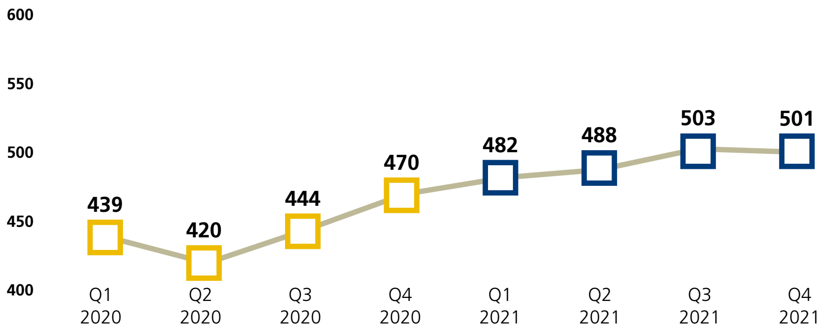
€2 bn

Net recurring fees

fees since the second quarter of 2020, in line with the gradual recovery of average client assets after the sharp drop recorded following the Covid-19 health emergency.

Quarterly net fee and commission income

(€m)



Net performance fees

(€m)

	Q1	Q2	Q3	Q4	TOTAL
2021	1	1	-	33	35
2020	-	-	1	18	19
Change	**1**	**1**	**(1)**	**15**	**16**

€35 m
Net performance fees

Net performance fees totalled €35m, up €16m from 2020 (+84%). The Fideuram Group charges performance fees on discretionary accounts on an annual basis (totalling €7m in 2021, compared to €2m in 2020), except when the customer decides to close the account early. The Group calculates the performance fees on its internal insurance funds (€1m in 2021, nil in 2020) 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 performance fees on the Group's mutual funds (€27m in 2021, compared with €17m in 2020) are charged annually with the exception of two funds for which performance fees are charged half-yearly (but applying a High Water Mark clause).

Net front-end fees

(€m)

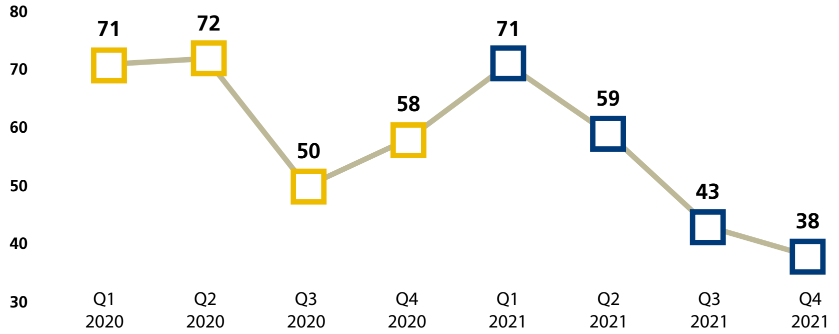
	Q1	Q2	Q3	Q4	TOTAL
2021	71	59	43	38	211
2020	71	72	50	58	251
Change	**-**	**(13)**	**(7)**	**(20)**	**(40)**

€211 m
Net front-end fees

Net front-end fees of €211m decreased by €40m compared to the same period last year (-16%), due to lower securities placement fees. In 2021, the Group's sales networks distributed bond loans and certificates, largely issued by Intesa Sanpaolo Group companies, that brought in approximately €1.8bn in gross inflows, compared with €4.4bn placed in 2020. With reference to the quarterly trend, in 2021 there was a downward trend in front-end fees due to the lower volumes of non-managed assets placed during the year.

Quarterly net front-end fees

(€m)



Other fee and commission expense

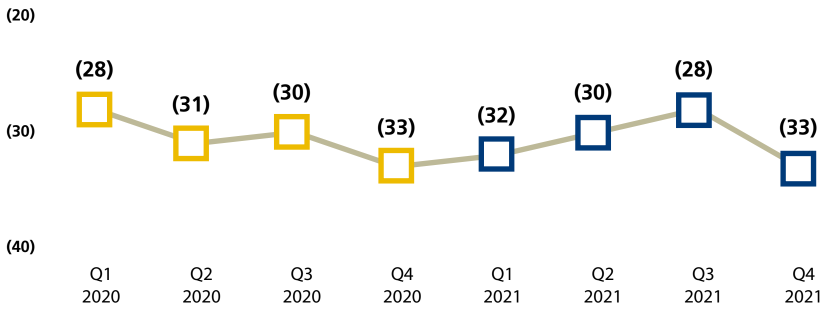
(€m)

	Q1	Q2	Q3	Q4	TOTAL
2021	(32)	(30)	(28)	(33)	(123)
2020	(28)	(31)	(30)	(33)	(122)
Change	**(4)**	**1**	**2**	**-**	**(1)**

Other fee and commission expense were basically in line (+€1m) with 2020.

Quarterly other fee and commission expense

(€m)



Profit on equity investments and other income (expense) amounted to €22m, up €20m compared to the same period last year, largely due to higher revenues from services, the collection of insurance reimbursements and penalties on non-competition agreements with former Personal Financial Advisers, in addition to higher profits on investments consolidated using the equity method.

Net operating expenses

(€m)

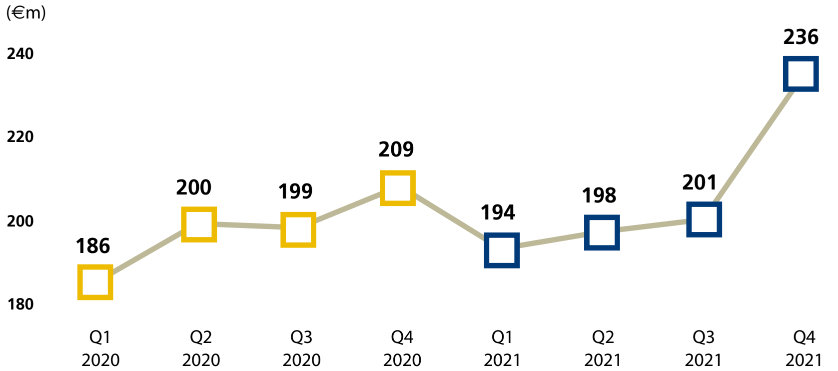
	2021	2020	CHANGE	
			AMOUNT	%
Personnel expenses	480	464	16	3
Other administrative expenses	276	262	14	5
Depreciation and amortisation	73	68	5	7
Total	**829**	**794**	**35**	**4**

€829 m

Net operating expenses

Net operating expenses totalled €829m, showing an increase of €35m (+4%) compared to the net amount in the previous year. The detailed analysis shows how personnel expenses, which totalled €480m, grew by €16m mainly due to the growth of the variable component linked to the incentive scheme. Other administrative expenses totalled €276m, showing an increase of €14m due to the increase in the cost of service with Intesa Sanpaolo and to IT costs. Depreciation and amortisation increased by €4m, mainly due to higher amortisation of software.

Quarterly net operating expenses



Net impairment of loans recorded a balance of €3m mainly due to reversals on bank exposures to Intesa Sanpaolo amounting to a negative balance of €14m in 2020, which was affected by the increased credit risk resulting from the Covid-19 health emergency.

Net provisions for risks and charges and net impairment of other assets

(€m)

	2021	2020	CHANGE	
			AMOUNT	%
Personal Financial Advisers' termination indemnities and incentives	26	35	(9)	-26
Litigation and complaints	8	6	2	33
Network Loyalty Schemes	5	8	(3)	-38
Net impairment of (recoveries on) debt securities	(2)	(3)	1	-33
Total	**37**	**46**	**(9)**	**-20**

€37 m

Net provisions for risks and charges and net impairment of other assets

Net provisions for risks and charges and net impairment of other assets, at €37m, decreased by €9m compared to 2020 (-20%). A detailed analysis shows that provisions for contractual indemnities due to Personal Financial Advisers decreased by €9m due to the increase in discounting rates of the fund. Provisions for litigation increased by €2m, largely due to the increased riskiness of positions arising during the period. Provisions for Network Loyalty Schemes decreased by €3m due to the trend in the discounting rates of the fund mentioned above. Net impairment on debt securities recorded a positive balance of €2m, largely attributable to write-backs on bonds due to the updated macroeconomic scenario that led to a decrease in the probability of default for large corporate and bank models.

Net non-recurring income (expenses) include income and expenses that are not attributable to ordinary operations. In 2021, this item, amounting to €219m, refers to the gain realised on the sale of the Custodian Bank and Fund Administration Business unit of Fideuram Bank (Luxembourg) to State Street Bank. The balance for 2020, amounting to €5m, is the result of the sale of equity investments of the Reyl Group (€10m), partly offset by a provision for a tax dispute (-€5m).

Income taxes, for which €505m was set aside in the period, were up €100m compared with the previous year as a result of the higher gross income realised in the period. The item includes a benefit of €11m relating to the acquisition of UBI tax losses for the portion attributed to the Business Units demerged from Intesa Sanpaolo in favour of Fideuram and Intesa Sanpaolo Private Banking. The tax rate was 29%, in line with the figure for the previous year.

Integration and voluntary redundancy expenses (net of tax) recorded a balance of €38m (-€32m compared to 2020) and include €8m for early-retirement incentive expenses and €30m for non-recurring integration transactions involving Group companies.

Effects of purchase price allocation (net of tax) totalled €22m and refer to amounts from revaluation of loans and securities and the recognition of intangible assets in the financial statements following the acquisition of the Morval Group, the UBI Top Private business unit and IW Bank.

The item **expenses regarding the banking system (net of tax),** includes the expenses related to maintaining the stability of the banking system, recognised in the income statement in accordance with current regulations. In 2021, the net amount for this item was €32m, up €9m from the previous year. It includes €19m in expenses for the contribution to the Deposit Guarantee Scheme (DGS Fund) introduced by Directive 2014/49/EU and €13m in expenses accrued for the contribution to the Single Resolution Fund of credit institutions introduced by Directive 2014/59/EU.

Profit attributable to non-controlling interests of €35m refers to the net results of companies included in the full consolidation area attributable to non-controlling interests. The balance is mainly made up of the result of the non-controlling interests of Intesa Sanpaolo Private Banking and the result of the UBI Top Private Business unit attributable to non-controlling interests, as it predates the acquisition.

DISTRIBUTION OF VALUE

Creating value for our stakeholders is one of Fideuram's prime objectives. The Group considers it crucial to pursue this objective through constant interaction with all the stakeholders it encounters in the course of its business.
The table showing the Wealth created by the Group was prepared using the income statement figures from the Consolidated Financial Statements for 2021, reclassified in accordance with the instructions of the Italian Banking Association (Associazione Bancaria Italiana – ABI) following the guidelines of the GRI-Global Reporting Initiative. The Wealth created is the economic value generated in the year, which is for the most part distributed to the stakeholders with whom the Group has relations as part of its daily operations. The Value retained is the difference between the Wealth created and the Value distributed, and it is used for productive investments with the aim of enabling economic growth and financial stability, as well as to ensure the creation of new wealth to the benefit of our stakeholders. The Wealth created by the global business of the Group totalled €3.8bn (+€567m on 2020).

This wealth was distributed to stakeholders as follows:

- Colleagues received 38.2% of the Wealth created, amounting to a total of €1.5bn. This included the remuneration paid to employees and the amounts set aside for and paid to the Personal Financial Adviser Networks;
- the Government, public authorities, institutions and the Community received €812m, principally in the form of direct and indirect taxes, amounting to 21.1% of the Wealth created; this amount also includes the expenses for the European Single Resolution Fund and Deposit Guarantee Scheme;
- our Shareholder and non-controlling interests received 19.1% of the Wealth created, in the form of the proposed dividend pay-out totalling €701m and the result attributable to non-controlling interests (€35m);
- Suppliers received 7.9% of the Wealth created, totalling €302m paid for goods and services;
- €527m, has been retained by the Group. This amount includes the following items in particular: deferred tax assets and liabilities, amortisation and depreciation, and provisions for risks and charges.

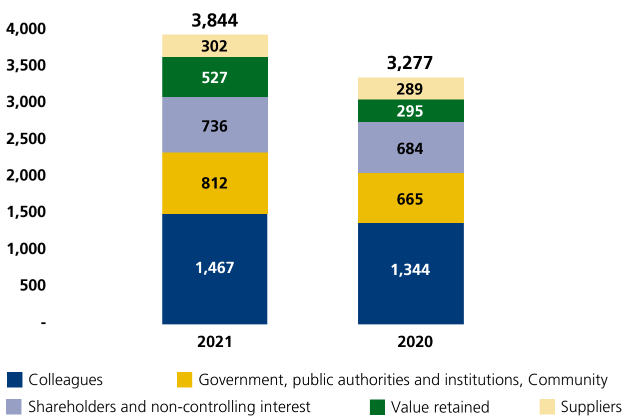
Economic value added (*)

(€m)

	2021	2020	CHANGE	
			AMOUNT	%
Wealth created	**3,844**	**3,277**	**567**	**17**
Value distributed	**(3,317)**	**(2,982)**	**(335)**	**11**
Colleagues	(1,467)	(1,344)	(123)	9
Government, public authorities and institutions, Community	(812)	(665)	(147)	22
Shareholders and non-controlling interest	(736)	(684)	(52)	8
Suppliers	(302)	(289)	(13)	4
Value retained	**527**	**295**	**232**	**79**

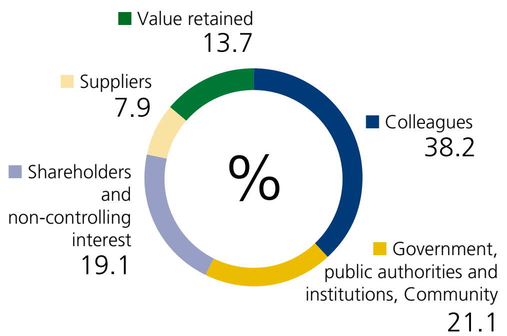
Wealth created (*)

(€m)

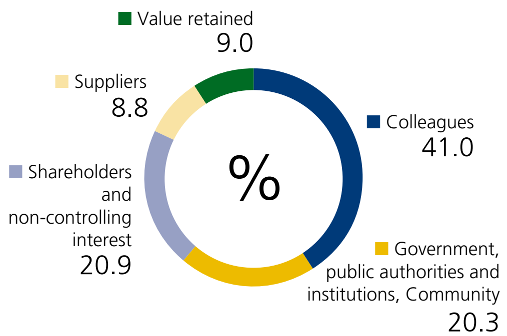


Distribution of wealth created (*)

2021



2020



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

Further information on page 430

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 discretionary accounts.
- **Life insurance assets segment**, which covers unit-linked and traditional managed insurance asset products, as well as pension and protection products.
- **Banking services segment**, which covers the Group's banking and financial services.

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

Segment reporting at 31 December 2021 (*)

(€m)

	MANAGED FINANCIAL ASSETS	LIFE INSURANCE ASSETS	BANKING SERVICES	TOTAL FOR FIDEURAM GROUP
Net interest income	-	-	212	212
Net profit (loss) on financial assets and liabilities at fair value	-	-	46	46
Net fee and commission income	1,450	587	60	2,097
Intermediation margin	**1,450**	**587**	**318**	**2,355**
Net operating expenses	(402)	(99)	(328)	(829)
Other	(26)	(10)	243	207
Gross income (loss)	**1,022**	**478**	**233**	**1,733**
Average client assets	**138,768**	**70,487**	**112,968**	**322,223**
Client assets	**147,076**	**73,665**	**120,497**	**341,238**
Key indicators				
Cost / Income Ratio	28%	17%	96%	35%
Gross income (loss) / Average client assets	0.7%	0.7%	0.2%	0.5%
Net fee and commission income / Average client assets	1.0%	0.8%	0.1%	0.7%

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

MANAGED FINANCIAL ASSETS SEGMENT

The Managed Financial Assets Segment covers the Group's discretionary accounts and mutual fund business, which totalled €147.1bn at 31 December 2021 (43% of total client assets), up €17.8bn on 31 December 2020. Total net inflows were positive at €8.5bn and recorded a sharp increase from the previous year (+€4.5bn). This was mainly attributable to the Group Personal Financial Advisers directing new inflows from customers towards managed asset products. The segment's contribution to gross income (loss) totalled €1bn, up €185m from last year, principally due to the increase in net fee and commission income. The ratio of net fee and commission income to client assets was 1%, while the ratio of gross income (loss) to client assets was 0.7%.

During 2021, the development of the range of products and services supporting the Group's service models was driven by the search for new investment opportunities, and by the implementation of distinctive solutions with a marked focus on environmental and social sustainability issues. As part of the general offer expansion, investments in the real economy are confirmed as key in the diversification of HNW and Private customer portfolios, allowing for further space for solutions outside listed markets. Finally, it is worth noting the entry of UBI Top Private and IW Bank customers, a transaction that led to further integration of products in the range considered to be of quality, particularly in the area of à la carte funds. A number of changes have been introduced to the traditional investment fund scope, both by the company and third-party partners.

As part of the **mutual funds**, new strategies were released for Fonditalia, also realised in collaboration with some partners selected among the best managers at international level, to complete the range with focus on financial opportunities and ESG transition.

Managed financial assets (*)

(€m)

	2021	2020	CHANGE %
Net interest income	-	-	-
Net profit (loss) on financial assets and liabilities at fair value	-	-	-
Net fee and commission income	1,450	1,237	17
Intermediation margin	**1,450**	**1,237**	**17**
Net operating expenses	(402)	(370)	9
Other	(26)	(30)	-13
Gross income (loss)	**1,022**	**837**	**22**
Average client assets	**138,768**	**119,351**	**16**
Client assets	**147,076**	**129,283**	**14**
Key indicators			
Cost / Income Ratio	28%	30%	
Gross income (loss) / Average client assets	0.7%	0.7%	
Net fee and commission income / Average client assets	1.0%	1.0%	

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

Specifically, these are FOI China Bond, FOI Fidelity Equity Low Volatility and FOI Carmignac Active Allocation. Three sectors geared to sustainability issues and that deserve a closer look are:

- FOI 4 Children, a sub-fund that aims to create a well-diversified 'high conviction' portfolio in companies that are clearly committed to a sustainability transition with a particular focus on the social and educational development of children. Fonditalia 4 Children supports UNICEF with the aim of offering an active commitment to the implementation of projects to protect children. The portfolio is managed and built through the application of a selection process with a focus on companies that generate a significant impact on ESG issues and with specific exclusion criteria regarding sectors and countries based on objective parameters. By virtue of the sustainable goals, the product complies with Article 9 of Regulation (EU) 2019/2088 on sustainability reporting in the financial services industry (hereinafter "SFDR").
- FOI Quality Innovation Sustainability, a sub-fund that works through a strategy that captures the most relevant global trends by investing in shares of companies with high quality and sustainable business models through various investment themes that represent real megatrends. To better represent this thematic investment, the fund manager uses a customised benchmark developed ad hoc with MSCI, a highly specialised company. The selection of securities integrates ESG criteria, favouring companies whose management is characterised by sustainability principles in accordance with Article 8 of the SFDR.
- FOI SLJ Flexible China, a term sub-fund, dedicated only to the Intesa Sanpaolo Private Banking Network, is managed by Eurizon SLJ Capital. It is a flexible investment solution that aims to provide a positive return through the construction of a multi-asset portfolio of securities issued by entities with registered office or main activities in China. The management of the sub-fund incorporates ESG selection criteria and complies with the provisions of Article 8 of the SFDR.

Finally, the FOI Morgan Stanley Balanced Risk Allocation sub-fund (formerly FOI Objective 2022) was renewed and the placement of the Willer Flexible Financial Bond was activated on the Willerfunds umbrella fund.

During the year, three new term sub-funds of the Sicav Ailis were created, dedicated to Intesa Sanpaolo Private Banking, with management delegated to leading international investment companies: Ailis PIMCO Inflation Response Multi-Asset, Ailis Brandywine Global IM Bond Optimiser and Ailis Blackrock Balanced ESG, a sub-fund managed by Blackrock, featuring a Multi-Asset portfolio and complying with the provisions of Article 8 of the SFDR.

A selection of Fideuram Asset Management (Ireland) products identified from the Fonditalia, Ailis and Willerfunds sub-funds have been made available in the IW Bank offering.

The Group's solutions also include new Eurizon Capital strategies aimed exclusively at Intesa Sanpaolo Private Banking customers with Eurizon Private Allocation Start, Eurizon Private Allocation Moderate and Eurizon Thematic Opportunities ESG 50 Luglio 2026. Following the integration of the UBI Top Private business unit into Intesa Sanpaolo Private Banking, the range of Pramerica Sicav solutions, incorporated into Eurizon Capital S.A. and dedicated to private customers, were added.

With regard to third-party funds and SICAVs, the usual updating and maintenance of the sub-funds under placement continued. Some specific changes were made to the Intesa Sanpaolo Private Banking range, to which four new investment companies were introduced: AXA Investment Managers, Raiffeisen Capital Management, Columbia Threadneedle Investments and Banor Capital Ltd.

For alternative funds of the Fideuram Alternative Investments (FAI) platform, the second closing of FAI Mercati Privati Opportunità Reali, the programme launched in 2020 platform, was held. The new FAI Progetto Italia 2021, the first alternative PIR of Fideuram Asset Management SGR set up in collaboration with Eurizon Capital Real Asset in compliance with regulatory constraints (Law Decree No. 34/2020 "Relaunch Decree"), was launched to invest in the

€147.1 bn

Managed financial assets

(43% of total client assets)

Italian system with a focus on the unlisted real assets segment and with the advantage of the tax benefits characteristic of individual savings plans.

During the year, the alternative investment fund Neva First was placed by Neva SGR, an Intesa Sanpaolo Group company specialising in the management and planning of Venture Capital funds, which invests in technology companies dedicated to the transformation of finance (FinTech) and in high-tech (DeepTech) companies in the growth and expansion phase.

Finally, for Intesa Sanpaolo Private Banking customers, two additional solutions were proposed:

- Eurizon ITER ELTIF of Eurizon Capital SGR, which invests in Italian traditional (energy, transport, environment and IT) and non-traditional infrastructures and which, in compliance with the conditions introduced by lawmakers in regulations on alternative PIRs, can offer investors the tax benefits of individual savings plans;
- the closed-end real estate investment fund Milan Urban Private Fund of Castello SGR.

With regard to **individual discretionary accounts**, 2021 saw the introduction of new management lines. For Fideuram and Sanpaolo Invest, the offer, managed by Fideuram Asset Management SGR, saw the enrichment of the Fideuram Folio range with a view to better diversifying investments by including new lines specialised by geographical area or theme, including: China Equity Folio, China Bond Folio, Equity Japan Folio and Real Asset Folio. In addition to these, there are the two new investment lines:

- Impact Allocation Folio (Article 9 SFDR), which proposes a balanced allocation with the objective of giving exposure to both ESG thematic instruments and "Global Impact" investments;
- Next Generation Winners Folio (Article 8 SFDR), with a portfolio concentrated on "high conviction" equities of companies which, in their own sector, present greater growth potential in the light of the NextGenerationEU (NGEU) Programme and meet sustainability criteria both from a financial point of view and in terms of business model and practices.

The offer of progressive investment products also continued through a series of Step in Dynamic and Step in Dynamic Plus solutions for building, over a defined period of time, a portfolio on global equity markets with the Global Equity Folio or on companies belonging to trending sectors with the Smart Trends Folio. A new edition of the Bridge Folio has also been produced, allowing the gradual building of a balanced portfolio over time. Finally, the Step up service has been available to customers, an additional option that allows customers greater customisation in building a progressive investment plan on the markets according to their own risk propensity and by combining one or more target folios.

Omnia discretionary accounts added the new multi-asset line Omnia Ego China in collaboration with UBS, which offers exposure to the Chinese market. The Step in Dynamic offering of the Active Beta 100 management line also continued to offer customers a progressive entry solution for equity markets.

For Intesa Sanpaolo Private Banking, the individual discretionary accounts was revised and enriched with new investment lines offered through the "Wealth Collection" single multi-line management contract.

As regards Eurizon discretionary accounts, Fideuram Asset Management SGR continued performing its ordinary maintenance and evolutionary adjustments to the product line during the year.

LIFE INSURANCE ASSETS SEGMENT

This segment covers the Group's life insurance and pension fund business, which totalled €73.7bn at 31 December 2021 (22% of total client assets), up €5.8bn compared to 31 December 2020, principally due to strong life insurance performance (+€5.3bn). Net inflows were positive at €3bn, up €867m compared to 2020. The contribution to gross income amounted to €478m, an increase of €37m compared to last year, mainly due to the increase in net fee and commission income. The ratio of net fee and commission income to client assets was 0.8%, while the ratio of gross income (loss) to client assets was 0.7%.

In the area of **insurance products** aimed at Fideuram and Sanpaolo Invest, some new investment solutions were introduced in the opportunity set of the class III policy family Fideuram Vita Insieme, also with changes to underwriting fees. In addition, the relaunch of the Class I offer continued, accompanied by the revision of the commission structure of the FV Garanzia and Valore 2 policy and with the inclusion of new policies from leading third-party companies, including Eurovita's Valore Private Serie II. For IW Bank, the insurance offer was integrated with the Class I Fideuram Vita Garanzia e Valore 2 policy and the Class III Eurovita in Persona and Eurovita In Prima Persona policies, two single-premium unit-linked products with the possibility of additional payments over time; while, with regard to pensions, the placement of the Fideuram Open Pension Fund was launched, a product consisting of six investment sub-funds with different risk and return profiles and specific management policies.

For Intesa Sanpaolo Private Banking, 2021 was marked by a series of new insurance-based investment products.

€73.7 bn

Life insurance assets

(22% of total client assets)

Life insurance assets (*)

(€m)

	2021	2020	CHANGE %
Net interest income	-	-	-
Net profit (loss) on financial assets and liabilities at fair value	-	-	-
Net fee and commission income	587	554	6
Intermediation margin	**587**	**554**	**6**
Net operating expenses	(99)	(100)	-1
Other	(10)	(13)	-23
Gross income (loss)	**478**	**441**	**8**
Average client assets	**70,487**	**64,020**	**10**
Client assets	**73,665**	**67,898**	**8**
Key indicators			
Cost / Income Ratio	17%	18%	
Gross income (loss) / Average client assets	0.7%	0.7%	
Net fee and commission income / Average client assets	0.8%	0.9%	

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

Class I products include the Patrimonio Per Giovani Insurance policy of Intesa Sanpaolo Vita, aimed at customers who wish to help a young person (child, grandchild or loved one) to realize a future project. Multi-line products included the Intesa Sanpaolo Vita Synthesis HNWI policy and, as part of the collaboration agreement with the broker First Advisory, private insurance policies were included with Multiramo Private Dinamica by Aviva Life S.p.A. and Global Invest Evolution Italia by Allianz Life Luxembourg. In addition, new collective internal funds were created for some of the existing policies.
As regards unit-linked products, the new Selezione Private Trend 2021 term internal fund was created for the Selezione Private policy of Intesa Sanpaolo Life, which allows progressive entry into the equity market and the new Selezione Private Pro policy, which offers access to internal and external funds diversified by asset class and characterised by a strong ESG component. Finally, the Reale Quota Attiva Private policy by Società Reale Mutua Assicurazioni was included.

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 €120.5bn at 31 December 2021 (35% of total client assets), up €14bn compared to 31 December 2020. Net inflows were positive at €4.2bn, down €2.7bn compared to 2020. The contribution of this segment to gross income (loss) was €233m. The increase in gross income compared to last year (+€138m) is attributable for €219m to the profit realised on the sale of the Custodian Bank and Fund Administration business unit of Fideuram Bank (Luxembourg), partly offset by the reduction in net fee and commission income (-€70m). The ratio of net fee and commission income to client assets was 0.1%, while the ratio of gross income (loss) to client assets was 0.2%.

For **banking services**, initiatives to support banking and the acquisition of new customers continued and various regulatory adjustments were implemented.

For Fideuram, the offer of current accounts at a subsidised rate (Plus IV and Plus Corporate current accounts) was renewed and a commercial initiative was promoted for repurchase agreements combined with asset management. For Intesa Sanpaolo Private Banking, there were promotions for individual customers and family holding companies by means of savings vouchers with remuneration at favourable rates for a defined duration with restricted access.

As regards e-money products, changes were introduced to the existing product range, including adaptation to the 3D Secure protocol with enhanced protection in the event of online payments by debit or credit card and the adoption of the Cashback service. Moreover, in compliance with the provisions of European legislation regarding strong authentication of payment services, the transition to CHIP&PIN technology for credit cards in the catalogue, which entails authorisation of expenditure by entering a PIN code, was completed, and the EBA's invitation to raise the system threshold for contactless payments from €25 to €50 for all payment cards was implemented.

For Intesa Sanpaolo Private Banking, the Carta Business, a credit card aimed at businesses, was released. In addition, the possibility of using the cards to make payments for transport (including tolls) and parking fees without entering a PIN was activated, and the transition to contactless technology for all payment cards in circulation was completed, with the early mass renewal of cards still lacking this function. On this occasion, the Intesa Sanpaolo Private Banking Debit Card was replaced with the more advanced XME Card Plus product with the option for the holder to choose the preferred payment circuit to be used for contactless payments via POS, in line with the indications of EU Regulation 2015/751.

For digital payment services, the ability to activate contactless payments with the Swatch watch from the SwatchPAY! collection has been added, associating enabled Fideuram and Intesa Sanpaolo Private Banking cards (debit, credit or prepaid) online on the Swatch.com website at the time of purchase or in a Swatch store. In addition, a number of implementations relating to the digital payment service Bancomat Pay were released for Intesa Sanpaolo Private Banking.

In implementation of Regulation (EU) 2019/518 on the subject of information on currency conversion costs for transactions in foreign currencies, it has been envisaged, for the currencies of European Union countries only, to send a message to consumer customers in the event of POS payments and ATM withdrawals in foreign currencies with an indication of the mark-up in the total conversion cost compared to the ECB exchange rate. In addition, a section was published on the websites of Fideuram and Intesa Sanpaolo Private Banking with a summary of the conversion margins compared to the ECB rates applied according to the standard terms for payment cards/circuits with respect to the currencies of European Union countries.

Banking Services (*)

(€m)

	2021	2020	CHANGE %
Net interest income	212	251	-16
Net profit (loss) on financial assets and liabilities at fair value	46	48	-4
Net fee and commission income	60	130	-54
Intermediation margin	**318**	**429**	**-26**
Net operating expenses	(328)	(324)	1
Other	243	(10)	n.s.
Gross income (loss)	**233**	**95**	**145**
Average client assets	**112,968**	**99,177**	**14**
Client assets	**120,497**	**106,530**	**13**
Key indicators			
Cost / Income Ratio	96%	75%	
Gross income (loss) / Average client assets	0.2%	0.1%	
Net fee and commission income / Average client assets	0.1%	0.1%	

n.s.: not significant

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

€120.5 bn

Non-managed assets
(35% of total client assets)

In order to fully comply with the PSD2 regulations / Article 127 bis of the Consolidated Banking Act on the subject of communications to customers, the option has been made available for customers to choose whether or not to receive a periodic report on their private credit card.

For **non-managed assets**, the offering of placement solutions to customers who are more sensitive to capital protection issues was augmented by new issues of Investment Certificates by Intesa Sanpaolo on equity indices and baskets of equity indices, with protection of the total capital or in any event not less than 95% of the amount invested and full participation in the performance of the various underlying securities. In addition, for Intesa Sanpaolo Private Banking and IW Bank, Intesa Sanpaolo also created Investment Certificates on individual equities.

During the year the Group took part in the placement of BTP Futura and the offer of shares, solely for professional clients, by Intermonte Partners SIM S.p.A., Medica S.p.A., Ariston Holding N.V. and SPAC Revo S.p.A..

OPERATIONS OUTSIDE ITALY

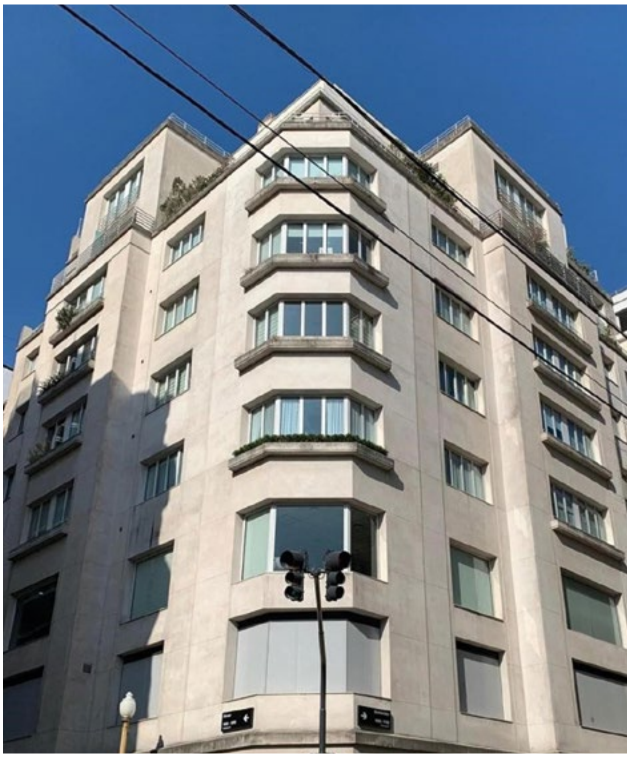
Product companies

Fideuram Asset Management (Ireland) dac continued to act as manager of the Fideuram Group's collective investment products in 2021 (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). Assets in the Luxembourg products offered by Fideuram Asset Management (Ireland) totalled €44.1bn at 31 December 2021, up compared to 31 December 2020 (€41.8bn).

Fideuram Asset Management (Ireland) dac

Distribution networks

Intesa Sanpaolo Private Bank (Suisse) Morval S.A. is a Swiss bank specialising in offering private banking investment services for private individuals with its head office in Geneva. At 31 December 2021 Client assets amounted to CHF 5.5m.
In May, the European Central Bank and the Swiss Financial Market Supervisory Authority (FINMA) approved the strategic alliance between Fideuram - Intesa Sanpaolo Private Banking and Reyl & Cie. In this context, Fideuram acquired 69% of Reyl's capital by transferring to the latter its controlling interest in Intesa Sanpaolo Private Bank (Suisse) Morval. Reyl's six partners have retained a 31% stake in the new entity and are responsible for managing ongoing operations and implementing strategy.
In addition, during the year, cost optimisation and simplification of the corporate scope continued with the liquidation of Intesa Sanpaolo Private Monaco, the continuation of the voluntary liquidations of Morval Bank & Trust Cayman and the liaison office in Bahrain and the activities relating to the return of the banking license of the UK branch are being completed.
In January 2022, the merger with Reyl took place, effective January 1; in the same month, the IT migration to Reyl's IT platform was also successfully completed.



Intesa Sanpaolo Private Argentina S.A.

Reyl Group
Reyl & Cie is a Swiss-registered bank headquartered in Geneva with foreign subsidiaries in Europe, the Middle East and Asia. The bank, 69% owned by Fideuram, pursues an innovative development strategy focused on integrated solutions through five business lines: Wealth Management, Entrepreneur & Family Services, Corporate Finance, Asset Services and Asset Management.
In order to consolidate growth in the asset manager sector in Switzerland, in December, the Swiss Financial Market Supervisory Authority (FINMA) and the Commission de surveillance du secteur financier (CSSF) in Luxembourg approved the strategic partnership between Reyl and 1875 Finance, a multifamily office and independent asset manager for private clients based in Geneva, of which Reyl acquired a 40% stake. This partnership will create revenue synergies and cross-cutting development opportunities and consolidate 1875 Finance's position as an independent leader in the Swiss multi-custody and wealth management market.
In addition, with respect to the integration of Asteria Investment Managers and Obviam, the two companies are expected to merge by the first quarter of 2022. This transaction will create a player dedicated to international impact investing, focused on promoting environmental and social progress. The new company may also expand the distribution capacity and boost growth thanks to Reyl's support.
As at 31 December 2021, Reyl's consolidated client assets amounted to CHF16.6bn, of which CHF10.6bn related to the Wealth Management business line, CHF3.6bn to the Asset Services business line and CHF2.4bn to the Asset Management business line.

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

Fideuram Bank (Luxembourg) S.A. is a limited liability company under Luxembourg law. In 2021, the bank underwent a major reorganisation that is part of the project aimed at strengthening the international presence of the Private Banking Division. During the year the business model was focused on the management of international private clients, which led to the sale of the Custodian Bank and Fund Administration division to State Street Bank, with the consequent exit from these business lines, and the acquisition of the Wealth Management and Private Banking division of Intesa Sanpaolo Bank Luxembourg with the relaunch of the activities and the start of the procedure aimed at acquiring the equity interest in UBI Trustee.
The treasury, direct debit, distribution and lending agent services for Luxembourg UCITS promoted by Fideuram were also maintained, as were the depository activities for insurance companies, supporting the organisation and development of services for private clients.


Fideuram Bank (Luxembourg) S.A.

ASSET AND LIABILITY MANAGEMENT

The tables below show the main balance sheet items compared with the corresponding figures at 31 December 2020.

Consolidated balance sheet

(reclassified - €m)

	31.12.2021	31.12.2020 (*)	CHANGE	
			AMOUNT	%
ASSETS				
Cash and cash equivalents	3,707	3,074	633	21
Financial assets measured at fair value through profit or loss	552	433	119	27
Financial assets measured at fair value through other comprehensive income	2,908	2,812	96	3
Debt securities measured at amortised cost	20,776	20,144	632	3
Loans to banks	20,334	18,654	1,680	9
Loans to customers	13,833	12,138	1,695	14
Hedging derivatives	32	16	16	100
Equity investments	238	192	46	24
Property and equipment and intangible assets	1,099	783	316	40
Tax assets	191	226	(35)	-15
Non-current assets held for sale and discontinued operations	-	1,065	(1,065)	-100
Other assets	1,606	1,401	205	15
TOTAL ASSETS	**65,276**	**60,938**	**4,338**	**7**
LIABILITIES				
Due to banks	3,988	3,752	236	6
Due to customers	54,619	49,948	4,671	9
Financial liabilities held for trading	28	64	(36)	-56
Hedging derivatives	730	954	(224)	-23
Tax liabilities	204	146	58	40
Liabilities associated with non-current assets held for sale and discontinued operations	-	1,065	(1,065)	-100
Other liabilities	1,711	1,209	502	42
Provisions for risks and charges	648	620	28	5
Share capital, reserves and equity instruments	2,218	2,330	(112)	-5
Equity attributable to non-controlling interests	29	33	(4)	-12
Net profit	1,101	817	284	35
TOTAL LIABILITIES	**65,276**	**60,938**	**4,338**	**7**

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

Quarterly consolidated balance sheets

(reclassified - €m)

	31.12.2021	30.9.2021	30.6.2021	31.3.2021 (*)	31.12.2020 (*)	30.9.2020 (*)	30.6.2020 (*)	31.3.2020 (*)
ASSETS								
Cash and cash equivalents	3,707	3,750	2,908	2,413	3,074	2,630	3,651	4,020
Financial assets measured at fair value through profit or loss	552	564	491	478	433	370	358	357
Financial assets measured at fair value through other comprehensive income	2,908	2,968	2,969	2,991	2,812	3,074	3,032	2,969
Debt securities measured at amortised cost	20,776	20,574	19,800	19,957	20,144	19,608	19,413	19,363
Loans to banks	20,334	20,413	21,213	20,856	18,654	19,613	18,132	17,225
Loans to customers	13,833	13,181	12,933	12,761	12,138	11,720	11,352	11,213
Hedging derivatives	32	20	15	14	16	14	12	10
Equity investments	238	211	207	198	192	186	184	180
Property and equipment and intangible assets	1,099	1,055	1,051	772	783	792	845	869
Tax assets	191	201	191	218	226	202	207	252
Non-current assets held for sale and discontinued operations	-	-	-	-	1,065	-	-	-
Other assets	1,606	1,531	1,611	1,380	1,401	1,256	1,308	1,144
TOTAL ASSETS	**65,276**	**64,468**	**63,389**	**62,038**	**60,938**	**59,465**	**58,494**	**57,602**
LIABILITIES								
Due to banks	3,988	4,993	6,271	5,279	3,752	3,426	4,933	2,990
Due to customers	54,619	52,375	50,028	49,968	49,948	49,496	47,137	48,379
Financial liabilities held for trading	28	67	63	70	64	50	52	79
Hedging derivatives	730	822	833	865	954	1,032	1,025	989
Tax liabilities	204	232	202	205	146	102	68	107
Liabilities associated with non-current assets held for sale and discontinued operations	-	-	-	-	1,065	-	-	-
Other liabilities	1,711	1,679	1,960	1,464	1,209	1,238	1,370	1,383
Provisions for risks and charges	648	623	602	621	620	521	497	507
Share capital, reserves and equity instruments	2,218	2,695	2,692	3,141	2,330	2,964	2,939	2,895
Equity attributable to non-controlling interests	29	100	92	20	33	13	54	51
Net profit	1,101	882	646	405	817	623	419	222
TOTAL LIABILITIES	**65,276**	**64,468**	**63,389**	**62,038**	**60,938**	**59,465**	**58,494**	**57,602**

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

Cash and cash equivalents

(€m)

	31.12.2021	31.12.2020	CHANGE	
			AMOUNT	%
Cash	67	70	(3)	-4
Demand deposits with Central Banks	533	586	(53)	-9
Current accounts with banks	3,107	2,418	689	28
Total	**3,707**	**3,074**	**633**	**21**

With the 7th update of Circular no. 262/2005 issued on 29 October 2021, the Bank of Italy modified the information content of the Balance Sheet as of 31 December 2021 by including all on-demand receivables from banks and central banks in the asset item “cash and cash equivalents”. As at 31 December 2021, the item showed a balance of €3.7bn, up €633m compared to last year due to the increase in deposits on bank current accounts (+€689m).

Financial assets

(€m)

	31.12.2021	31.12.2020	CHANGE	
			AMOUNT	%
Financial assets measured at fair value through profit or loss	552	433	119	27
Financial assets measured at fair value through other comprehensive income	2,908	2,812	96	3
Debt securities measured at amortised cost	20,776	20,144	632	3
Hedging derivatives	32	16	16	100
Total	**24,268**	**23,405**	**863**	**4**

€24.3 bn
Financial assets

Financial assets totalled €24.3bn, an increase of €863m (+4%) compared to 31 December 2020. This performance is largely attributable to the Intesa Sanpaolo bond purchases, which related to debt securities at amortised cost (+€632m) and, to a lesser extent, securities measured at fair value with an impact on comprehensive income (+€96m). Financial assets measured at fair value increased by €119m, mainly due to new purchases of unit-linked policies to service Personal Financial Adviser Loyalty Schemes.

Financial liabilities

(€m)

	31.12.2021	31.12.2020	CHANGE	
			AMOUNT	%
Financial liabilities held for trading	28	64	(36)	-56
Hedging derivatives	730	954	(224)	-23
Total	**758**	**1,018**	**(260)**	**-26**

€758 m
Financial liabilities

Financial liabilities totalled €758m, consisting entirely of derivatives. This item was down €260m compared to the figure at 31 December 2020, mainly due to fair value changes on the derivatives used to hedge the interest rate risk of certain fixed-rate bonds in the portfolio.

Loans to banks

(€m)

	31.12.2021	31.12.2020	CHANGE	
			AMOUNT	%
Due from Central Banks	242	107	135	126
Term deposits	18,942	17,449	1,493	9
Other	1,150	1,098	52	5
Total	**20,334**	**18,654**	**1,680**	**9**

€20.3 bn
Loans to banks

Loans to banks amounted to €20.3bn, an increase of €1.7bn compared to 31 December 2020 (+9%), mainly due to the growth in term deposits with Intesa Sanpaolo (+€1.5bn).

Due to banks

(€m)

	31.12.2021	31.12.2020	CHANGE	
			AMOUNT	%
Current accounts	439	577	(138)	-24
Term deposits	400	756	(356)	-47
Repurchase agreements	2,818	2,259	559	25
Debts for leases	47	31	16	52
Other	284	129	155	120
Total	**3,988**	**3,752**	**236**	**6**

Due to banks totalled €4bn, up €236m (+6%) on the figure at the end of 2020, mainly due to increased inflows in repurchase agreements (+€559m), partly offset by the decrease in term deposits (-€356m). Repurchase agreements include €751m in securities lending transactions with Intesa Sanpaolo (€916m at the end of 2020) and €1.6bn in liquidity obtained by Intesa Sanpaolo under the TLTRO long-term refinancing programme (€650m at the end of 2020).

€4 bn
Due to banks

The Group continued to be a **net lender on the interbank market**, with net interbank deposits of €19.4bn (including sight current accounts), in addition to €23.4bn in loans receivable (of which €22.2bn to Intesa Sanpaolo Group companies) and €4bn in loans payable (of which €3.7bn to Intesa Sanpaolo Group companies).

Loans to customers

(€m)

	31.12.2021	31.12.2020	CHANGE	
			AMOUNT	%
Current accounts	9,475	8,181	1,294	16
Loans	2,225	1,769	456	26
Other	2,098	2,154	(56)	-3
Non-performing assets	35	34	1	3
Total	**13,833**	**12,138**	**1,695**	**14**

Loans to customers totalled €13.8bn and largely comprised short-term loans (repayable within 12 months or revocable loans without a specified term). The increase of €1.7bn compared to 31 December 2020 is attributable to the growth in current account overdrafts (+€1.3bn) and mortgages (+€456m) as a result of the growth in lending activities. Net problem loans, representing a minimal amount in the portfolio, totalled €35m with an increase of €1m on the figure at the end of 2020. In detail: doubtful loans totalled €1m, in line with the figure at the end of last year; unlikely to pay loans totalled €21m, up €1m on 31 December 2020; past due or overdue loans amounted to €13m, unchanged compared to 31 December 2020.

€13.8 bn
Loans to customers

Due to customers

(€m)

	31.12.2021	31.12.2020	CHANGE	
			AMOUNT	%
Current accounts	49,810	43,135	6,675	15
Term deposits	4,286	6,193	(1,907)	-31
Repurchase agreements	21	47	(26)	-55
Debts for leases	270	284	(14)	-5
Other	232	289	(57)	-20
Total	**54,619**	**49,948**	**4,671**	**9**

€54.6 bn

Due to customers

Due to customers, amounting to €54.6bn, increased by €4.7bn compared with the balance as at 31 December 2020 (+9%), due to the growth in current account inflows (+€6.7bn), partly offset by the reduction in term deposits (-€1.9bn).

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

(€m)

	LOANS (*)	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	TOTAL
Italy	2,022	176	2,198
Spain	-	313	313
United States	-	206	206
Ireland	-	65	65
Belgium	-	53	53
Luxembourg	-	20	20
France	-	11	11
Iceland	-	11	11
Total	**2,022**	**855**	**2,877**

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

Property and equipment and intangible assets

(€m)

	31.12.2021	31.12.2020	CHANGE	
			AMOUNT	%
Owned real estate	59	60	(1)	-2
Rights of use of leased assets	314	320	(6)	-2
Other property and equipment	20	16	4	25
Property and equipment	**393**	**396**	**(3)**	**-1**
Goodwill	356	140	216	154
Other intangible assets	350	247	103	42
Intangible assets	**706**	**387**	**319**	**82**
Total property and equipment and intangible assets	**1,099**	**783**	**316**	**40**

€1.1 bn

Property and equipment and intangible assets

Property, plant and equipment and intangible assets, amounting to €1.1bn, increased by €316m compared to 31 December 2020 and consisted of €356m of goodwill, of which €140m related to Private Banking divisions acquired by the subsidiary Intesa Sanpaolo Private Banking in the period 2009-2013 and €216m attributable to the acquisition of the Swiss banking group Reyl in the second quarter of 2021. The latter value was recorded in the financial statements following allocation of the purchase price of the Reyl Group, which also entailed valuation of client assets with initial recognition in the consolidated financial statements of an intangible asset with a defined useful life of €78m, to be amortised in the income statement over 14 years based on the estimated life cycle of the acquired client assets. Other intangible assets also include intangible assets with a finite useful life relating to the valuation of client assets linked to the acquisition of the UBI Top Private business unit (€80m), IW Bank (€66m), and the Morval Vonwiller Group (€26m).

The **provisions for risks and charges** at 31 December 2021 were up €28m on the figure at the end of 2020, as shown below:

Provisions for risks and charges

(€m)

	31.12.2021	31.12.2020	CHANGE	
			AMOUNT	%
Litigation, securities in default and complaints	85	88	(3)	-3
Personnel expenses	182	167	15	9
Personal Financial Advisers' termination indemnities	273	265	8	3
Network Loyalty Schemes	102	78	24	31
Provision for integration costs	3	18	(15)	-83
Other	3	4	(1)	-25
Total	**648**	**620**	**28**	**5**

The provision for litigation, disputes, securities in default and complaints was down €3m, as a result of utilisation during the period. The provisions for personnel costs rose by €15m, mainly due to new sums allocated for early-retirement incentive expenses. The provisions for the Personal Financial Advisers' termination indemnities increased by €8m mainly due to accruals during the period. The provisions for Network Loyalty Schemes increased by €24m mainly due to the increases in the fair value of insurance policies made to cover the Personal Financial Advisers. The provision for integration expenses of €3m refers to restructuring charges of Intesa Sanpaolo Private Bank (Suisse) Morval and Fideuram Bank (Luxembourg).

Intesa Sanpaolo Private Banking - General Directorate - Milan

SHAREHOLDERS' EQUITY

€3.3 bn

Shareholders' equity

Group shareholders' equity, including net profit for the year, totalled €3.3bn at 31 December 2021, having changed as follows:

Group shareholders' equity

(€m)

Shareholders' equity at 31 December 2020	**3,147**
Dividend distribution	(878)
Extraordinary operations	(103)
Change in equity instruments	24
Change in valuation reserves	21
Other changes	7
Net profit	1,101
Shareholders' equity at 31 December 2021	**3,319**

The effect of the non-recurring transactions mainly refers to the reduction recorded in the reserves due to the purchase from Intesa Sanpaolo of the shares of Intesa Sanpaolo Private Banking, issued by the company to service the acquisition of the UBI Top Private business unit; this impact was partly offset by the increase in reserves recorded following the acquisition of IW Bank. The change in equity instruments relates to AT1 subordinated securities recognised in the balance sheet following the acquisition of the Reyl Group. The positive change of €21m in valuation reserves includes, for €5m, the worsening of the valuation reserve on financial assets with an impact on overall profitability due to fair value changes recorded in the securities portfolio during the year. At 31 December 2021, the valuation reserve of financial assets measured at fair value through other comprehensive income totalled €19m (€24m at the end of 2020).
The Group did not hold any treasury shares at 31 December 2021.

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

(€m)

	31.12.2021	
	SHAREHOLDERS' EQUITY	INCLUDING: NET PROFIT
Parent company's balances	**1,936**	**792**
Net profit of subsidiaries consolidated line-by-line	891	891
Effect of consolidation of subsidiaries and associated companies	467	(33)
Valuation reserves of subsidiaries consolidated line-by-line	25	-
Dividend income from Group companies	-	(549)
Consolidated balances	**3,319**	**1,101**

Fideuram S.p.A.'s own funds and main capital ratios at 31 December 2021 are shown below.

Fideuram S.p.A. Capital Ratios

(€m)

	31.12.2021	31.12.2020
CET1	1,132	1,276
Tier 1	1,132	1,276
Own funds	1,132	1,276
Total risk-weighted assets	7,358	6,383
CET1 Ratio	**15.4%**	**20.0%**
Tier 1 Ratio	**15.4%**	**20.0%**
Total Capital Ratio	**15.4%**	**20.0%**

As a member of the Intesa Sanpaolo Banking Group, Fideuram is subject to the laws and regulations regarding capital requirements on the basis of its separate accounts, but is not required to present this information on a consolidated basis. In order to provide comprehensive information, the Group voluntarily estimates its consolidated capital requirements, taking its membership of the Intesa Sanpaolo Banking Group into account. At 31 December 2021, this calculation showed a Common Equity Tier 1 ratio of 13.6% (21.9% at 31 December 2020) and a Total Capital Ratio of 13.8% (21.9% at 31 December 2020).

Fideuram and Sanpaolo Invest - Lecce Office

1. BUSINESS MODEL
2. EXTERNAL CONTEXT AND STRATEGIES
3. PERFORMANCE
4. GOVERNANCE
5. CONSOLIDATED FINANCIAL STATEMENTS

3.8.2 **Productive** capital

Productive capital includes property owned, the organisation of bank branches and Personal Financial Advisers' offices at territorial level, and all the equipment needed to conduct the Group's business.

MATERIAL TOPICS	WHY TOPICS ARE MATERIAL	CORPORATE POLICIES
Development of sales networks and dissemination of financial literacy Strengthening the sales network and dedicated channels for contacting existing and potential customers **Customer satisfaction** Accessibility of services for customers with physical disabilities	The Personal Financial Adviser occupies a central role in the Group's business model, publicising and promoting banking services outside bank premises. The meeting between the customer and the Personal Financial Adviser is pivotal to the relationship of trust that is established. The Group therefore makes available an extensive network of Branches and Offices to Personal Financial Advisers. Of particular importance for the Group is its ability to interact with all customers at its structures, thus eliminating architectural barriers and equipping ATMs with special interfaces.	The Group applies the "Physical Safety Rules", which are included in the "Security Principles" governance document, containing the rules and most appropriate conduct to optimise the safety measures adopted, and consequently, minimise risks to people and assets.

(No.)

	2021	2020 (*)	2019 (*)
Bank branches - Fideuram Network	98	98	98
Bank branches - Intesa Sanpaolo Private Banking Network	150	154	154
- of which High Net Worth Individual Branches	*10*	*10*	*9*
Bank branches - IW Bank Network	22	20	20
Bank branches outside Italy	7	9	9
Total Bank Branches	**277**	**281**	**281**
Personal financial advisers' offices - Fideuram Network	203	202	203
- of which Private Banking Centres	*3*	*3*	*3*
Personal financial advisers' offices - Sanpaolo Invest Network	114	115	116
Personal financial advisers' offices - Intesa Sanpaolo Private Banking Network	4	4	2
Personal financial advisers' offices - IW Bank Network	49	47	48
- of which Wealth Management Unit	*6*	*6*	*6*
Personal financial advisers' offices outside Italy	7	7	7
Total Personal Financial Advisers' Offices	**377**	**375**	**376**

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

LOGISTICS STRUCTURE SUPPORTING THE NETWORKS

No. 277

Bank Branches

No. 377

Personal Financial Advisers' offices

Our Personal Financial Advisers are supported in their work by the Group's logistics structure, which consists of 270 bank branches across Italy (98 in the Fideuram Network, 150 in the Intesa Sanpaolo Private Banking Network and 22 in the IW Bank Network) and 7 branches outside Italy (Dubai, Geneva (2), Lugano (2), Luxembourg and Zurich), as well as 377 Personal Financial Advisers' Offices (203 in the Fideuram Network, 114 in the Sanpaolo Invest Network, 4 in the Intesa Sanpaolo Private Banking Network, 49 in the IW Bank Network and 7 in the Foreign network).

For our high-end customers there are three Private Banking Centres, supporting the sales activities of the Fideuram and Sanpaolo Invest Networks, and ten HNWI Branches, serving the Intesa Sanpaolo Private Banking Network and six Wealth Management Units serving the IW Bank Network.

During 2021, there was continued strengthening of the operational synergies between the Networks, which included increasing the number of shared Offices where Personal Financial Advisers of the Fideuram Network and the Sanpaolo Invest Network operate side by side. The objective for 2022 is to further consolidate the integration and sharing of spaces between the Networks, also motivated by the shared sales strategies, creating synergies also with the IW Bank Network.

GEOGRAPHICAL DISTRIBUTION OF NETWORKS

The Fideuram Group provides its investment services through Personal Financial Adviser Networks, the Fideuram, Sanpaolo Invest, Intesa Sanpaolo Private Banking, and IW Bank networks distributed and operating throughout Italy, as well as the Reyl, Intesa Sanpaolo Private Bank (Suisse) Morval and Fideuram Bank (Luxembourg) Networks operating abroad in Switzerland, the United Arab Emirates, and Luxembourg.

The four Italian Networks are organised into Areas. Each Area is sized to suit the business potential of the territory concerned and may cover several regions or just a few provinces.

On 1 January 2021 a new structure of the sales areas came into force for the Fideuram and Sanpaolo Invest Networks. In order to achieve the Group's increasingly challenging growth targets, it was deemed appropriate to continue the process of change in the organisational structure, started a few years ago, favouring both the generational transition of the managerial staff and the gradual process of reducing the size of the sales areas to ensure greater proximity to Personal Financial Advisers and their growing needs.

In particular, the new organisation, which provides for 9 areas for the Fideuram Network and 6 for the Sanpaolo Invest Network, takes into account the various requirements imposed by the market in terms of:

- widespread local coverage for an increasingly more dedicated and adequate quality of service offered to customers;
- improvements to the coordination management of the Personal Financial Advisers of the two Networks;
- achievement of the growth and recruitment objectives, an activity of crucial importance for business development;
- further focus on the differentiated and dedicated management of the Personal Financial Advisers of the two Networks with greater oversight and focus on training and professional development.

For the Intesa Sanpaolo Private Banking Network in 2021, the development of the structure continued with the integration of the ex-UBI Private Network. The sales structure is divided into 13 Areas, of which 2 were added after the merger with the UBI Top Private Business Unit.

In 2021, the organisational structure of the sales areas of the IW Bank Network was redefined, in order to improve local penetration and control and achieve growth objectives. At the end of the year, the organisational structure numbered 10 Areas.

The changes to the Networks' sales areas that have undergone additional structural reorganisation, continued at the start of 2022. The number of areas was increased from 15 to 17 (11 for the Fideuram Network and 6 for the Sanpaolo Invest Network), and reduced from 13 to 9 areas for the Intesa Sanpaolo Private Banking Network.

As part of the international growth project of the Private Banking Division, in the first half of 2021 Fideuram acquired a 69% stake in the share capital of Reyl & Cie, a Swiss company at the head of the banking group of the same name, with the simultaneous contribution to Reyl of the entire stake held by Fideuram in Intesa Sanpaolo Private Bank (Suisse) Morval. In addition, the acquisition by Fideuram Bank (Luxembourg) of the Wealth Management and Private Banking business unit of Intesa Sanpaolo Bank Luxembourg was completed.

The process of rationalising the company scope continued with the liquidation of Intesa Sanpaolo Private Monaco and Morval Bank & Trust Cayman (not completed yet for the latter). In this context, two mergers were also kicked off, i.e., between Intesa Sanpaolo Private Bank (Suisse) Morval and Reyl & Cie, and between Asteria and Obviam.

OFFICE REORGANISATION

During 2021, the rationalisation of real estate assets continued with the dual objective of improving the quality of branches and offices and curbing costs.
During the year, a series of efficiency enhancing actions were implemented through the transfer of the Fideuram and Sanpaolo Invest Personal Financial Advisers' offices in Vercelli and Rome (including a Fideuram branch) and the head office in Bologna, in addition to the transfer of the Agrigento and Savona offices of the Sanpaolo Invest Personal Financial Advisers.
Finally, in November 2021, work on the expansion of the Prato branch was completed.
As regards the Intesa Sanpaolo Private Banking Network, a new HNWI branch was opened in Perugia in 2021, and three branches were closed, one in Milan and two in Turin. Moreover, during the year, 20 former UBI private branches were integrated. In addition, during 2021, the HNWI branch in Brescia and five branches in Milan were relocated.

The area structures of the four Networks are shown below.

Area Structure of the Fideuram Network

AREA	1.1.2022 REGIONS	31.12.2021 REGIONS	31.12.2020 REGIONS
1	Piedmont and Valle d'Aosta	Piedmont and Valle d'Aosta	Piedmont and Valle d'Aosta
2	Lombardy (provinces of Como, Lecco, part of the province of Milan, Sondrio and Varese)	Lombardy (provinces of Como, Lecco, Milan, Sondrio and Varese)	Lombardy (provinces of Como, Lecco, Milan, Sondrio and Varese)
3	Lombardy (provinces of Bergamo, Monza-Brianza and part of the province of Milan)	Lombardy (provinces of Bergamo, Brescia, Cremona, Mantua and Monza-Brianza)	Lombardy (provinces of Bergamo, Brescia, Cremona, Mantua and Monza-Brianza)
4	Lombardy (provinces of Brescia, Cremona, Lodi, Mantova) and Veneto (province of Verona)	Friuli-Venezia Giulia, Liguria, Lombardy (provinces of Pavia), Trentino Alto Adige and Veneto	Friuli Venezia Giulia, Trentino Alto Adige and Veneto
5	Friuli Venezia Giulia, Trentino Alto Adige, Veneto (excluding the province of Verona)	Emilia Romagna (provinces of Bologna, Ferrara, Modena, Parma, Piacenza, Ravenna and Reggio Emilia) and Lombardy (province of Lodi)	Emilia Romagna (provinces of Bologna, Modena, Parma, Piacenza and Reggio Emilia), Liguria, Lombardy (provinces of Lodi and Pavia) and Tuscany (provinces of Florence and Prato)
6	Liguria and Lombardy (province of Pavia)	Emilia Romagna (provinces of Forlì-Cesena and Rimini) and Tuscany (provinces of Arezzo, Florence, Prato and Siena)	Lazio and Tuscany (provinces of Grosseto, Livorno, Lucca, Massa-Carrara, Pisa and Pistoia)
7	Emilia Romagna	Lazio and Tuscany (provinces of Grosseto, Livorno, Lucca, Massa-Carrara, Pisa and Pistoia)	Emilia Romagna (provinces of Ferrara, Forlì-Cesena, Ravenna and Rimini), Marche, Tuscany (provinces of Arezzo and Siena) and Umbria
8	Tuscany	Abruzzo, Basilicata, Marche, Molise, Sardinia and Umbria	Abruzzo, Basilicata, Calabria, Campania, Molise, Apulia, Sardinia and Sicily
9	Lazio	Calabria, Campania and Sicily	
10	Abruzzo, Basilicata, Marche, Molise, Apulia, Sardinia and Umbria		
11	Calabria, Campania and Sicily		

Area Structure of the Sanpaolo Invest Network

AREA	1.1.2022 REGIONS	31.12.2021 REGIONS	31.12.2020 REGIONS
1	Lombardy, Piedmont, Val d'Aosta and Veneto (province of Verona)	Lombardia (except for the province of Mantua), Piedmont and Valle d'Aosta	Lombardia (except for the province of Mantua), Piedmont and Valle d'Aosta
2	Friuli Venezia Giulia, Trentino Alto Adige and Veneto (excluding the province of Verona)	Friuli-Venezia Giulia, Lombardy (province of Mantua), Trentino Alto Adige and Veneto	Friuli-Venezia Giulia, Lombardy (province of Mantua), Trentino Alto Adige and Veneto
3	Emilia Romagna, Liguria, Marche, Tuscany and Umbria	Emilia Romagna, Liguria, Marche, Tuscany and Umbria	Emilia Romagna, Liguria, Marche, Tuscany and Umbria
4	Lazio	Lazio	Lazio
5	Abruzzo, Basilicata, Molise and Apulia	Abruzzo, Basilicata, Molise and Apulia	Abruzzo, Basilicata, Calabria, Campania, Molise, Apulia and Sicily
6	Campania, Calabria and Sicily	Calabria, Campania and Sicily	

Area Structure of the Intesa Sanpaolo Private Banking Network

1.1.2022		31.12.2021		31.12.2020	
AREA	**REGIONS**	**AREA**	**REGIONS**	**AREA**	**REGIONS**
Central and Islands Area	Abruzzo, Lazio, Marche (excluding the provinces of Pesaro and Jesi), Sardinia and Sicily	Adriatic Area, Apulia, Calabria and Basilicata	Abruzzo, Calabria, Marche, Basilicata and Apulia	Municipality and province of Turin	Piedmont (municipality and province of Turin)
Emilia and Romagna Area	Emilia Romagna and Marche (province of Pesaro)	Emilia Romagna Area	Emilia Romagna	Valle d'Aosta, Piedmont and Liguria	Valle d'Aosta, Piedmont (except for the municipality and province of Turin) and Liguria
North Lombardy Area	Lombardy (provinces of Bergamo, Como, Lecco, Milan and Varese)	Lazio, Sardinia and Campania Area	Campania, Lazio and Sardinia	Municipality of Milan	Lombardy (Municipality of Milan only)
South Lombardy Area	Lombardy (provinces of Brescia, Cremona, Lodi, Mantua, province of Milan excluding the municipality, Monza and Pavia)	East Lombardy Area	Lombardy (part of provinces of Bergamo and Brescia)	Northern Lombardy	Lombardy (provinces of Como, Varese, Bergamo, Lecco and Sondrio, province of Milan excluding the municipality of Milan and the municipality of Melzo)
Milan Area	Lombardy (municipality of Milan only)	North Lombardy Area	Lombardy (part of provinces of Bergamo, Como, Lecco, Milan and Varese)	Lombardy Adige	Lombardy (provinces of Monza- Brianza, Pavia, Lodi, Cremona, Brescia and Mantua, municipality of Melzo), Veneto (province of Verona) and Trentino Alto Adige
North East Area	Friuli Venezia Giulia, Trentino Alto Adige and Veneto	South Lombardy Area	Lombardy (provinces of Brescia, Cremona, Lodi, Mantua, province of Milan excluding the municipality, Monza and Pavia)	North East	Veneto (provinces of Belluno, Vicenza, Venice, Treviso, Padua and Rovigo) and Friuli-Venezia Giulia
Southern Piedmont - Liguria - Tuscany and Umbria Area	Liguria, Piedmont (provinces of Alba, Alessandria, Asti, Cuneo and Mondovì), Tuscany and Umbria	Milan 1 Area	Lombardy (part of municipality of Milan only)	Emilia Romagna	Emilia Romagna
Southern Area	Calabria, Campania and Marche (province of Jesi), Basilicata and Apulia	Milan 2 Area	Lombardy (part of municipality of Milan only)	Tuscany and Umbria	Tuscany and Umbria
Valle d'Aosta Area - Northern Piedmont and Turin Area	Piedmont (provinces of Biella, Novara, Turin, Verbania and Vercelli) and Valle d'Aosta	North East Area	Friuli Venezia Giulia, Trentino Alto Adige and Veneto	Lazio, Sardinia and Campania	Lazio, Sardinia and Campania
		Sicily Area	Sicily	Adriatic Area, Apulia, Calabria and Basilicata	Marche, Abruzzo, Molise, Apulia, Calabria and Basilicata
		Municipality and province of Turin Area	Piedmont (municipality e province of Turin)	Sicily	Sicily
		Tuscany and Umbria Area	Tuscany and Umbria		
		Valle d'Aosta, Piedmont and Liguria Area	Liguria, Piedmont (excluding municipality e province of Turin) e Valle d'Aosta		

Area Structure of the Foreign Network

	31.12.2021 (*)	31.12.2020
	COUNTRIES	**COUNTRIES**
Foreign network	Switzerland - Lugano, Geneva and Zurich United Arab Emirates - Dubai Luxembourg - Luxembourg	United Kingdom - London Switzerland - Lugano, Geneva Cayman Islands - George Town Kingdom of Bahrain - Manama

(*) The Foreign network includes the sales organisation of the Reyl Group, Intesa Sanpaolo Private Bank (Suisse) Morval and Fideuram Bank (Luxembourg).

ACCESSIBILITY OF SERVICES

To guarantee disabled access to our branches, the necessary facilities are installed where there are newly opened offices so as to eliminate the architectural barriers. Meanwhile, where possible, work continues to improve facilities in existing branches. Similar attention is being given to providing disabled access to banking services as regards ATMs. They are being adapted with an interface for use by sight-impaired customers and, wherever possible, the lower construction versions are being installed.

The Group owns the following properties, which it uses to conduct its business:

- 31 Piazzale Giulio Douhet, Rome;
- 44 Via Cicerone, Rome;
- Riva Caccia 1a, Lugano;
- Rue Charles-Galland 18, Geneva.

Fideuram Group – Area Coverage – Logistics Structure and Geographical Distribution of Personal Financial Advisers

(No.)

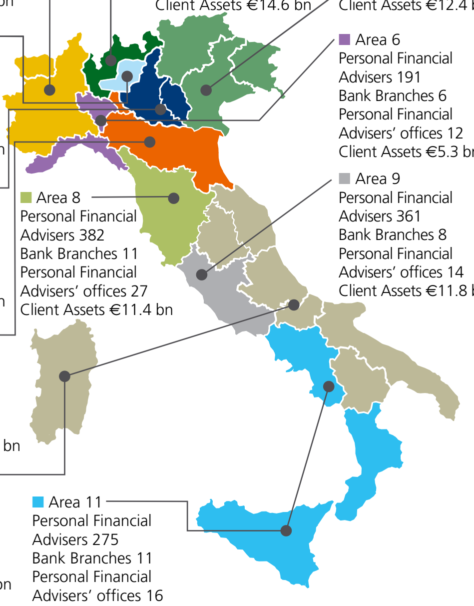
		BANK BRANCHES			PERSONAL FINANCIAL ADVISERS' OFFICES			PERSONAL FINANCIAL ADVISERS		
		2021	2020 (*)	2019 (*)	2021	2020 (*)	2019 (*)	2021	2020 (*)	2019 (*)
Italy	Piedmont	39	42	42	47	46	46	841	833	833
Italy	Valle d'Aosta	1	1	1	2	2	2	12	14	14
Italy	Liguria	12	11	11	26	25	24	319	321	324
Italy	Lombardy	64	64	62	55	55	55	1,515	1,408	1,424
Italy	Veneto	25	25	25	28	28	28	522	523	531
Italy	Friuli-Venezia Giulia	6	6	6	10	10	11	129	127	133
Italy	Trentino Alto Adige	4	4	4	7	7	7	50	49	50
Italy	Emilia Romagna	24	24	24	35	35	35	599	581	585
Italy	Tuscany	25	23	25	43	43	41	603	601	611
Italy	Umbria	4	6	6	8	8	8	92	97	105
Italy	Marche	7	7	7	15	15	15	161	149	155
Italy	Lazio	16	16	16	31	30	31	811	805	808
Italy	Abruzzo	4	4	4	11	12	12	90	97	105
Italy	Molise	-	-	-	2	2	2	14	15	17
Italy	Campania	17	17	17	18	18	18	374	386	381
Italy	Basilicata	-	-	-	2	2	2	14	13	13
Italy	Apulia	8	8	8	12	12	13	142	139	138
Italy	Calabria	4	4	4	4	4	5	37	34	39
Italy	Sicily	7	7	7	11	11	11	145	149	152
Italy	Sardinia	3	3	3	3	3	3	44	45	50
Outside Italy	Reyl Group	4	4	4	7	7	7	40	37	38
Outside Italy	Intesa Sanpaolo Private Bank (Suisse) Morval	2	4	4	-	-	-	29	37	38
Outside Italy	Fideuram Bank (Luxembourg)	1	1	1	-	-	-	11	12	12
	Total	**277**	**281**	**281**	**377**	**375**	**376**	**6,594**	**6,472**	**6,556**

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

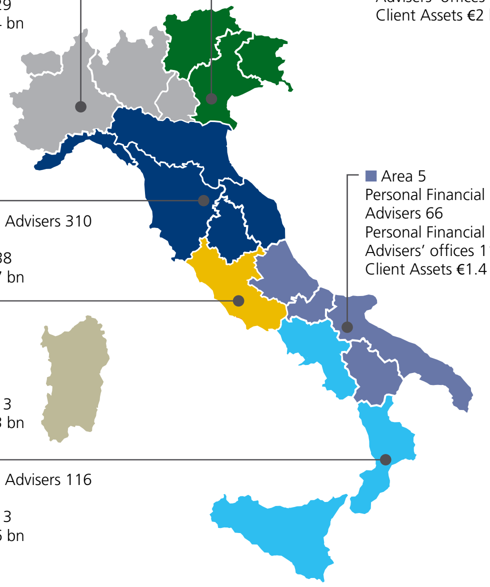
Sales Areas of the three Fideuram Group Networks

The new structure of the sales Areas of the Fideuram and Sanpaolo Invest Networks that have been operational since 1 January 2022 is provided below.

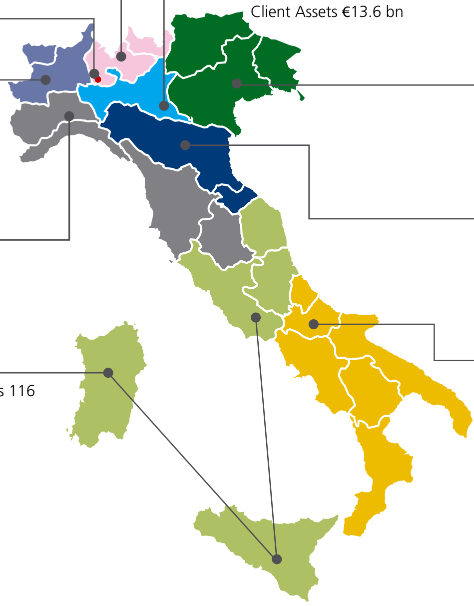
Fideuram Network: 11 Areas



Sanpaolo Invest Network: 6 Areas



Intesa Sanpaolo Private Banking Network: 9 Areas



3.8.3 **Intellectual** capital

Intellectual capital includes knowledge-based intangible assets such as intellectual property (copyrights, rights and licenses), organisational capital (systems and procedures) and the intangible assets associated with the brand and with the Group's reputation.

MATERIAL TOPICS	WHY TOPICS ARE MATERIAL	CORPORATE POLICIES
Management of customer portfolios Transparent management of customer portfolios **Development of sales Networks and quality of service offered** Developing consulting services, so as to anticipate market requirements Prompt and effective response to customer needs New tools available to customers **Adequacy and innovation of financial products offered** Adequate cost of financial products in relation to the quality of service offered Appropriateness of the products offered to the financial literacy of customers Information provided is understandable and relevant (e.g. prospectuses) Product and service innovation **Brand reputation** IT security in terms of preventing computer fraud and customer personal data protection (privacy) **Focus on customers who are High Net Worth Individuals** Customers with financial assets potentially in excess of €10,000,000 Focus on HNWI customers to obtain economies of scale and ensure creation of value in a manner that is sustainable over time Growth and development prospects in the market **Digitalisation** E-banking and services virtualization Availability of diversified and interactive channels for Bank-customer communications Cybersecurity	Offering professional and cutting-edge advisory services underpins the Group's competitiveness. These are all-encompassing advisory services, which also cover customer needs that are not purely financially based. Innovation in additional services and investment products is therefore the focus of business activity. Innovation also involves the tools supporting advisory services, whereby customers access services via other channels rather than the traditional channel. The Group has set itself the objective of providing clear and transparent information to customers, using simple language in documentation, which makes it easier to understand the characteristics of the products and services offered, as well as the applicable financial conditions. The offering of products and services is based on customers' knowledge level and propensity to risk. The Group deems IT security to be of strategic importance with regard to data protection, also in light of customers' increased propensity for making use of online services.	In providing its investment services, the Group applies the provisions of the MiFID 2 EU Directive, whilst its audit functions monitor whether internal procedures are appropriate on the basis of preventive validation and ongoing verification, and whether they are compliant. The Group assigns strategic importance to the protection of data and processes managed within its units, safeguarding colleagues and customers interests and rights, both when developing new services and solutions, as well as in the operational management of company activities. Evolving current technologies, changes to operating processes subsequent to their automation and continual developments in the economy can impact on corporate IT security risk levels. Effectively monitoring the latter contributes to mitigating IT risk, which due to its specific nature is included among the operational, reputational and strategic risks outlined in the "IT security guidelines for the Private Banking Division". The Group intends adopting Product Governance monitoring controls based on the "Guidelines for approval of new products, services and activities aimed at a specific target group of customers", which aim to safeguard investors' interests over the course of the financial products' entire life cycle, from conception through to after sales, ensuring that all corporate Bodies and units involved are accountable. The Rules for implementing the guidelines set out the roles and responsibilities of the sales Networks and define the macro-processes intended to regulate the distribution of financial products to all customers. Special attention is given to the processing of personal data based on a process that aims to define the protection logic for data by identifying potential non-compliance risks (in relation to the nature, object, context and purposes of processing) and the appropriate technical and organisational measures to mitigate these risks, starting in the design stages and over the course of the entire data processing life cycle. Privacy by Design (term referring to data protection from the time of design), therefore ensures that processing complies with legislative requirements and that data is processed with the necessary measures securely in place, from the time the data is collected until its erasure.

	2021	2020	2019
Customers subscribed to Advanced Advisory Services (No.)	63,770	64,363	66,151
Advanced Advisory Service client assets (€m)	46,581	43,959	38,784

The figures for 2020 were restated on a consistent basis to take account of changes in the scope of consolidation. The figures for 2019 were not restated.

ADVISORY SERVICES

MAIN OBJECTIVES FOR 2021	ACTIONS AND RESULTS ACHIEVED
Strategic partnership with BlackRock Financial Management to adopt the 'Aladdin' service platform, in support of the advisory model, risk analysis and the composition of products and customer portfolios.	To support the Private Banking Division's basic and advanced advisory services, in 2021 Fideuram, Sanpaolo Invest, Intesa Sanpaolo Private Banking and Fideuram Asset Management SGR adopted the functionalities of the Aladdin platform of BlackRock, a market leader and primary strategic partner, in support of the calculation of risk and the analysis of the composition of products and customer portfolios. The integration of risk and composition metrics provided by Aladdin ensures complete and constantly up-to-date risk information and analysis of products and portfolios, as well as uniform calculation methods and representations on the various platforms supporting the Networks.
Integration and enhancement of sustainability within the basic and advanced advisory model.	During 2021, the activities necessary for the transposition of sustainability regulations in the financial services sector for the Fideuram, Sanpaolo Invest and Intesa Sanpaolo Private Banking Networks were initiated. In particular, the 'contract for the provision of investment advice, placement and distribution services' was supplemented with a general disclosure on sustainability risk, while the websites of the three networks, in a specific 'Sustainability' section, published the policies for integrating sustainability risks and information on the negative effects on sustainability factors in the provision of investment advice and insurance services. As at 24 July 2021, two new questions were added to the MiFID profiling questionnaire to identify the customer's preferences and objectives on sustainability issues in investment services.
Consolidation and evolution of basic and advanced advisory services (Sei, Private Advisory, View, WM Report), in order to consolidate their distinctive model and improve their usability through digital platforms.	As of May 2021, the Advisory Platform has become the only application supporting the provision of basic and advanced advisory services by the Fideuram and Sanpaolo Invest Networks. This year too, the SEI supplemental services-Household, Real Estate Monitoring and Succession Management-were consolidated with 584 new activations, for a total of 8,588 active services. As of 12 April 2021, Intesa Sanpaolo Private Banking's "Private Advisory" advanced advisory service, provided through the Wealth Shaper platform, was enhanced, offering customers the possibility of receiving personalised recommendations for their assets.

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MAIN OBJECTIVES FOR 2021	ACTIONS AND RESULTS ACHIEVED
Updating and consolidation of the service model in compliance with the law and regulations, and especially in terms of reinforcing adequacy checks and of the information provided to customers in relation to the characteristics of the products and services provided.	In 2021, a multi-function work group comprising the main departments of the Group cemented the impact of regulations on the business model. Specifically, with regard to reporting the costs actually incurred by customers compared to the realised returns, work continued on adapting the "Statement of costs, charges and incentives of the investment portfolio" to the recommendations provided by Consob to intermediaries by: • sending a report as an independent document; • presenting costs and charges in aggregate form and broken down by portfolio management service and by all other services/products; • disclosing the tax charges and standardising the presentation of the costs for advanced advisory services. For the Fideuram and Sanpaolo Invest Networks, for all investment proposals, in compliance with MiFID 2: • the transactions carried out by a supervised Personal Financial Adviser are to be authorised by his/her supervisor, so that the supervisee can acquire them and have them signed by the customer; • a new report has been introduced, which the Personal Financial Adviser must have the customer sign and which contains, in a single document, the details of the transactions carried out, the declaration of adequacy and the ex-ante disclosure on costs, charges and incentives. This disclosure has also been extended to transactions carried out independently by the customer on the "Alfabeto Fideuram" internet banking platform. Following the entry into force of the new Consob provisions relating to the Insurance Distribution Directive, the Division has prepared the new "questionnaire for analysing insurance demands and needs", the aim of which is to verify, prior to each new subscription of a Class I, Class III and Multi-line insurance-based investment product, the consistency of the product with its insurance needs as identified through the answers given in the new questionnaire. In compliance with the product governance requirements under MiFID 2, the new Actual Target Market check "loss-taking capacity" check has been introduced: the application of this check prevents a customer from investing in products that are not in line with his/her loss-taking capacity. In addition, for the Fideuram and Sanpaolo Invest Networks, all Actual Target Market checks were extended to the selection of a new product, as well as to incoming transactions in mutual funds, discretionary accounts and Fideuram portfolios already present in the customer's portfolio. In the MiFID profiling questionnaire of Intesa Sanpaolo Private Banking, the question, and the related adequacy check, relating to long-term investment objectives was modified, asking customers the maximum percentage that they are willing to

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MAIN OBJECTIVES FOR 2021	ACTIONS AND RESULTS ACHIEVED
	invest in financial instruments with a time horizon of more than five years. At the same time, the possibility was introduced for customers to independently update their MiFID profiling questionnaire on their own internet banking. In order to better protect customers, Fideuram and Sanpaolo Invest have reduced the duration of the validity of the adequacy assessment of proposals to 10 calendar days, compared to 20 days previously applied. All measures relating to the updating and consolidation of the service model in accordance with the regulations have been integrated into the platforms and reporting used by the Networks and customers.

The Group decided to adopt an advisory operating model following the coming into force of the European Union Markets in Financial Instruments Directive (MiFID) and of the Italian Finance Consolidation Act that transposed it into Italian law. This takes the concrete form of providing investment services to customers who have decided to follow the Group's personalised recommendations and have therefore chosen our advisory support in conjunction with all other investment services for any transaction carried out by our Branches or through our financial advisers authorised to offer products and services outside company premises or using remote communication technologies. Our provision of investment advisory services involves acquiring the information from each customer or potential customer in advance as necessary to compile a financial profile reflecting their:

- understanding and experience of financial products and/or investment services;
- financial situation and loss-taking capacity;
- investment objectives.

During 2021, the service model was aligned to the guidelines set out in Directive 2014/65/EU (MiFID 2).

Alongside a basic advisory service based on customer profiling for maximum risk level and on ascertaining that there is an appropriate match between each customer's financial profile and total asset risk, the Group offers the following fee-paying advanced advisory services: The SEI Advanced Advisory Service provided through the Fideuram and Sanpaolo Invest Networks, and the View Advanced Advisory Service and Private Banking Advanced Advisory Services provided through the Intesa Sanpaolo Private Banking Network. The Group service model provides customers having greater financial resources with dedicated organisational services and geographical coverage: Private Wealth Management with Private Banking Centres and HNWI Centre of Excellence with the HNWI Branches.

SEI ADVANCED ADVISORY SERVICE AND SEI PRIVATE VERSION

The SEI Advanced Advisory Service charges a fee for activating the service and regular annual commission, each of which is calculated both in relation to the customer's assets managed by the Group and to their potential.
SEI customers receive regular clear and detailed statements which allow them to track their assets' progress towards their goals and to monitor the suitability of their asset risks with respect to their financial profile.
The "SEI method" is centred on the customer and their needs, which are segmented into six areas: protection, liquidity, reserve, pension, investment and excess return. SEI provides our Personal Financial Advisers with support in analysing their customers' needs, identifying optimum customised solutions that meet them and monitoring their progress over time. All this is done whilst constantly monitoring the risk and diversification of each customer's total assets, in full compliance with applicable regulations.
A further strength of the service is that the process can be extended to provide a systematic analysis of a customer's total assets even if they are held with other financial brokers, and also include an analysis during the diagnosis phase of their non-financial assets: real estate assets, corporate assets and other high-value goods.
The advanced advisory service is offered in two versions, SEI and SEI Private Version, which meet the needs of different types of customers by offering greater flexibility in the levels of service offered. The version created for Private Banking customers offers exclusive benefits, such as specialised tax, legal, real estate and succession management advice and preferred access to the services of Siref Fiduciaria. In addition, the regular statements and reports sent to customers contain special content for the Private version.
Upgrading of the Private Wealth Management unit continued in 2021, with a view to developing and serving the Private Banking and High Net Worth Individuals segments through a pro-active approach and dedicated business model.

The model follows a combined global approach that considers every aspect of a customer and their household's asset management needs, using cross-sectorial skills and expertise based on team work and shared best practices.
The integrated offering covers Financial Products and Lending Offer, Corporate Advisory, Legal and Tax Advisory Services, Property Services, Art and Luxury, and Philanthropy. In 2021, the range of services offered in the Corporate and Real Estate sectors was expanded by including new partners to provide services for extraordinary finance transactions (M&A) and purchase and sale transactions, mainly for the tertiary, hotel and logistics sectors.
Together with support from our Personal Financial Advisers, the Private Wealth Management services are provided by offering integrated advice on financial assets, real estate, company shareholdings and family businesses with a view to increasing management and allocation efficiencies and also in terms of succession management and asset and wealth protection and development.
Access to the model provides continuous asset monitoring in the areas of greatest customer interest, while simultaneously facilitating access to a select network of professionals for specific needs.

Ancillary services to the SEI Advanced Advisory Service and SEI Private Version

The analysis of customers' needs, a distinctive feature of the service, is strengthened by channelling the Advanced Advisory Service towards assessing the customer's total assets and providing succession management, extending its customer and household financial assets risk analysis to incorporate the analysis of non-financial risks as well. The SEI Advanced Advisory Service and SEI Private Version give customers the option of subscribing to three value-added ancillary services:

- **Household** formalises the extension of the SEI model to the household unit, and makes it possible for Personal Financial Advisers to provide customers with an aggregate representation of the financial, real estate and corporate assets of their household unit, whilst fully complying with privacy legislation. Subscribing to the service allows customers to benefit from special economic terms on regular contract-based commissions.
- **Real Estate Monitoring** provides a detailed analysis of the composition and characteristics of customers and their household's real estate assets, with the view to analysing and monitoring these over time, in terms of their value, risks and diversification. The service includes a six-monthly "Real Estate Monitoring" report sent to the customer.
- **Succession Management** responds to customers' needs relating to the transfer of assets to future generations, and supports Personal Financial Adviser with informed succession planning, also through dedicated reporting.

These additional services were formalised in an addendum to the Advanced Advisory Services contract and integrated in the regular commissions applicable to the SEI and SEI Private Version services. On this basis, Personal Financial Advisers can offer customers an all-encompassing advisory service, with the support of a state-of-the-art computer platform, dedicated apps and advanced and customised reporting.

VIEW ADVANCED ADVISORY SERVICE

VIEW is an Advanced Advisory Service, based on a careful analysis of customers' needs. Operating through this service, Intesa Sanpaolo Private Banking aims to:

- assist its customers with the informed management of their assets according to their needs and risk profile, and always in accordance with their MiFID profile;
- provide a comprehensive, effective and transparent advisory service in an increasingly volatile and complex market context;
- reaffirm its role as a professional and authoritative player as regards the whole spectrum of a customer's assets;
- prepare reports on the customers' entire assets, including on demand, and exploit an advanced and dedicated alert system.

The customer's assets are organised into need areas in the VIEW system, according to the needs expressed by the customer, including with the assistance of guideline customer "archetype" profiles: Extra-return, discretionary investments, non-discretionary investments, pension, and short-term investment.
The Advisory function has been added to the non-discretionary investments area, upgrading it from a stand-alone service to real exclusive feature of the VIEW service. At the customer's discretion, the Advisory function available in VIEW may be activated to receive personalised recommendations on individual or linked transactions involving the allocated portion of assets in that area.
VIEW makes it possible to identify investment strategies and solutions for each individual area of need in accordance with the customer's risk/return profile and to constantly monitor their wealth from a global standpoint in terms of risk and diversification over time.
Finally, the service is enhanced by the real estate tool, which makes it possible to extract the land registry data of customer-owned real estate through queries on the National Land Registry, and by the asset protection tool that offers customers initial support in succession management.

PRIVATE BANKING ADVANCED ADVISORY SERVICE

The Private Banking Advanced Advisory Service, delivered by Intesa Sanpaolo Private Banking on the Wealth Shaper platform, provides a personalised, fee-paying advisory service with high added value, dedicated to customers who do not wish to delegate their investment choices in full, but prefer to play an active role in their portfolio management in dialogue with top professionals.
The fee-paying Private Banking Advanced Advisory Service is

dedicated to customers having at least €2.5m in financial assets and who wish to have constant support from a team of specialists in making their investment decisions. This service comprises an analysis of the customer's portfolio, followed by proposals for personalised allocation and advice aimed at buying and selling individual financial instruments. The portfolio analysis and allocation proposals are handled directly by the Advisory central team, with the aim of guiding customers towards a more efficient and diversified portfolio and better risk control.
As of 12 April 2021, the advanced Private Advisory service was enhanced, offering clients the possibility of receiving personalised recommendations on their entire assets, also including wealth management mandates and insurance-based financial products, in addition to the scope already covered by the service relating to mutual funds and securities. Alongside the change in the product scope, the price base of the service was also revised.
As regards the interrelationship between the new multi-channel platform for natural persons and the Advanced Advisory Services, a special section of the new digital tool, called Proposals for Advisory Services, is available; in this section, a customer, who has subscribed to online reporting, can view and express his interest for the proposals developed within the scope of the Private Banking Advanced Advisory Service and the VIEW Advisory functions.

WM REPORT

The WM Report is an integrated reporting service that provides the Intesa Sanpaolo Private Banking customer with a single document detailing the assets held at the Bank, with the option of aggregating even different customer categories (e.g. natural persons, legal entities, fiduciary companies). The WM Report provides an aggregate representation of positions, at the level of both total assets or single customer. The Bank sends out the report on a six-monthly basis. Customers may also request an on-demand report at any time from their reference branch.

SPECIALIST SERVICES

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

- Tax, legal and succession advisory services for asset planning.
- Fiduciary services, supported by Siref Fiduciaria.
- Advisory support to assist entrepreneurs manage the liquidity generated during significant business transitions, such as Mergers & Acquisitions or Initial Public Offerings.
- Art Advisory services provided with the support of external consultants.
- Real Estate Advisory services to support customers' real estate management needs both regarding disposable property and property of potential interest. The needs analysis is conducted internally or with the support of external consultants, including international consultants, for valuation and agency services.

Specialist Lending and Granting of Lines of Credit to support and develop the Group's lending business.
As part of the Philanthropy Advisory service in the Wealth Management Department, Intesa Sanpaolo Private Banking continued forming Donor Advised Funds (DAF), also providing support to its customers in preparing and drawing up the regulations of such funds, in particular with the collaboration of Compagnia di San Paolo. Donor Advised Funds are a kind of juridical tool that ensures donors to maintain direction and control powers, while alleviating them from the responsibilities of management and administration. These funds can be created through foundations which already exist and offer to act as philanthropic intermediaries.
As part of that service, the Wealth Management Department also offered its support to the non-profit organisations in structuring a Theory of Change (ToC): models designed to guide the activities of the organisations and measure their consequent social impact.

MAIN IMPROVEMENT OBJECTIVES FOR 2022

ADVISORY SERVICES

The main objectives are as follows:

- the introduction within the suitability assessment model of a check aimed at verifying the consistency of the customer's portfolio and investment transactions with respect to the customer's preferences on sustainability issues stated during MiFID profiling;
- the integration and development of sustainability in the Basic and Advanced Advisory Services model of the Networks, through the analysis and monitoring of customer portfolios and individual financial instruments, on the basis of the principal ESG indicators and themes, with the aim of reinforcing its leadership, brand recognition and reputation;
- the evolution of the advanced advisory service "SEI" and "SEI Private version" thanks to the introduction of highly innovative, distinctive and high added-value elements for all customer groups;
- the enhancement and revision of the advanced advisory services "Private Advisory" and "View" by introducing new information content and new portfolio rebalancing tools, the technological upgrade of platforms that support Personal Financial Advisers in the provision of services, the integration of additional features of BlackRock's Aladdin to support the risk analysis and the composition of products and customer portfolios;
- the introduction of "Robo4Advisor" tools developed by Aladdin to support the rebalancing of the Private Banking Division's customer portfolios, which make it possible to streamline the operations of the sales networks, increase the level of customer service and care, and support the customer proposition with a commercial storytelling that focuses on the rationale and advantages of the transactions proposed;
- convergence towards a single suitability assessment model and a single MiFID profiling questionnaire between Fideuram, Sanpaolo Invest and Intesa Sanpaolo Private Banking, with the aim of ensuring efficient management of compliance risk at Group level, ensuring full alignment of the safeguards provided by the Group's distribution networks;
- the introduction of increasingly complete and easily customisable commercial reports to support the activity of the Networks and optimise the level of customer service;
- updating of the service model in compliance with the law and regulations, and especially in terms of reinforcing adequacy checks and of the information provided to customers in relation to the characteristics of the products and services provided;
- integration IW Bank's sales Network in the service model based on advisory service.

TOOLS SUPPORTING ADVISORY SERVICES

MAIN OBJECTIVES FOR 2021	ACTIONS AND RESULTS ACHIEVED
Advisory platform	
Adoption of BlackRock Financial Management's Aladdin service platform.	During 2021, the Advisory Platform was integrated with BlackRock's Aladdin services.
Completion of the migration of the added-value features found on the obsolete applications which were discontinued during 2021.	In 2021, work continued on rationalising and optimising the application tools available to Personal Financial Advisers, with the aim of making operations and the usability of information increasingly digital, efficient and uniform with the development of Advisory Platform as a single platform.
Adjustment of operations in line with the evolution of the service model, regulations, strengthening of suitability checks and the product range development plan	During 2021, the following actions were taken to adjust the Advisory Platform to the evolution of the service model, regulations, strengthening of suitability checks and the product range: • introduction of supervisor authorisation of transactions carried out by a supervisee; • development of the new proposal report as a single document to be signed by the customer; • management of the new "questionnaire for analysing insurance demands and needs"; • introduction of the new Actual Target Market check related to "loss-taking capacity"; • reduction of the duration of the validity of the suitability assessment of proposals to ten calendar days; • position keeping and commercial proposal management of the new products and services that expanded the offer available to Networks and customers in 2021.
Fideuram mobile solution	
Broadening the range of products and managed functions.	In 2021, the process of expanding the products managed within the Operating Platform continued, enabling transactions to be digitally signed and allowing for a streamlined acquisition process with less operational risk. New features have also been introduced such as: • the provision for entering or changing the customer's mobile phone number, using both holographic and biometric signatures; • "Personal detail check" to make immediately available to the Personal Financial Adviser any restrictions on the customer's personal details or regulatory failures that prevent the opening of a new current account.
Extension of the signature methods that can be used with a broader range of customer types.	In order to extend the digital signature methods, the use of the biometric signature has been introduced for all personal data and address changes and changes to the account name. For the latter, the scope of management has been extended, also for Siref Fiduciaria and third-party trustees.
Discontinuation of carbonless copy paper.	In 2021, carbonless paper discontinuation continued, with the most important product operations being excluded from this operation.

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MAIN OBJECTIVES FOR 2021	ACTIONS AND RESULTS ACHIEVED
Welcome Expansion of possibilities of use relating to natural persons.	In 2021, work was done to: • extend the use of remote signature to the opening of current accounts of customers who are already registered; • enable the management of mandatory regulatory compliance at the same time as opening a current account and without interrupting the process. Specifically, for the Due Diligence Questionnaire (DDQ), the Foreign Account Tax Compliance ACT and Common Reporting Standard (FATCA/CRS) questionnaire and the MiFID profiling questionnaire.
Introduction of the use of a single mobile phone number for all services.	In order to improve the security and timeliness of SMS alerts to customers, Welcome has introduced the possibility of managing a single mobile phone number for all services and functions that can be activated when opening a current account. This number is the one certified by the customer for PSD2 purposes or, in its absence, the one from the master data.
Portal for Personal Financial Advisers The Portal for Personal Financial Advisers will continue to be a pivotal tool for keeping updated, maintaining the efficiency and effectiveness levels achieved as the info-training channel servicing the Networks of Personal Financial Advisers, by keeping content constantly updated, and always great attention on sales communication aspects, so that the Personal Financial Advisers can concentrate their attention on the core business.	During 2021, the Portal for Personal Financial Advisers maintained its central role as a method for distributing info-training content, with a constant update of the contents, the implementation of new areas and the creation of new pages in support of specific activities and promotion of the product offering.
Key Tv communications The objective of Key TV is to produce more and more info-training tools useful to Personal Financial Advisers and their relations with customers, in a constantly changing world. In-depth examination of current affairs issues, workshops on financial markets, meetings with economists and managers of the leading investment houses will continue. Institutional communication videos and focused educational programmes targeting customers will continue.	In 2021 Key TV had a year full of activities, including experimental, with more than 500 episodes produced and 41 direct broadcasts. Financial education has always occupied a central role in programming, and also the constant updating on topics associated with macroeconomic dynamics, financial markets and megatrends, sustainability and ESG criteria, for which promotional messages and ad hoc episodes were made.

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

ADVISORY PLATFORM

The Advisory Platform guides and supports Fideuram and Sanpaolo Invest Network Personal Financial Advisers in providing the basic and advanced advisory service, extending over all process phases, from the needs analysis through to ongoing assets monitoring.

Based on responsive web design technology, Personal Financial Advisers can use the Advisory Platform from a PC or iPad. Information of interest is easily accessible and classified according to customer category, based on simple and intuitive navigation.
In line with the service model, the Advisory Platform identifies a common operating process for all customers, while simultaneously optimising the Advanced Advisory Service. Through the Platform, the Personal Financial Adviser can analyse customers and their household's financial position (even if these are held with other intermediaries) and asset position (real estate, business, other assets), agree on objectives and strategies with them, identify the most appropriate solution for their requirements, assist in monitoring the results achieved over time with ongoing risk management and an advanced alert system. Advanced and customised reporting is available for Personal Financial Advisers via the Platform, which can be printed on demand and shared with the customer. In addition, potential customers can be recorded, thus supporting Personal Financial Advisers in onboarding any new customers.

The reports that can be printed on demand from the Advisory Platform has been enriched over the years with the introduction of new information, such as the display of liquidated products/contracts, and the book values of funds placed à la carte, shares and ETFs.

The Advisory Platform made it possible to manage all the operational process stages (position keeping, proposal and monitoring) for the new products that have filled out the range offered by the Group during the year.

The Advisory Platform also allows Personal Financial Advisers to access the main features of Alfabeto PB, with the aim of providing the Personal Financial Advisers with a single entry point from which to manage the customisations provided by the new internet banking and digital wealth management platform, Alfabeto 2.0.

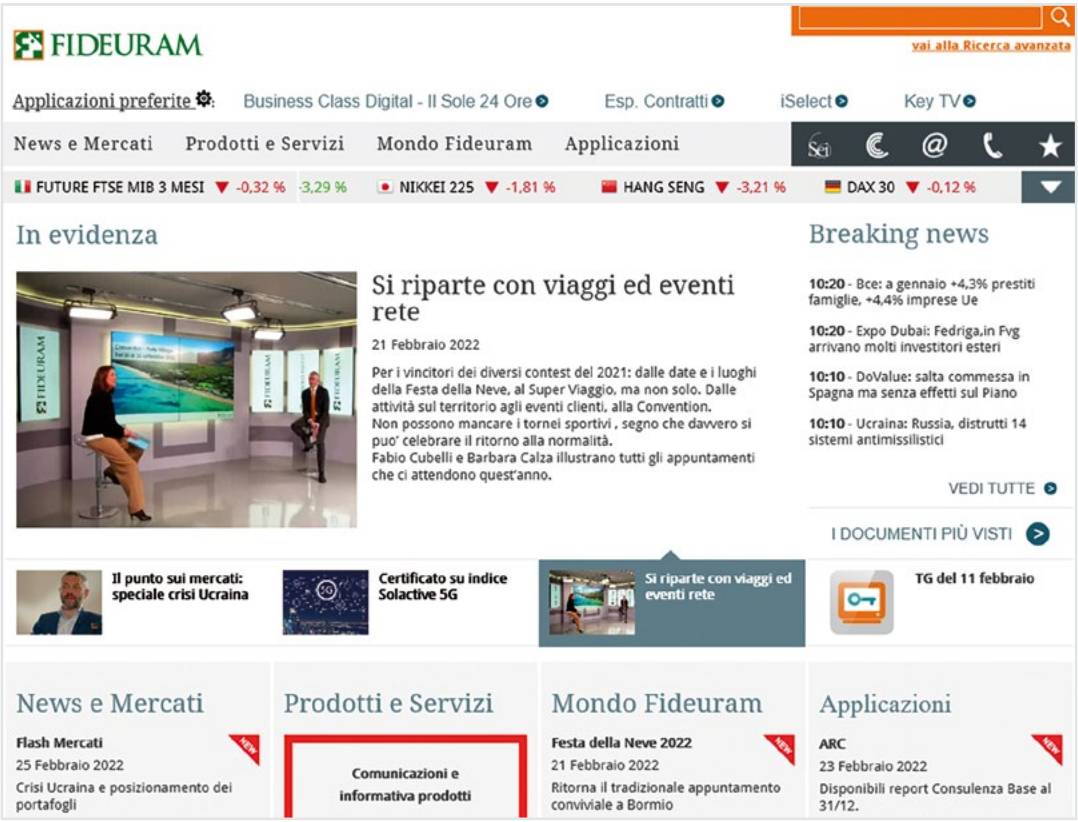
During 2021, the Advisory Platform was integrated with the risk and analysis metrics of the composition of products and customer portfolios provided by the Aladdin platform of BlackRock Financial Management, a market leader and major strategic partner. This integration ensures complete and constantly up-to-date information about the risk and composition of products and portfolios, as well as uniform calculation methods and representations on the platform.

PORTAL FOR PERSONAL FINANCIAL ADVISERS

The continuation of the pandemic also in 2021 prompted the need to keep the focus on digital remote activities in all their forms. The Personal Financial Adviser Portal, therefore, continued to play the role of reference point for the advisor networks as a means of disseminating info-training content and as a point of access to the various company contexts.

In addition to constantly updating the content of existing areas, new areas and pages were implemented to support specific activities: in particular, the creation of the page dedicated to the **Digital Evolution** project, which involves the entire Division, made financial Advisers aware of the efforts underway. The consequences of the pandemic and pending transformations in the Group have received adequate visibility and communication, for example the initiatives undertaken to improve IT security, with constant updates to the pages dedicated to Cybersecurity, the continuous information on safety in the workplace and on new services, products, markets and company data, through the News that is drafted daily at the request of, and according to, the various offices. Once again in 2021, the Incentives Regulations were published directly on the Personal Financial Adviser portal, with the previous editions archived. Moreover, through the editorial contribution platform (CMS), the Portal continues to be the source of contributions created specifically for the public and distributed through Alfabeto, which was recently renewed.

Lastly, the Personal Financial Adviser Portal worked in synergy with Key TV, highlighting on the home page the most interesting videos for financial Advisers, from "Il Punto sui mercati" produced in collaboration with Fideuram Asset Management SGR to Management communications and interviews with experts from the most diverse sectors to comment on the aspects and consequences of the current crisis. In addition, the Personal Financial Adviser Portal was the communication showcase for the **Value&Purpose** project, promoted by the CEO, giving visibility to the video productions made on the issue.



KEY TV

In 2021, Key TV's activities covered a range of topics and provided in-depth analysis that was further expanded compared to the consolidated production of previous years.

Alongside the programme schedule with recurring and timely content for the week, such as the news, financial education formats, timely updates on the products and instruments made available by the Group, and market analyses with strategists, Key TV provided financial Advisers with articulate and timely communication, tailored to the particular needs of the networks and customers.

In 2021, Key TV took on the identity of a multi-channel media, becoming a source of information that accompanied the various stages of IW Bank's transition, with products dedicated specifically to the new Network that joined the Group. The total number of episodes increased significantly. In 2021, television production produced more than 500 videos, which responded to a variety of needs that developed alongside the unique pandemic context and the reopening after lockdown periods.

The world of **sustainability** was a major topic of the episodes, which were also produced with the contribution of partner investment companies operating in Italy and with specific content to be shared with customers.
Ample space was devoted to in-depth analysis of the digital transition, investment in the real economy, the effects of the RRP on financial issues, and a comprehensive analysis of factors of great macroeconomic relevance, from the elections in Germany to inflation and investment in China, to name but a few.

All episodes were produced with equipment that meets the highest professional standards of the television market and with the contribution of TV professionals, Directors and journalists with considerable experience in the field.

Video productions dedicated to product partners also saw a strong boost. Production increased in number and variety with the addition of IW Bank's exclusive Partners, reaching over 200 videos produced during the year.

The impossibility of meeting, of getting together, due to the restrictions, but the need to maintain a constant presence in the Advisers' networks, also boosted the production of **live events**, both from the Milan office and from the offices throughout the country, also allowing Area Managers to maintain close contact with their Area. We have created "hybrid" productions with the participation of guests from the studio and on location.

Finally, the Area plenary meetings, a traditional appointment for Personal Financial Advisers when work resumes at the beginning of the year and in September, after the summer break, were able to take place thanks to live Key TV broadcasts, which were a great success with almost total participation.
The average number of viewers also continued to be very high, confirming that the video channel is increasingly an 'official' communication tool for the Group.

In March 2021, the Key TV channel was opened for IW Bank Advisers, which, through content sharing with Fideuram and the Division and original productions dedicated to the IW Bank Network, opened a new avenue of communication.

PRESS REVIEW AND INTRADAY ALERTS

Personal Financial Advisers and employees of the Private Banking Division have at their disposal a dedicated daily press review, containing a selection of articles with a focus on the most important issues for the Division, which is published both on the Private Banking Division landing page and on the Private Banking Portal. Moreover, every day, an internal Fideuram Media Relations team supports the top management of the Networks and of the Bank with a service that includes a restricted press review and the sending of Intraday Alerts. The former consists of a subset of press review articles focused on current issues concerning Fideuram, the Intesa Sanpaolo Group, its competitors, the world of asset management, private banking and insurance, and the economic and financial scenario. The Intraday Alerts are sent via e-mail and mainly report the press agency reports on the current day's most important news and the press communiques of Fideuram, its subsidiaries, the Intesa Sanpaolo Group and others of specific interest.

FIDEURAM MOBILE SOLUTION

Fideuram Mobile Solution has supported and streamlined the work of our Personal Financial Advisers of the Fideuram and Sanpaolo Invest Networks for ten years, enabling them to dedicate more time to their customer relations.

Through use of the most advanced technologies, the Personal Financial Advisers can:

- access constantly-updated documentation at any time, also on mobile devices, and share them with customers;
- acquire the customers' personal detail documentation in electronic format, through the smartphone Easy Doc 2.0 app and through the Cruscotto Compliance Clienti application;
- use their PC or iPad to prepare sales proposals, verify their suitability, obtain their customers' approval and execute their instructions. Our customers can accept these proposals by using digital signatures without printing out any forms, by signing pre-completed printed forms or by providing biometric signatures using the EasySign app on their Personal Financial Advisers' iPads.

The Personal Financial Advisers were provided with a Document Archive which provides them with easy and immediate access to all the forms used in investment operations and regulatory obligations, which are produced in digital format within the Fideuram Mobile Solution and signed by the customers in a holographic, electronic or biometric manner.

WELCOME

Welcome enables the Personal Financial Advisers of the Fideuram and Sanpaolo Invest Networks to acquire new customers and open current accounts in digital mode by following a guided, simple and intuitive series of steps allowing them to:

- acquire the identity card;
- record the personal details;
- sign the Basic Advisory Services or Advanced Services contract;
- fill out the MiFID profiling questionnaire;
- open up an individual or jointly registered current account with new customers and with existing customers;
- transfer à la carte funds from other intermediaries.

All the contractual documentation, pre-compiled by Welcome, can be signed by customers using the holographic signature or biometric signature by using the EasySign app available on the Personal Financial Adviser's 'iPad, or the electronic signature, with the latter being limited to the opening of current accounts registered in the name of one person only or of existing customers.

SIGNATURE PROCEDURES

Also in 2021, the transition to paperless documents was supported by the different signature procedures available for signing in investment transactions, the acquisition of new customers and opening current accounts.

Using the tablet to sign is simple and immediate, being comparable to the experience of signing a paper document and having the same legal status.

Customers have the possibility of choosing from the following signature procedures:

- the Biometric Signature for Fideuram and Sanpaolo Invest: on the Personal Financial Adviser's iPad by using the EasySign app, even when offline. In the case of Intesa Sanpaolo Private Banking, this is regulated by the My Key Natural Persons agreement and is available at the branch by using the ISPAD tablet;
- the Electronic Signature (AES: Advanced Electronic Signature) for Fideuram and Sanpaolo Invest: in the personal area of Fideuram Alfabeto, by using Fingerprint, Face ID, O-Key Smart, O-Key SMS, for investment transactions, or to acquire new customers and open current accounts in a private section of the public website, through the generation of One Time Password (OTP) codes received by the customer via text message;
- the Digital Signature (RDS: Remote Digital Signature) for Intesa Sanpaolo Private Banking: the digital signature, which is free of charge and an integral part of the digital identity regulated by the My Key Natural Persons agreement, allows users to sign documents and contracts digitally by secure authentication (O-Key Smart or O-Key SMS), for products and services offered by the Bank or other companies and available for purchase in the dedicated section in the personal area of the Bank website;
- the Holographic Signature: the traditional signature on the paper forms precompiled by the applications.

REMOTE AND OFF-PREMISES OFFER OF PRODUCTS AND SERVICES

The availability of electronic signatures has enabled us to develop the digital side of our offering of products and services outside bank premises and a Remote Offer model providing significant benefits to our Personal Financial Advisers and customers. The provision of products and services outside bank premises has benefited from the biometric signature in a variety of ways, from the optimised management, archiving and control of contract documents to the speed and convenience of customers being able to receive their own copies in digital format, simplifying their management and traceability over time. The Remote Offer enables our Personal Financial Advisers to:

- acquire new customers and open current accounts: the customer may view the contractual documents in a personal area of the public website of the Bank and sign it by generating One Time Password (OTP) codes received via text message;
- offer value added advisory services by sending the investment proposals in the personal area of the Fideuram Alfabeto or Intesa Sanpaolo Private Banking websites, where the customer can read and sign them with the electronic signature.

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

- our Personal Financial Advisers are able to select the most appropriate communication channel for their customers' needs with a view to optimising the relationship, taking them through guided processes to generate the documentation and formulate a sales proposal;
- our customers can receive their copy of the contract in digital format and independently sign the documents directly in the personal area of the public website of the Bank or on Fideuram Alfabeto.

In 2021, as part of the evolution of the service model, the "Digital Transformation" path continued with the expansion of the remote offer methods, of the digitised products and processes to allow increasingly complete, integrated and innovative multi-channel operations.

In this context, in particular, Intesa Sanpaolo Private Banking expanded the scope of dematerialised products, with the digitalisation, in December, of the sales and after-sales processes of Eurizon Asset Management and started, at the same time as the issue of an Intesa Sanpaolo Life policy, the digitalisation path also for the insurance-based investment products of the Group Companies, Intesa Sanpaolo Vita and Intesa Sanpaolo Life, which will be completed during 2022. In addition, the new "Telephone Offer" mode was activated in the Private Platform, fully integrating the process dedicated to the acquisition and transmission of orders by telephone, on the primary and secondary market, for securities and dematerialised funds, with the sending of contractual documentation by e-mail to the customer. This new offer method has the advantage of allowing remote orders to be placed also by customers who are not inclined to or not enabled to use digital channels.

As regards the IW Bank Network, the digitalised provision of personalised recommendations is commercially promoted through two innovative services:

- application platforms that provide for remote and off-site interaction with customers, both for the acceptance of personalised recommendations and for remote electronic order placement;
- the Omnichannel Advanced Electronic Signature - OTP Signature with the complete digitalisation of the operational processes for Off Premises Offer relating to the provision of advisory services, the execution of orders for the placement of asset management products, the purchase and sale of client assets and the placement of certificates and bonds on the primary market.

This service has improved the efficiency of financial advisers' operations by making it possible, since the beginning of the year, to further digitalise both the recommendations issued by the Bank and the related transactions carried out by customers.

During 2021, the measures aimed at extending the operational digitalisation of processes and the evolution of the advisory service were oriented towards the maintenance of tools and platforms (commercial platform dedicated to financial advisers called Smart Portal and the LiCya platform supporting the provision of the advanced wealth advisory service), in view of the need to maximise synergies arising from the use of new tools that will be adopted in 2022, as part of the project to integrate the Division, and to increase the time dedicated to customer support activities, with a positive impact in terms of service levels, competitive capacity and commercial effectiveness of the Network.

Intesa Sanpaolo Private Banking - Torino San Carlo HNWI Office

MAIN IMPROVEMENT OBJECTIVES FOR 2022

TOOLS SUPPORTING ADVISORY SERVICES

Advisory Platform

With the aim of consolidating its features, in line with the developments expected by the service model, the following are planned:

- adaptation of the functions, representations and reporting, to support the integration of sustainability issues within the suitability assessment model and the basic and advanced advisory model of the Fideuram and Sanpaolo Invest networks;
- development of tools to support the networks in line with the review and enhancement of the advanced SEI and SEI Private Version advisory services;
- development of the "Robo4Advisor" functions of BlackRock's Aladdin, to support the rebalancing of client portfolios in the Fideuram and Sanpaolo Invest networks;
- adjustment of current features and the development of new tools to ensure convergence towards a single suitability assessment model and a single profiling questionnaire between Fideuram, Sanpaolo Invest and Intesa Sanpaolo Private Banking;
- information enhancement and the possibility of increased customisation in commercial reporting;
- position keeping and commercial proposal management of new products and services that will expand the offer available to the Sales Networks and customers.

Fideuram Mobile Solution

With the aim of making the operations of Personal Financial Advisers easier, the following developments are provided for:

- discontinuation of carbonless copy paper;
- evolution and expansion of features;
- adaptation to regulatory developments;
- adaptation to the new IW Bank Network.

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Welcome

With the aim of making Welcome the sole entry point for the Networks to acquire new customers, the opening of current accounts and the transfer of funds, plans call for:

- evolution of advanced electronic signatures towards remote digital signatures, providing a better user experience and additional security through the use of digital certificates;
- completion of the possibilities of use relating to "Remote Signature" and extension of the methods of customer recognition;
- broadening of customer base;
- adoption and management of the single MyKey digital identity contract, shared with the entire Intesa Sanpaolo Group. This will make it possible to sign the rules for the use of Online Services and the use of electronic signatures (biometric signature and remote digital signature) in a single contract;
- evolution and expansion of features;
- adaptation to the new IW Bank Network.

Remote and Off-Premises Offer

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

Portal for Personal Financial Advisers

The Personal Financial Adviser Portal will continue to be a pivotal tool for financial Advisers by keeping content constantly updated, and increasingly greater attention on sales communication aspects, so that the Personal Financial Advisers can concentrate their attention on the core business, maintaining the efficiency and effectiveness levels achieved as the info-training channel servicing the Personal Financial Adviser Networks.

Key TV Communications

Increase of the info-training tools that can support Personal Financial Advisers' everyday activities and their relations with customers.

NETWORK SERVICES

MAIN OBJECTIVES FOR 2021	ACTIONS AND RESULTS ACHIEVED
Fideuram and Sanpaolo Invest Online Services Development of services to customers, especially in the following areas: • Spread of Fideuram Alfabeto to all customers and the gradual retirement of the Fideuram Online platform. • Development of the Trading features available to the Personal Financial Adviser.	In 2021, the roll-out of the new integrated platform of online services Alfabeto Fideuram was completed, which was made available to all individual customers both via the website and on the move with the three apps Alfabeto Banking, Alfabeto Trading and Alfabeto Patrimonio, improving operations and the way investment proposals are received. At the same time, the gradual phasing out of the Fideuram Online platform began, with communication and awareness actions towards customers and Personal Financial Advisers.
• Introduction of the digital customer interaction functions.	Customer support functions have been enhanced with the introduction on the Alfabeto Banking app of the virtual assistant, which, via chat, helps in the use of the app and answers questions on its operation and, thanks to the inclusion of assisted navigation, it is possible, while respecting privacy, to share the screen with a Customer Service operator during navigation.
• Expansion of the functions available to customers for digital payments and the home banking and advanced trading functions.	During the year, digital payments were enriched with "Swatch-PAY!", the mobile payment service created by Swatch that enables payments to be made using Swatch watches with contactless technology. The feature to change the certified mobile phone used to operate the Online Services and the possibility of activating or deactivating the instant credit transfer were added. On the Alfabeto Banking app, which has been revamped from the user experience point of view and enhanced with new guides on the main functions, the sections dedicated to the analysis of expenses and tracking of card transactions were expanded and the possibility of rejecting transactions linked to fraud was introduced. The presentation of costs, charges and incentives for trading in financial instruments on the secondary market was revised with a view to greater transparency, making it dynamic in relation to the amount subscribed and the customer's conditions.
• Additional improvement in the security levels on the instruction functions through the implementation of Risk Based Authentication.	Particular attention was paid to the issue of security, by adopting Risk Based Authentication, which strengthens monitoring to protect instruction transactions. Awareness-raising initiatives were also carried out to counter digital fraud.
• Expansion of the customer assets representation and analysis functions.	In 2021, the representation of assets was supplemented with views dedicated to the relationships for which they are delegated, in order to ensure greater comprehensiveness. In addition, thanks to the strategic partnership with BlackRock Financial Management in the adoption of the "Aladdin" service platform, which has provided advanced metrics for analysing and monitoring customer portfolios and the financial instruments they contain, asset representation within Alfabeto has benefited from an additional level of detail to support the analysis of the composition of products and portfolios.
• Introduction of the new My Key digital identity agreement for customers who are natural persons.	During the year, analysis and development activities continued in view of the introduction of the My Key digital identity contract.

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MAIN OBJECTIVES FOR 2021	ACTIONS AND RESULTS ACHIEVED
Intesa Sanpaolo Private Banking Online Services Continue consolidating its experience on customers' digital channels.	Specifically, for natural persons: • a significant overhaul was made to the user experience of the Intesa Sanpaolo Mobile app; • the notification configuration platform was revamped; • the feature to verify the e-mail address via internet banking was implemented; • after-sales card transactions were completed on the internet banking and Intesa Sanpaolo Mobile app channels. For all customers: research, testing and implementation of new solutions to significantly mitigate fraud.
Websites *For the Fideuram and Sanpaolo Invest websites* Development of communication initiatives to support the launch of the new digital platform Alfabeto Fideuram with updating, content evolution and renewal of mini sites	During 2021 the Fideuram and Sanpaolo Invest websites were involved in the communication initiatives connected with the start-up of the Fideuram Alfabeto digital platform dedicated to banking, trading and assets analysis; content updates and evolutions in line with the evolution of communication needs towards current and prospective customers and the renewal of the "Work with us" mini-sites dedicated to the recruitment of new Personal Financial Advisers.
For the Intesa Sanpaolo Private Banking website Further enhancement of the site to promote new business and to support the digitisation process.	The Intesa Sanpaolo Private Banking website supported the institutional and commercial initiatives that took place in 2021. Specific communication initiatives were carried out, as part of the merger of UBI Banca into Intesa Sanpaolo, to support the process of integrating the customers of UBI Top Private into Intesa Sanpaolo Private Banking.

ONLINE SERVICES

The year 2021 proved to be a year of great innovation and developments for the digital channels for both Fideuram and Sanpaolo Invest. Considering the ever-growing use of online services, partly due to the ongoing pandemic, Fideuram reinforced the tools used to support its customers and Personal Financial Advisers.

June saw the completion of the process to qualify all natural person customers for Fideuram Alfabeto, which had begun at the end of last year.

Fideuram Alfabeto is the digital platform that, on the one hand, improves the customer's user experience in daily banking transactions and, on the other, enhances the relationship model between the Personal Financial Adviser and its customers.

Fideuram Alfabeto offers the following to customers on a single, integrated web platform:

- home banking, rich in features such as instant wire transfer, spending management, reminders, recurring transactions and the aggregation of accounts and cars held at other banks;
- online trading, with market analysis, financial reports, virtual portfolios and watchlists, conditional orders and a simple and quick trading process;
- assets analysis, with views on different time horizons, levels of granularity and aggregation (need areas, product categories, asset class, currency exposure and risk), and the electronic signature of investment proposals.

Customers have three apps available to operate on mobile devices, with each one being distinguished by functional area:

- Alfabeto Banking - dedicated to banking transactions;
- Alfabeto Patrimonio - dedicated to portfolio analysis and signing of the sales proposals sent by Personal Financial Advisers;
- Alfabeto Trading - dedicated to securities trading.

Through integration of the three apps, after signing in on the Alfabeto Banking app, customers may safely switch from one app to the other, without having to enter their own access credentials again. The three Alfabeto Fideuram apps are available for iOS and Android smartphones.

During the year, the features of Fideuram Alfabeto were systematically improved and expanded, in some cases also thanks to the suggestions of customers and Personal Financial Advisers. Specifically:

- automated systems that assess, identify and mitigate fraud risks were further implemented and new tools that significantly increase transaction security were introduced to make every payment transaction more secure;
- digital payments were enriched with "SwatchPAY!";
- in compliance with PSD2 regulations, the possibility of making instant transfers to Fideuram Alfabeto via third parties were introduced;
- features were introduced that allow users to independently change, from the website or the Alfabeto Banking app, their certified mobile phone and activate or deactivate the possibility of making instant credit transfers;
- on the Alfabeto Banking app, the possibility of quickly and easily rejecting a credit card transaction was added;
- the presentation of costs, charges and incentives for trading in financial instruments on the secondary market was revised with a view to greater transparency;
- on the Alfabeto Banking app, the sections dedicated to the analysis of expenses and tracking of card transactions were expanded and the possibility of rejecting transactions linked to fraud was introduced; a large number of in-app contextual guides on the different features was also included;
- customer support functions were enhanced with the introduction on the Alfabeto Banking app of the virtual assistant and assisted navigation.

Personal Financial Advisers have at their disposal the application Fideuram Alfabeto PB, which allows them to view the customer's assets, any aggregated accounts and cards held with third party intermediaries and to customise the customer's asset views.

Personal Financial Advisers also have their own public website, with sections and content on the range of products and services that are constantly updated, which also includes the area where customers can access the Fideuram Alfabeto platform. By visiting the Personal Financial Adviser's public website, a potential customer can start to form an impression of a Personal Financial Adviser before deciding to contact him/ her over the platform. The constant updating of digital channels benefits from the involvement of Digital Specialists who are systematically involved in the process of evolution and diffusion of online channels.

For Intesa Sanpaolo Private Banking, multi-channel services were significantly and further improved. Specifically, the following enhancements were released for natural person customers:

- A significant overhaul was made to the user experience of the Intesa Sanpaolo Mobile app, improving its fruition, accessibility and wealth of information.
- The platform for configuring notifications (New Notification Dashboard) from internet banking and the Intesa Sanpaolo Mobile app for individuals was enhanced, offering customers the possibility of setting up the receipt of information notifications from the Bank with an increasing level of detail, to operate in a safer and more informed manner, in addition to the channels already available (push notifications in the app and text message), also via e-mail.
- The function of verifying the e-mail address via internet banking was implemented so that the Bank can also receive information notifications by e-mail.
- After-sales card transactions were completed on the internet banking and Intesa Sanpaolo Mobile app channels. My Key customers with a certified mobile phone and holders of Intesa Sanpaolo Private Banking payment cards will be able to manage further new card after-sales operations also on the Bank's self-service channels.

In addition, as part of the continuous search for solutions to increase the security of online transactions, there is a strong focus on research, experimentation and implementation of new solutions capable of significantly mitigating the phenomenon of fraud on digital channels, such as those based on anti-malware controls, risk-based operational controls, behavioural and gestural controls. In this context, specifically:

- the Customer Security Enforcement project has developed features whereby each individual device used by customers is recognisable (and therefore verified) by means of a unique code (dictated by the hardware characteristics of the device, which cannot be modified, reproduced or changed over time);
- a number of specific security measures were extended to legal entities, in view of the future transition of this customer cluster to more advanced and dedicated digital platforms.

Thanks to these important developments, there is confirmed growth in the use of multi-channel services, both in the number of customers, with an increase in the number of subscriptions compared to the previous year, and in the number of transactions completed online. About half the banking and investment transactions were actually completed through the online channels. In particular, the most frequent actions were bank transfers for transactions and the trading of securities for investments. There was also a significant increase in the number of transactions carried out via the app channel.

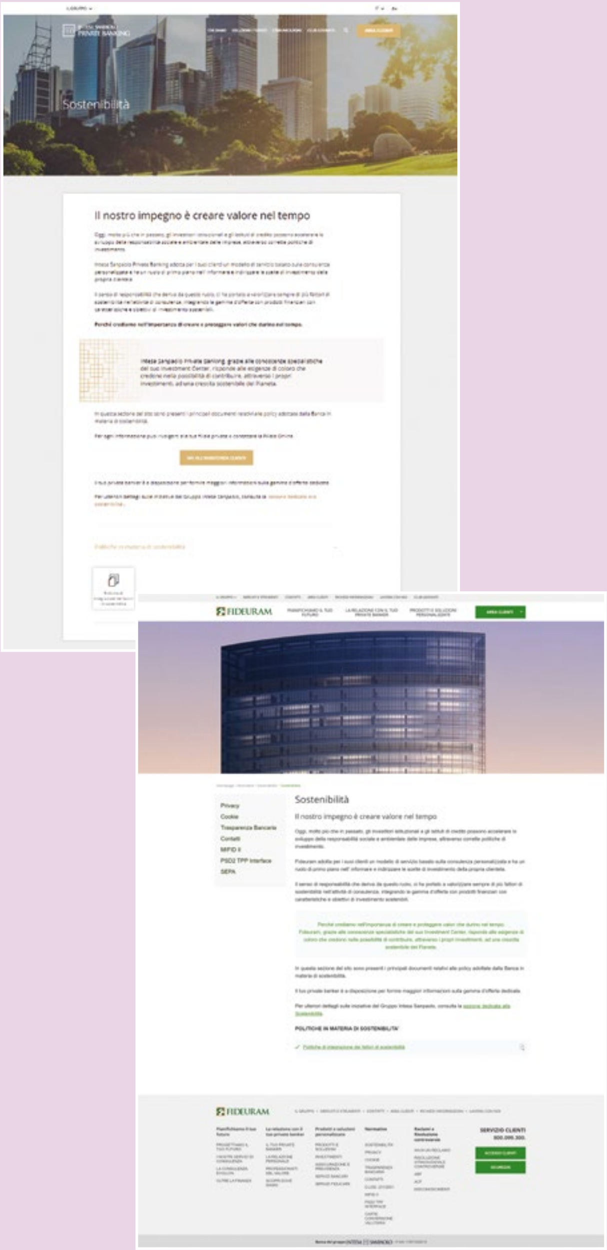
Fideuram and Sanpaolo Invest - Roma Romagna Office

WEBSITES

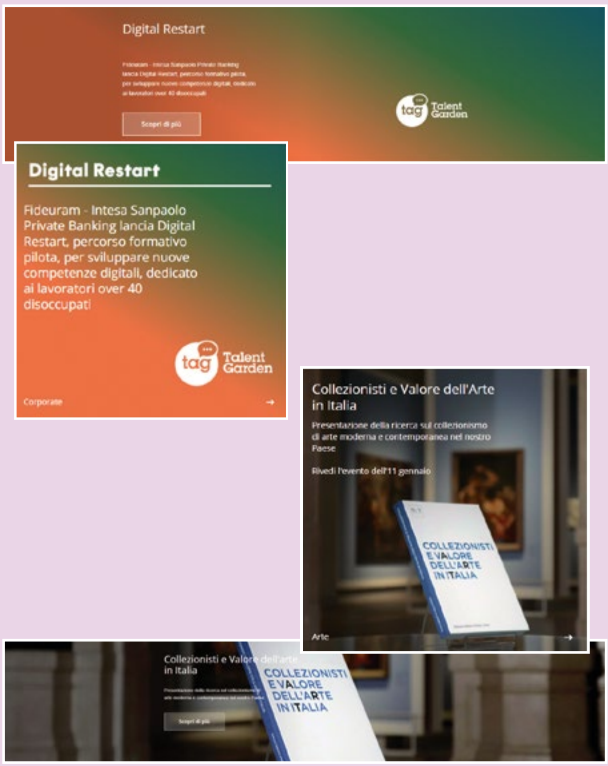
Consistent with their role as a communication channel for informing customers, supporting the Personal Financial Adviser Networks and as a vehicle for institutional information for the Private Banking Division's initiatives, the Division's Italian websites followed the development of the product offering and corporate developments and supported the communication initiatives that were carried out during the year.

The most significant activities, which cut across all Personal Financial Adviser Networks, concerned the following:

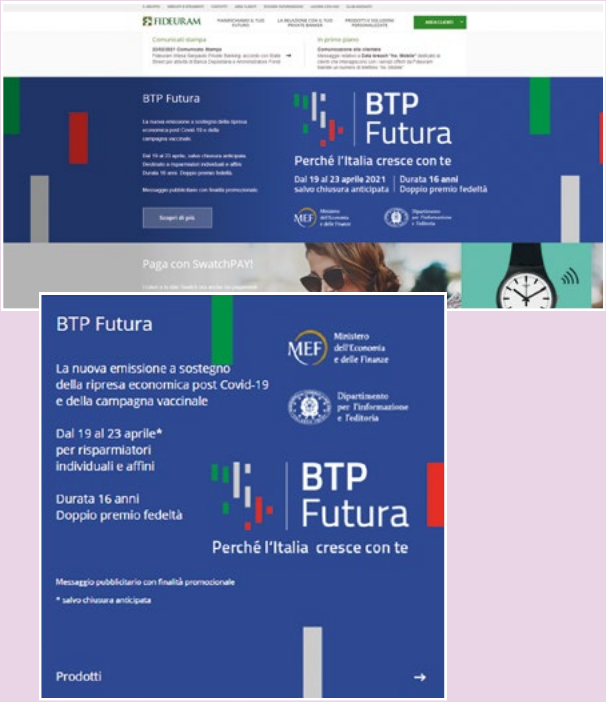
- The development of sustainability-related content, through the creation of a dedicated section on the sites, in line with the values expressed by the Private Banking Division and the integration, in the range of offerings, of financial products with sustainable characteristics and investment objectives.



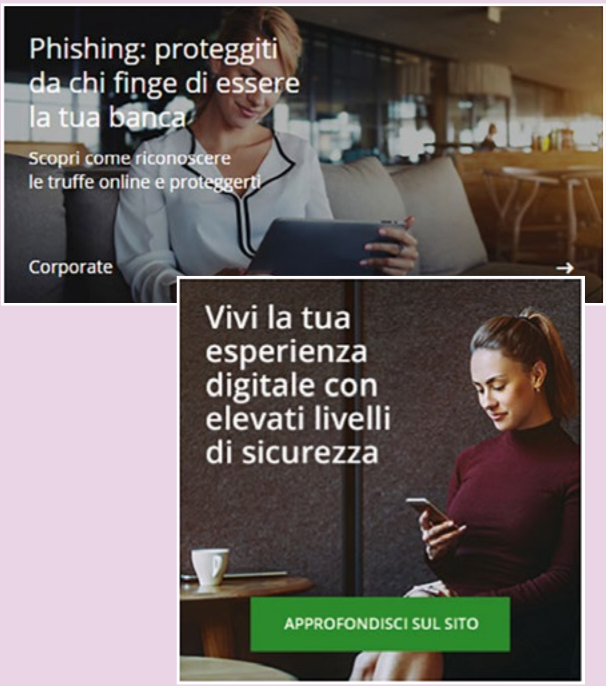
- The institutional initiatives, published on the home pages of all the websites, such as the **advertising campaign "Con l'UNICEF. Per dare valore al futuro di tutti i bambini"** (With UNICEF. To give value to the future of all children), the **Digital Restart project**, a digital reskilling course offered to unemployed workers over 40, and the presentation of **Collezionisti e il valore** dell'arte in ITALY (Collectors and the value of art in Italy), a study on modern and contemporary art collecting in Italy.



- The placement of **two BTP Futura** extraordinary issues promoted by the Ministry of Economy and Finance in support of health and economic recovery, as well as of expenses to cope with the pandemic, including those related to the vaccination campaign.

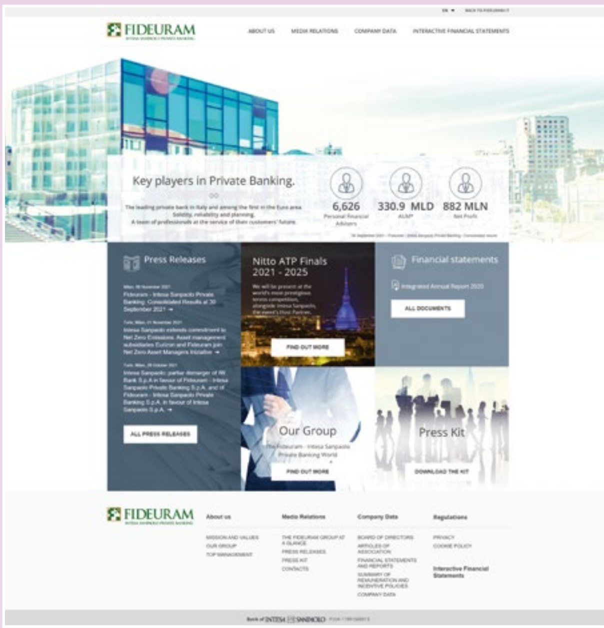


- A further expansion of the information content related to **IT security**, in order to keep our customers up-to-date with the most effective practices to operate with peace of mind, protecting themselves from online fraud.

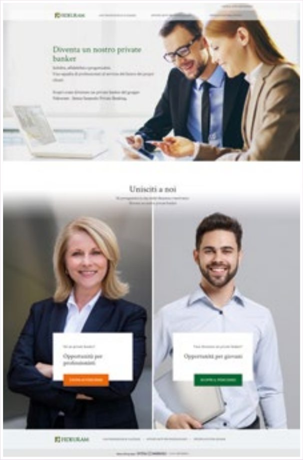


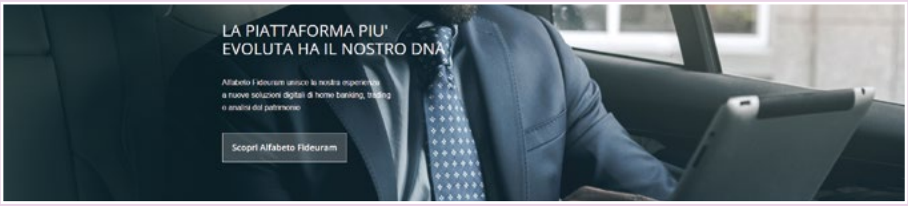
The website of **Fideuram Bank (Luxembourg)**, following the acquisition of the Wealth Management business unit of Intesa Sanpaolo Bank Luxembourg, was completely revised to accommodate the new commercial content to support Personal Financial Advisers' actions.

Finally, in October 2021, the **English language version of the institutional website of Fideuram - Intesa Sanpaolo Private Banking** was created, in line with the growing development of the Private Banking Division's commercial activities abroad.



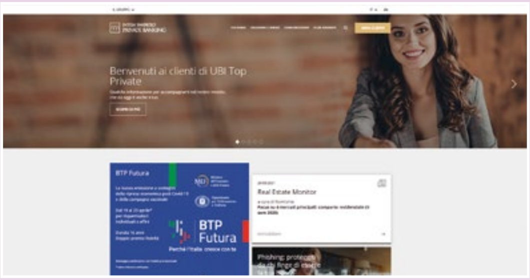
With regard to the initiatives that concerned the websites of specific Personal Financial Adviser Networks:





Fideuram and Sanpaolo Invest websites

The Fideuram and Sanpaolo Invest websites supported a communication campaign to launch the new home banking, trading and wealth analysis platform, **Fideuram Alfabeto**, and the new Alfabeto Banking, Alfabeto Trading and Alfabeto Patrimonio apps to customers. In addition, the section Work with us, dedicated to the recruitment of Personal Financial Advisers, was completely revised in terms of both visuals and customer journey.



Intesa Sanpaolo Private Banking website

In April 2021, Intesa Sanpaolo Private Banking welcomed **customers to UBI Top Private**, with welcome content published on the website's home page. Moreover, there was further development of editorial content focusing on non-financial matters, associated with Wealth Management topics, with particular reference to the analysis of real estate market trends and the synergies with Gallerie d'Italia (Italian Galleries).

IW Bank website

The website is divided into five pillars: Account and Cards, Advice, Wealth Management, Trading, Customer Communications, the latter being a new section introduced in 2021 and enriched by a FAQ box, where one can find the right answers regarding future corporate changes.
The public health emergency triggered a process of great change in customer relations with the bank, and even for the private customers who are traditionally less accustomed to use digital channels. This resulted in a period of more intense use of the website, partly due to the fact that the operational platform is accessed through the home page of the public website and that internet banking and the other digital channels have enabled customers to manage their transactions efficiently.

The bank's website is an important channel of communication for both existing and prospective customers, who can consult and evaluate the various commercial proposals and be kept up-to-date on new developments.

MAIN IMPROVEMENT OBJECTIVES FOR 2022

NETWORK SERVICES

Online Services

During 2022, Fideuram plans to introduce new features on online channels, with a particular focus on:

- new features developed to welcome customers from the integration of IW Bank;
- expansion of the range of products and services offered online, partly as a result of the advanced trading solutions from IW Bank and the inclusion of the Banca Diretta customer segment;
- extensive overhaul of the Alfabeto Banking app in terms of user experience and enhanced features available to customers;
- further expansion of digital payment services;
- implementation of solutions aimed at raising awareness and educating customers on the increasingly complex issues of CyberSecurity;
- solutions to increase the security profiles of online transactions with a focus on researching and implementing new strategies that can significantly mitigate the phenomenon of fraud on digital channels;
- introduction of the new My Key digital identity contract for natural persons;
- enrichment of the information available to the Personal Financial Adviser regarding the customer's financial situation;
- extension to IW Bank's Personal Financial Adviser Network of platforms supporting customer management activities.

In 2022 Intesa Sanpaolo Private Banking intends to continue consolidating its experience on customers' digital channels, building on initiatives already launched in 2021:

- for customers who are natural persons, further improvement of the user experience on all digital channels, with maximum attention paid to authentication procedures and the usability of the platforms according to customer requirements, and offering new digital features;
- for legal entity customers, further enhancing the security of digital channels in view of the transition to the new digital experience and the new digital identity contract.

Websites

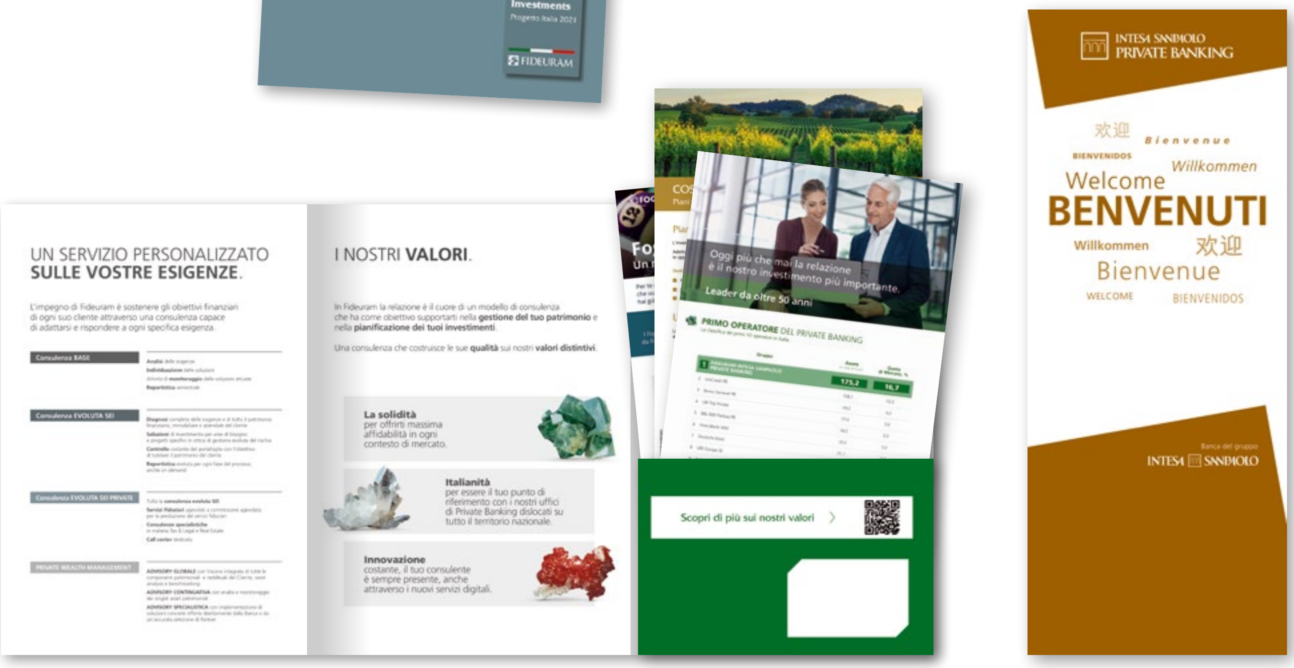
In 2022 the websites will continue to operate as important channels of communication with current and prospective customers, and will be subject to continuous updates and upgrades, in accordance with the development of communication requirements of Personal Financial Adviser Networks and the Group's strategic choices.
Efforts will be focused on the IW Bank integration project, which will include an expansion of the web channels available to us. Further development of content related to ESG issues is also planned, with the aim of further enhancing the strategic choices that the Group is pursuing in this area.
A project will also be launched to define and gradually roll out a stronger common digital identity on the Private Banking Division's websites.

BELOW-THE-LINE COMMUNICATIONS

In 2021, below-the-line communication activities were developed following one from the year before, with the creation and updating of printed and digital media developed according to a new way of context-related communication. Specifically, as regards institutional communication, the "Invitation to Fideuram" folder were kept, and the in-depth information sheets on the Group's figures, products and services were updated, as well as the landing page accessed by QR code, links or banners for social networks.

Paper and digital media were also updated and supplemented for product communications on the issue **"Building the future methodically. Pre-authorized contributions (PAC) plans and scheduled conversions"**: Digital Brochure, DEM (Direct e-mail marketing), landing page with product technical specifications, and financial education videos that explain the method lying at the basis of the PACs, and social media banners that take visitors back to the landing page.
A new digital brochure was produced for the launch of **"Private Care. Servizio Sanitario Personale**" (Private Care. Personal Health Service), an individual health policy offering a wide range of services with a high level of coverage for health protection. Also supporting development of the product range, and continuously with the "sguardi" ("peeks") line, which has become established and recognised as distinguishing a direct and transparent product communication, consisting of the relationship between people, the Personal Financial Advisers and customers, a new brochure was developed to launch the **FAI Progetto Italy 2021**, an long-term alternative investment fund managed by Fideuram Asset Management SGR, and several product brochures were revised, including **Fondo Pensione ("Pension Fund"), Fideuram Vita Insieme** and **Folios**.

In 2021, Intesa Sanpaolo Private Banking pursued the goal of offering customers ever-more clear, transparent and comprehensive information on the service model, on the offered services and products, and on all the activities for disseminating and consolidating the brand identity, with a greater use of online channels, developing comprehensive institutional material and product documentation aimed at describing the range of services offered to various target customers. Updates were made to institutional presentations, characterised by a format studied ad hoc in line with the private bank's identity and, as part of the agreements with leading partners in the digital payment services sector, brand identity aspects were addressed and the new Carta Business Intesa Sanpaolo Private Banking card was launched. Institutional roll-ups were used for in-person events and partnerships, such as the hospitality that the bank offers to its leading customers in the skyboxes, where panels placed in highly visible areas were used.



INTERNAL COMMUNICATION

In 2021, internal communication carried out a series of relevant initiatives aimed at stimulating and consolidating the feeling of belonging to a single ecosystem, with the aim of fostering exchange and mutual knowledge between the Group's different souls and facilitating the creation of a common language.
The process of implementing a **new communication model** based on sharing, active listening and involvement of resources was initiated.
As part of the communication initiatives, the **sharing of the corporate Purpose** was of great importance. In order to promote and disseminate the new Purpose and the founding values of the Division together with the underlying behaviours, video contents, live streaming events, surveys and sharing meetings were produced.
With a view to consolidating the inclusion, unity and mutual knowledge of the corporate population and at the same time stimulating reflection and exchange, initiatives were launched to illustrate the most relevant projects through the contribution of the actors directly involved in their implementation, the launch of periodic meetings between people from different units and companies and new teamworking methods.

HAPPY BIRTHTREE

Fideuram decided to give a special gift on each employee's birthday; a unique tree to adopt and follow as it grows.

This is how the "Foresta Fideuram - Intesa Sanpaolo Private Banking" was born in Guatemala, a tangible contribution to the fight against the climate crisis in a country that has lost 20% of its forests in the last 20 years alone due to anthropic causes. Deforestation not only accelerates the concentration of CO_2 in the atmosphere, aggravating the climate crisis, but also destroys the places inhabited by indigenous communities.

Planting trees in countries such as Guatemala means actively participating in the fight against global warming and providing economic and food stability for local families.

Each tree will be identified by a unique QR code and thanks to an innovative tracking system it will be possible to monitor its growth, know its position and have periodic photographic updates.

Particular attention was also paid to the promotion of **knowledge sharing**, especially in the digital sphere: in 2021, the **Digital Evolution** programme was launched, in collaboration with the training units, with the aim of spreading and expanding the culture of digital technology and testing a new mindset open to innovation.
Other internal communication initiatives were designed and implemented to help consolidate the **culture of sustainability:** an example of this is the 'Birthtree' initiative, aimed at reforestation with a high social impact in Guatemala. Other important ESG initiatives are also being launched.
In relation to tools, one of the most innovative aspects of 2021 in terms of internal communication was the use of a **single Division portal** aimed at quickly and uniformly conveying information to all Group companies, creating a way of disseminating a shared language and enhancing the effectiveness of the tools used in each reality. The new Division portal is accessible to all employees, in *single sign-on mode*, and allows them to view all content of relevance to the Division. This is a way to establish a concrete sense of identity and belonging that has characterised Division employees since it was created.

GROUP INTERNAL COMMUNICATION

In 2021, the Group internal communication initiatives were created with the commitment to spread awareness of the private banking market and the service model adopted to satisfy the needs of customers in that market.

- **Group Intranet**: in the dedicated section, an up-to-date picture of the organisation, projects and results of Fideuram - Intesa Sanpaolo Private Banking and the companies that are part of the Division is provided.
- **Intranet News**: Punctual updates were dedicated to important aspects, such as messages from top management, results achieved and awards received, the positioning periodically detected in the private sector, the strengthening on the international front, in Switzerland and Luxembourg, the impact initiatives, such as the focus on the art market in Italy, crowd investing with AIPB, membership of the Net Zero Asset Managers Initiative, support for Digital Restart, participation in the Salone SRI 2021 and the 17th Private Banking Forum on ESG, sponsorships for the "Genoa Shipping Week", the Maratona dles Dolomites, the Italian Golf Open, and the main internal initiatives launched, such as, in particular, the Values& Purpose path.
- **Web TV**: clips were published to present the Division's strategic choices to all people, such as "Intesa Sanpaolo: a successful Wealth Management & Protection Company", with Tommaso Corcos' speech at the press conference on 30 September, and "Fideuram Asset Management: protagonist of ESG change", recorded at the SRI 2021 Show.

Fideuram - Intesa Sanpaolo Private Banking participated in the Group's main listening initiative, aimed at surveying the internal climate and gathering perceptions and expectations on the 2022-2025 Business Plan. Conducted in the first 20 days of July on the people of the Intesa Sanpaolo Group, it involved 3,652 people of the Private Banking Division, recording a work satisfaction rate with positive values for 83% of the participants.


mosaico

mosaico

gruppo | persone | territori | culture

giovedì 18 febbraio 2021

Private Banking da record

Nell'intervista a Tommaso Corcos, AD e DG, i risultati e le prospettive di Fideuram - ISPB, realtà del Gruppo che esce più forte da un anno complesso e promette di consolidare ancora a lungo il suo primato nel settore

Risultati al 31 dicembre da record per Fideuram - Intesa Sanpaolo Private Banking, nonostante le criticità del 2020. Qual è la vostra ricetta vincente?

Sì, il 2020 si è chiuso con **utili netti pari a 817 milioni di euro**, di poco inferiori rispetto al 2019, nonostante la situazione complessa creata dalla pandemia, una **raccolta netta di 11.7 miliardi e masse amministrate a 257.2 miliardi**, in aumento di 14,5 miliardi di euro (+6%).

Con questi numeri, Fideuram - ISPB ha toccato il livello più alto mai registrato nella storia del

FIDEURAM
INTESA SANPAOLO PRIVATE BANKING

La **Divisione Private Banking**, costituita nel 2014, è pienamente operativa dal 2015 con il conferimento di Intesa Sanpaolo Private Banking in Banca Fideuram che ha assunto il nome di Fideuram - Intesa Sanpaolo Private Banking.
Al 31 dicembre 2020, la struttura distributiva di **Fideuram - Intesa Sanpaolo Private Banking**, articolata nelle reti Fideuram, Intesa Sanpaolo Private Banking e Sanpaolo Invest, si avvaleva di **5.741 private banker**, con un portafoglio medio pro-capite pari a circa **45 milioni di euro.**
Fideuram - Intesa Sanpaolo Private Banking è la prima banca private in Italia e una delle principali realtà del settore in Europa, pronta a crescere ulteriormente.

ORGANISATION AND INFORMATION SYSTEMS

ORGANISATION

The Organisation Department is responsible for directing the development of the organisational model of the Fideuram Group with respect to organisational units, sizing and processes, working with colleagues outside the department to ensure, inter alia, that project plans are respected and monitored, full information is relayed to top management and the departments concerned, and that any cross-project impacts are managed effectively.

The main initiatives managed in 2021 are illustrated as follows:

REGULATORY PROJECTS	CORPORATE PROJECTS
• Development of the MiFID 2 project and the Product Governance processes. • Regulatory developments in the insurance sector. • Regulatory compliance in the projects developed in synergy with Intesa Sanpaolo. • Data Governance.	• Coordination of the UBI Banca plan for integration of IW Bank and the UBI Top Private business unit in the Division. • Support to the transformation project of Fideuram Bank (Luxembourg) for the transfer of the Custodian Bank activity to State Street Bank and the acquisition of the Private Business unit from Intesa Sanpaolo Bank Luxembourg. • Coordination of the merger project of Intesa Sanpaolo Private Bank (Suisse) Morval into Reyl & Cie.
MANAGEMENT PROJECTS	**COMMERCIAL PROJECTS**
• Continuation of planning on the Upgrade of the Operational Models of the Networks. • Reinforcement of the actions and processes for monitoring operational activities to protect customers. • Evolution of tools for consulting company regulations. • ESG programme to define the strategic ESG positioning of the Private Banking Division, to fulfil the necessary regulatory requirements and to define and integrate the new business model and the sustainable ESG offering.	• Monitoring of the development of the Group internet banking platform and systems linked to it. • Extension of dematerialised subscription processes to discretionary accounts and insurance products offered by the Intesa Sanpaolo Private Banking network. • Continued reinforcement and monitoring of the organisational model dedicated to the High Net Worth Individuals and Mass and Affluent customers segment. • Continuation of activities to adopt the suite of in-house Aladdin apps of BlackRock Solutions supporting the Wealth Management activities and monitoring risk in investment services.

The Organisation Department also oversees the development and maintenance of the Group's internal regulations, consisting of Governance Documents: Articles of Association, Code of Ethical Conduct, Group Regulations, Authority and Powers, Guidelines, Department Charts and Organisation Charts, and operational regulations which govern its corporate processes: Rules, Operating Guides and Circulars.

Organisation supervised the implementation and follow-up of the project to revise outsourcing processes following the implementation of the new EBA Guidelines, liaising with the Division's Italian and foreign subsidiaries. It also coordinated the service level monitoring, through regular audits of the Key Performance Indicators (KPIs) for the services provided, sending periodic reports to Top Management on overall performance.

INFORMATION SECURITY AND BUSINESS CONTINUITY

The Fideuram Group has developed its own cybersecurity strategy through two main sets of measures, which outline a shift from an approach based on security of boundaries to the concept of security by design:

- the improvements to the cybersecurity safeguards through the completion of a series of initiatives within the Masterplan included in the 2018-2021 Cybersecurity Business Plan;
- extension of the cybersecurity safeguards to the Group through the completion of a series of initiatives involving integration of the various subsidiaries to bring them into line with the IT Security Model and the target safeguards defined by Intesa Sanpaolo ("Security Integration Plan" project).

With reference to the critical events detected in 2021, the correct guidance and management thereof meant that no significant impacts occurred with Fideuram Group companies. In this context, the Group dedicated huge resources to research, experimentation and implementation of new solutions capable of significantly mitigating the phenomenon of fraud on digital channels, such as those based on anti-malware controls, risk-based operational controls, behavioural and gestural controls.

The following have assumed importance among the measures included in the plan:

- consolidation of the Cybersecurity Governance Model and its extension to all subsidiaries, with specific reference to the companies subject to recent integration;
- continuation of adoption and adaptation to the context of the cybersecurity and business continuity regulatory framework;
- continuation of the "Third Party Security" project;
- planning and execution of the cybersecurity awareness programme;
- the analysis, planning and gradual implementation of technological target security measures, including in the area of integration projects;
- the execution of IT security audits.

The function is engaged, on an ongoing basis, in the operational coordination of the activities assigned to the Contact Person for the Private Banking Division's Sector Business Continuity Plan, interfacing with the Intesa Sanpaolo Group Business Continuity Unit and subsidiaries of the Fideuram Group. During the year, this saw the Department perform all the Business Continuity management activities provided for in the Intesa Sanpaolo Group Organisational Model for Crisis Management and Business Continuity Plan Rules, including the Operational Continuity Test and the Disaster Recovery Test.

INFORMATION SYSTEMS

Among the tools for growth used by the Fideuram Group, automation, digitalisation and technological innovation provides ever more effective support to the development of business and service models.

Fideuram - Padova Office

In 2021, with the aim of fully exploiting the opportunities offered by new technologies, the system development and streamlining activities focused on three areas:

1. activities in support of business;
2. projects to develop and streamline the architecture and digitalisation of our operating processes;
3. compliance with regulatory requirements.

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

- **Digital Bank**:
  - After the release and roll-out completed last year at Intesa Sanpaolo Private Banking of the New Digital Customer Experience (NDCE) platform and the new "Investo" Trading platform available on the web and mobile channels, the roll-out of the Alfabeto 2.0 solution to Fideuram and Sanpaolo Invest customers was started and brought to an advanced state of completion.
  - Alfabeto PB 2.0 was developed to help Personal Financial Advisers support their customers in using Alfabeto.
  - Most of the upgrades in the User Experience improvement programme analysed with Forrester and already implemented on Intesa Sanpaolo applications were implemented.
  - Support functions were also released on digital channels such as WalkMe (a tool for quick communication with customers), CoBrowsing and CoApping (tools for direct collaboration between customers and support) and the so-called 'Virtual Assistant' (a chatbot based on artificial intelligence techniques to support customers on the main functions of Alfabeto).
- **Aladdin Project**: in 2021, the Aladdin project was launched and a number of important releases were made of the Aladdin BlackRock modules for the unification of risk and portfolio breakdown engines, providing Fideuram with the market-leading platform to support the work of Personal Financial Advisers and their customers. Specifically, the Aladdin Wealth and Aladdin Risk modules were released, while the project to adopt the Robo4Advisor functionalities was launched (to be completed during 2022).
- **Expansion of the Product range**: numerous changes were made to the range of products offered in the various areas of non-managed assets, client assets and insurance-based insurance products. The main products released include the following for the Fideuram and Sanpaolo Invest network: Fonditalia Core no Load, QUIS, China and 4Children, Alternative Fund Progetto Italia, new Omnia discretionary accounts lines and Fideuram Folios. The most innovative product in terms of both "commercial" and financial concept and technology was Fideuram Vita Futura created in collaboration with Fideuram Vita and distributed to an initial pilot of Personal Financial Advisers for placement with customers. The main products released for the Intesa Sanpaolo Private Banking Network include: FAI Progetto Italia 2021, Pramerica Class U Funds, JPMorgan Class T Funds, Columbia, Threadneedle and Banor Funds, UBP and Vontobel Funds, Private Selection Managements, Treasury Asset Management, and Pramerica Managements and Eltif.

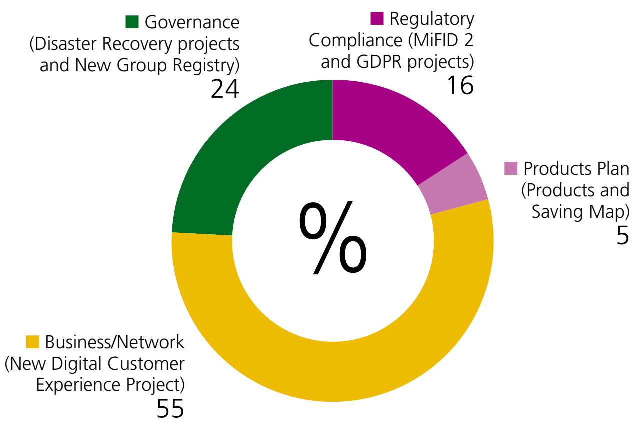
The following projects were completed in continuity and consistently with activities over recent years, as part of a broader process for architectural transformation and digitalisation of operational processes:

- The project for the dematerialisation of Life policies and Asset Management distributed by the Personal Financial Advisers of Intesa Sanpaolo Private Banking was launched. It is to be completed in 2022. With this project, even these more complex and articulated products will be totally manageable in paperless mode.
- As part of the digitalisation processes for Fideuram and Sanpaolo Invest, a further important step was taken and it involved the shutdown of obsolete applications (based on carbonless paper forms) for the main products distributed in terms of funds, discretionary accounts and policies. Transactions on these products were completely diverted to the Operating Platform with a significant increase in the use of paperless signatures.
- Welcome: the customer onboarding app was further expanded with new features such as electronic signature account opening for existing customers and regulatory compliance.
- Consolidation of the IT machine: a wide-ranging programme for the upgrade of information systems was implemented in various areas, including more robust and structured change management procedures, strengthening of security and access control mechanisms, greater structuring of the asset inventory of the systems, progressive off-loading of mainframe systems in favour of more modern and efficient department systems, and expansion of logging systems. In this context, an important upgrade of the CRM tool used by Customer Service and Networks was carried out, and the data layer supporting the Fideuram and Sanpaolo Invest front ends was ported to Oracle Exadata technology.

Finally, significant work was done in 2021 in terms of regulatory compliance concerning the MiFID 2 rules, GDPR rules, and SFTR - Security Financing Transaction Regulation rules.

Overall, Information Systems managed around 105 planning and development projects, always in compliance with business requests and commercial deadlines, with a total investment of approximately €67m.

Investments in information systems



BUSINESS OPERATIONAL SUPPORT ("BOS")

In 2021, Business Operational Support's role in supporting the networks was still characterised by the pandemic and the need for extensive smart working, but the unit preserved service levels. The completion of process digitalisation launched in previous years permitted rapid transformation of a major critical issue into an opportunity.
BOS played an active role in various projects, testing many newly-created or restyled product solutions of major applications. The main activities were the transition to Documentum and IW Bank Integration for the New Consulting Platform Services and the new marketing DB, NAG (New Group Master Record). An important contribution continued to be made in managing the MiFID 2 project and active participation was ensured in the creation of important releases for the Products Plan.
In 2021, the unit also contributed to the full success of term placements, which are not completely standardised, by monitoring orders on a daily basis and promptly supporting the networks and branches on unsuccessful positions, recovering assets and avoiding complaints and misunderstandings with customers.

The integration of operating services and resources of Fideuram and Intesa Sanpaolo Private Banking was finally completed during the year, in order to provide a single Group level service centre." In addition, initiatives were undertaken in agreement with the Personnel to promote job rotation inside the firm (Smart Rotation) and also, with Procurement, purchases were made during peak work times (Smart Sourcing), which turned out to be precious, especially this year.
The contingency of the pandemic led to an unpredictable increase in deaths, which put the units in charge of the succession event under great stress. The heavy concentration of Fideuram's customers in the most exposed age groups and in the most affected regions had a further multiplying effect that could be coped with, thanks above all to the high levels of automation and digitalisation that the process of managing successions had already achieved some time ago and to the additional measures implemented during the year.

Last year, several AML (Anti Money Laundering) activities were assigned to BOS and the service levels for these were optimised. Additional automations are underway with a robotic approach that remains one of the principal levers for the improvement of services for the entire organisation.
The team provided extensive support in the area of fraud, both in terms of recovering misappropriated amounts and in the management of reimbursement practices towards customers.
For the Intesa Sanpaolo Private Banking Network, the unit actively participated in the issuance of the 2020 Statement on Costs, Charges and Incentives, verifying the data provided by third-party companies for the products placed. With regard to corporate events, the unit ensured a significant contribution to the workgroups launched for the integration of the UBI Top Private business unit in Intesa Sanpaolo Private Banking and to ensure continuity at IW Bank, as well as for the migration of Asset Management from Intesa Sanpaolo Private Banking to Fideuram Asset Management SGR.

ARCHITECTURES, TECHNOLOGIES AND BUSINESS TRANSFORMATION

In a scenario whose complexity is constantly increasing, the unit in 2021 continued to operate as it had done the year before and ensured consistency with the initiatives launched by Intesa Sanpaolo.

Specifically, in the field of IT architecture:

- the inventory of IT assets was analysed, mapped and prepared;
- the application of the standard Automated Change Management process was extended to the scope of the Group's IT applications;
- the adequacy of the IT architecture in accordance with Group standards was monitored and ensured.

At the IT risk management level, the unit drew up the annual ICT risk self-assessment document and generated information flows to the Group's Risk Management Head Office Department. In addition, ICT incidents were detected and recorded in the incident register and in cases of higher severity the unit coordinated the escalation to all areas involved.
The ICT Projects portfolio is regularly monitored through the Project Management tools that also in 2021 were upgraded and customised to better meet analysis, monitoring and reporting needs. The ICT Projects Committee is convened on a monthly basis as a formal opportunity to share and implement any corrective actions.
In 2021, Intesa Sanpaolo's Global Governance ICT guidelines were implemented, a standard communication process was shared and a centralised repository was defined. The ICT initiatives portfolio monitored was analysed and reported monthly to the Group's Global Governance Committee. Furthermore, the process of analysing and defining the Target Architecture was started.
On the technology side, the project with the greatest impact during the year involved the unit in analysing the connectivity of the branches and subsequently in the activities of upgrading the TLC network and installing the Wi-Fi network where it was missing.

OPERATIONAL STRATEGIES AND SUPPLIER MONITORING

In the “Governance” area, Operational Strategies and Supplier Monitoring completed the onboarding of all Group companies on the Demand Management and IT Capital Budget Governance processes.
These actions strengthened Fideuram’s governance over its subsidiaries, through the adoption of tools and processes that ensure constant and timely monitoring and increasing collaboration and synergy between the Parties. In addition, these actions made it possible to provide quarterly findings to Intesa Sanpaolo (Quarterly Report and Annual Report) for Global Governance with particular regard to major incidents, economics, IT projects, suppliers, leverage provided and audit findings for the Group.
With regard to actions to consolidate the IT machine, the unit ensured direct supervision as PMO of the Mainframe project and as Project Manager of the Action Plan Audit.
In 2021, all aspects concerning Infoproviders were closely monitored, especially in light of the important changes generated by strategic projects such as the adoption of the NDCE platform; the integration of IW Bank and the adoption of the Aladdin BlackRock platform.
In a scenario of increasing complexity and strong focus on costs, thanks to the careful and precise management of the budget and the renegotiation of some application management contracts that were about to expire, it was possible to close 2021 in line with budget forecasts and also to finance process efficiency and architectural review initiatives that were not initially covered by the budget. In this context, the revision and standardisation of the technical annexes of the Application Management contracts was completed in order to incorporate some requirements such as compliance with ICT operating rules.
With regard to the tools supporting demand management and budget management, features were developed that were also released to Intesa Sanpaolo’s Digital Business Partners, enabling them to synergistically monitor the budget activation process and the relative spending authorisations of the measures approved by the Committees. Despite the introduction of increasingly stringent KPIs, negotiations with suppliers and important releases of core applications, careful monitoring made it possible to maintain service levels at fairly satisfactory levels.
On the outsourcing side, with the addition of a new dedicated function that plays the role of Outsourcing Coordination at Fideuram, a process was structured and some resources trained to ensure, by liaising with the NUMBERus actors involved, the finalisation of pending files by the deadlines set.
Operational Strategies and Supplier Monitoring continued to play the role of Technical Secretariat within the Operations and Business Transformation Area for cross-cutting activities concerning relations with external (ABI, Bank of Italy, ISTAT) and internal (Administrative and Financial Governance and Audit) control bodies, and represented the main interface with Intesa Sanpaolo’s Governance units for all issues concerning Capital Budget, costs and opportunities for economic efficiency through all possible synergies.

NETWORK AND CUSTOMER ASSISTANCE

The contact volumes reported by the Contact Centre dedicated to requests for assistance from the Networks increased compared to the previous year as regards requests for support provided to the Personal Financial Advisers on the use of tools. The most important change concerned the changeover to a new Group Registry, a project interconnected with all the main applications used by the sales network (Welcome, Biometrics, advisory platform) and the introduction of Aladdin for risk calculation.
During the year, both the Sales Network and Customer Service provided significant support to customers in the transition to the new online banking site Fideuram Alfabeto, accompanying them through the changeover and the discontinuation of Fideuram Online.
The assistance service provided to the networks therefore continues to be widely used by financial advisers and the periodic survey of perceived quality confirmed very good overall satisfaction, except for periods of extreme workload whose management required a structural reinforcement of the entire assistance organisational unit.

Fideuram and Sanpaolo Invest - Alessandria Office

3.8.4 Human capital

Human capital includes the skills, abilities and knowledge of the employees and Personal Financial Advisers who work within the Group.

MATERIAL TOPICS	WHY TOPICS ARE MATERIAL	CORPORATE POLICIES
Management of customer portfolios Transparent management of customer portfolios Monitoring of Personal Financial Adviser-customer relations Strengthening retention mechanisms (both for Personal Financial Advisers and customer portfolios) **Training and development of Personal Financial Advisers** Recruitment and integration of young talent in sales network through diverse systems of entry to the profession Specialist training for Personal Financial Advisers Further development of the tools supporting advisory services Training programmes tailored to individual positions and needs **Learning on the job** Induction of new hires and young staff Monitoring of quality and effectiveness of training measures Training programmes tailored to individual positions and needs **Incentive systems and career paths** Performance management system (assessment of employee performance and transparency of criteria used) Remuneration systems with reward mechanisms for management and colleagues (MBO, bonuses, balanced management of remuneration differentials etc.) Transfer and sharing of competencies between colleagues Attraction capability, development and retention mechanisms	Professionalism among employees in the Fideuram Group ensures quality and excellence in the services provided to customers. Special focus is given during the recruitment phase to younger Personal Financial Advisers, where the Group provides specific training, as well as more experienced Personal Financial Advisers. Monetary and non-monetary incentive systems are essential leverage features to retain the best talent within the Group. Employees support and steer the work of Personal Financial Advisers. Human resources therefore play a key role in enabling us to achieve our corporate objectives. To this end, the Group invests in the professionalism of its employees through organisational and training initiatives that aim to enhance individual competencies and promote their professional growth. The Group has also introduced new measures based on discussions with trade union organisations, which would improve the balance between employees' working and private life and provide a more effective corporate welfare system. The Group's commitment to occupational health and safety starts with the creation and management of working environments that are fully compliant with the relevant regulations and standards in this field.	On the basis of the 231 Model adopted by the Fideuram Group, it is mandatory for all personnel to undertake the training intended for them, including Personal Financial Advisers. The training initiatives are run and monitored by the department responsible for human resources training and the department responsible for Personal Financial Adviser training. This is done in conjunction with Managers at different levels, who act as guarantors, especially in the case of "remote" training courses being followed by their staff. The Human Resources and Personal Financial Advisers' Training Departments are also responsible for collecting the data relating to participation in the different courses, filing this and making it available to the relevant functions. The Group has implemented and effectively implemented an Occupational Health and Safety Management System, identifying within its own organisational structure the responsibilities, procedures, processes and resources for the implementation of its policy for the protection of employees. In order to strengthen the protection of the health and safety of its employees, the Occupational Health and Safety Management System is subject to an annual certification audit by an independent third party that certifies its compliance with applicable laws and industry standards (UNI ISO 45001:2018). The responsibilities and methods related to the implementation, maintenance, monitoring and improvement of the Occupational Health and Safety Management System (HSMS) are contained in the Process Guide - Compliance Management - Management of Occupational Safety regulatory framework. The Guide has been drawn up with the aim of reducing the likelihood that any harmful event may occur for people, the environment and external stakeholders, controlling risks within the operations of the company and external firms involved in the business context, and progressively improving the Group's performance in terms of health and safety at work. Risks to the health and safety of employees are assessed using a multidisciplinary approach, considering the combined effect of the working environment, processes and equipment as well as the subjective conditions of employees.

PERSONAL FINANCIAL ADVISERS

	2021	2020	2019
Fideuram Network - No. of customers per Personal Financial Adviser	176:1	169:1	162:1
Sanpaolo Invest Network - No. of customers per Personal Financial Adviser	140:1	132:1	124:1
IW Bank Network - No. of customers per Personal Financial Adviser	46:1	43:1	41:1
Intesa Sanpaolo Private Banking Network - No. of customers per Personal Financial Adviser	221:1	206:1	208:1
Foreign Network - No. of customers per Personal Financial Adviser	61:1	54:1	33:1
Ratio of Client Assets to Personal Financial Advisers (€m)	52	47	42

The years 2021 and 2020 comprise the figures for the Reyl Group and Fideuram Bank (Luxembourg) in the Foreign Network and those of the UBI Top Private business unit in the Intesa Sanpaolo Private Banking Network. The Client assets per Personal Financial Adviser for 2021 and 2020 have been restated to take into account the effect of the non-recurring transactions.

MAIN OBJECTIVES FOR 2021	ACTIONS AND RESULTS ACHIEVED
Attention towards high-profile recruitment to enable the Group to make progress in offering excellent levels of professionalism that can focus on meeting even complex customer needs, by expanding the services provided, especially in terms of quality, effectiveness and competence.	The commitment to recruitment in the Fideuram Group Networks continued in 2021, as confirmed by the 590 Personal Financial Advisers added since the beginning of the year. Attention was focused on the generational change in the Networks with the addition of 393 Personal Financial Advisers under the age of 50. The strengthening and fine-tuning of services made available to Network Managers was consolidated, integrating support for the recruiting process of young talents (under 35) and further consolidating onboarding activities for new hires.
The Group envisages that it will complete the distribution of Alfabeto Fideuram to customers, progressively discontinue the current Fideuram Online platform and expand the platform features geared to customers and Personal Financial Advisers.	In 2021, the roll-out of the new integrated platform of online services Alfabeto Fideuram was completed, which was made available to all individual customers both via the website and on the move with the three apps Alfabeto Banking, Alfabeto Trading and Alfabeto Patrimonio, improving operations and the way investment proposals are received. At the same time, the gradual phasing out of the Fideuram Online platform began, with communication and awareness actions towards customers and Personal Financial Advisers.

Continued overleaf >>

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MAIN OBJECTIVES FOR 2021	ACTIONS AND RESULTS ACHIEVED
Advisory platform Integration integrated with the risk and analysis metrics of the composition of products and customer portfolios provided by the Aladdin platform of BlackRock Financial Management.	In 2021 Fideuram and Sanpaolo Invest adopted the functionalities of the Aladdin platform of BlackRock, a market leader and primary strategic partner, in support of the calculation of risk and the analysis of the composition of products and customer portfolios.
Completion of the migration of added value features present on obsolete applications that were decommissioned during 2021 with integration and enhancement of sustainability within the basic and advanced advisory model.	As of May 2021, the Advisory Platform became the only platform supporting the provision of the advisory service of the Fideuram and Sanpaolo Invest Networks, and was integrated with new information content and features. In addition, the interface for filling in the MiFID profiling questionnaire to identify customer preferences and objectives on sustainability issues within the scope of investment services was updated.
Adjustment of operations in line with the evolution of the service model, regulations, strengthening of suitability checks and the product range development plan.	In the course of 2021, a series of actions were carried out to adapt the Advisory Platform to work with: • the introduction of supervisor approval of transactions carried out by a supervised Personal Financial Adviser for MiFID 2 purposes; • the development of the new proposal report, which contains in a single document the details of the transactions carried out, the suitability statement and the ex ante disclosure of costs, charges and incentives; • the management of the new "questionnaire for analysing insurance demands and needs" for the check, prior to each new subscription of a Class I, Class III and Multi-line insurance-based investment product, of the consistency of the product with the customer's insurance needs as identified through the answers provided to the new questionnaire; • the introduction of the new Actual Target Market control related to the "loss-taking capacity" and extension of all Actual Target Market controls also to incoming transactions on UCITS, Asset Management and Fideuram Folios; • the reduction of the duration of the validity of the suitability assessment of proposals to 10 calendar days.

SIZE OF NETWORKS

The Group's Networks (Fideuram, Sanpaolo Invest, Intesa Sanpaolo Private Banking, IW Bank and the foreign network) totalled 6,594 Personal Financial Advisers at 31 December 2021, compared with 6,475 at the end of 2020, as shown below:

Group Personal Financial Advisers

(No.)	BEGINNING OF PERIOD 1.1.2021	IN	OUT	NET	END OF PERIOD 31.12.2021
Fideuram Network	3,579	256	197	59	3,638
Sanpaolo Invest Network	1,220	73	102	(29)	1,191
Intesa Sanpaolo Private Banking Network	889	216	49	167	1,056
IW Bank Network	698	39	108	(69)	629
Foreign Network	89	6	15	(9)	80
Total	**6,475**	**590**	**471**	**119**	**6,594**

Fideuram Network Personal Financial Advisers

(No.)

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1.1.2021 - 31.12.2021	3,579	256	197	59	3,638
1.1.2020 - 31.12.2020	3,614	102	137	(35)	3,579
1.1.2019 - 31.12.2019	3,662	177	225	(48)	3,614

Sanpaolo Invest Network Personal Financial Advisers

(No.)

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1.1.2021 - 31.12.2021	1,220	73	102	(29)	1,191
1.1.2020 - 31.12.2020	1,254	38	72	(34)	1,220
1.1.2019 - 31.12.2019	1,344	48	138	(90)	1,254

Intesa Sanpaolo Private Banking Network Personal Financial Advisers (*)

(No.)

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1.1.2021 - 31.12.2021	889	216	49	167	1,056
1.1.2020 - 31.12.2020	912	28	51	(23)	889
1.1.2019 - 31.12.2019	927	37	52	(15)	912

(*) At the end of 2021, the Intesa Sanpaolo Private Banking Network numbered 967 Personal Financial Advisers who are salaried employees registered in Italy's Unified Register of Financial Advisers and 89 freelance professionals on agency contracts.

IW Bank Network Personal Financial Advisers

(No.)

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1.1.2021 - 31.12.2021	698	39	108	(69)	629
1.1.2020 - 31.12.2020	688	53	43	10	698
1.1.2019 - 31.12.2019	684	54	50	4	688

Foreign Network Personal Financial Advisers (*)

(No.)

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1.1.2021 - 31.12.2021	89	6	15	(9)	80
1.1.2020 - 31.12.2020	88	7	6	1	89
1.1.2019 - 31.12.2019	89	8	9	(1)	88

(*) The foreign network includes Personal Financial Advisers of the Reyl Group, Intesa Sanpaolo Private Bank (Suisse) Morval and Fideuram Bank (Luxembourg) networks.

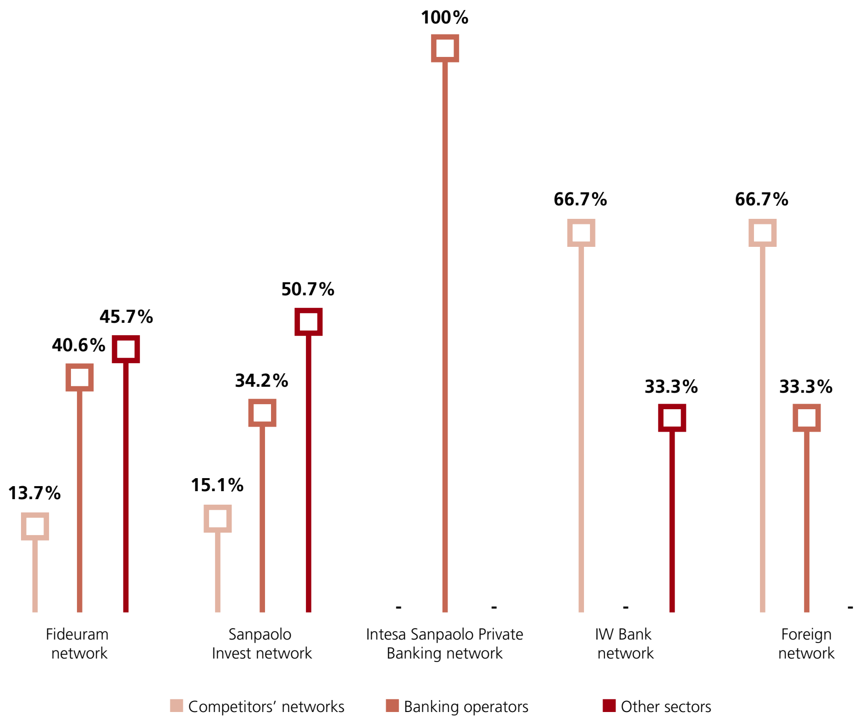
During 2021, the recruitment programme brought 590 new professionals into the Group, 13% of whom coming from competitor networks, compared with 228 in 2020. During the year, 471 Personal Financial Advisers left the Group, only 36% of whom, however, moved to competitor networks.

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

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

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

Origin of professionals joining the networks, 2021



TURNOVER BY AGE AND GENDER, 2021

Fideuram Network

GENDER	JOINING		LEAVING	
	NUMBER	%	NUMBER	%
Men	183	6.2	166	5.6
Women	73	10.4	31	4.4
Total	**256**	**7.0**	**197**	**5.4**

AGE	JOINING		LEAVING	
	NUMBER	%	NUMBER	%
Under 30	65	69.9	7	7.5
30 to 50	130	11.2	15	1.3
Over 50	61	2.6	175	7.4
Total	**256**	**7.0**	**197**	**5.4**

Sanpaolo Invest Network

GENDER	JOINING		LEAVING	
	NUMBER	%	NUMBER	%
Men	55	6.0	85	9.3
Women	18	6.6	17	6.2
Total	**73**	**6.1**	**102**	**8.6**

AGE	JOINING		LEAVING	
	NUMBER	%	NUMBER	%
Under 30	26	54.2	1	2.1
30 to 50	27	8.4	15	4.7
Over 50	20	2.4	86	10.4
Total	**73**	**6.1**	**102**	**8.6**

Intesa Sanpaolo Private Banking Network

GENDER	JOINING		LEAVING	
	NUMBER	%	NUMBER	%
Men	170	23.4	32	4.4
Women	46	13.9	17	5.2
Total	**216**	**20.5**	**49**	**4.6**

AGE	JOINING		LEAVING	
	NUMBER	%	NUMBER	%
Under 30	5	83.3	-	-
30 to 50	119	26.7	21	4.7
Over 50	92	15.2	28	4.6
Total	**216**	**20.5**	**49**	**4.6**

IW Bank Network

GENDER	JOINING		LEAVING	
	NUMBER	%	NUMBER	%
Men	30	5.5	92	16.9
Women	9	10.6	16	18.8
Total	**39**	**6.2**	**108**	**17.2**

AGE	JOINING		LEAVING	
	NUMBER	%	NUMBER	%
Under 30	5	71.4	1	14.3
30 to 50	10	6.6	25	16.4
Over 50	24	5.1	82	17.4
Total	**39**	**6.2**	**108**	**17.2**

Foreign Network

GENDER	JOINING		LEAVING	
	NUMBER	%	NUMBER	%
Men	5	7.8	12	18.8
Women	1	6.3	3	18.8
Total	**6**	**7.5**	**15**	**18.8**

AGE	JOINING		LEAVING	
	NUMBER	%	NUMBER	%
Under 30	-	-	-	-
30 to 50	6	14.0	9	20.9
Over 50	-	-	6	16.7
Total	**6**	**7.5**	**15**	**18.8**

ORGANISATIONAL STRUCTURE

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

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

FIDEURAM
INTESA SANPAOLO PRIVATE BANKING

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

GROUP MANAGEMENT AND DEVELOPMENT
Management and guidance of Personal Financial Advisers under supervision.

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

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

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

SERVICE QUALITY DEVELOPMENT
Management actions to support growth and to improve the quality of service offered.

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

ROLES	RESPONSIBILITIES
AREA MANAGER	Coordinate the strategic/commercial guidance defined, in order to maximise the sustainable growth in the local area as part of the assigned Area. Convey the strategies and the expected targets in the Area. Share with the Managers under his/her supervision the sales activities in the local area in terms of actions, timing and priorities; transmit the company organisational methods to be implemented in the Area and check their effective execution. Supervise and ensure the dissemination of Best Practices identified in the Area for each development area. Periodically verify progress in different commercial development areas, discussing qualitative and quantitative results and progress of initiatives with Managers, specifying and monitoring any realignment actions necessary. Ensure values of professionalism, propriety and appropriate business behaviour are applied across area by Personal Financial Advisers. Communicate a return on the activities of a commercial nature carried out in the assigned Area.
DIVISIONAL MANAGER	Implement strategic/commercial guidance in order to maximise the sustainable development and support the professional growth of the Financial Advisers supervised in the assigned Area. Monitor the quality of the customer service provided by the Personal Financial Advisers and work on its improvement. Implement management actions for guiding and supporting the qualitative and quantitative growth and development of Client assets. Coordinate management activities supporting Personal Financial Advisers to acquire and consolidate competencies and improve distinctive modes of behaviour. Coordinate management activities guiding and monitoring quality of service offered, along with customer perceptions of service quality.
REGIONAL MANAGER	Carry out activities as the business contact of the Personal Financial Advisers, implementing the support activities aimed at maximising the development and growth of the group of Personal Financial Advisers under his/her supervision. Implement management actions regarding the guidance and support of the group of Personal Financial Advisers supervised. Work to expand the group of Personal Financial Advisers through recruitment, with constant and careful attention to the professional and personal quality of the recommended candidates. Coordinates the professional growth of newly recruited Personal Financial Advisers, providing support in the post-induction phase. Ensure the quality of the group of Personal Financial Advisers assigned, implementing all the management actions required to manage and monitor Network change processes, checking the medium to long-term strategic impact.

MANAGER AREA - FIDEURAM AND SANPAOLO INVEST NETWORKS

Flavio Vanin
Fideuram Area 1

Maurizio Boscariol
Fideuram Area 2

Marco Avondoglio
Fideuram Area 3

Vladimiro Bolis
Fideuram Area 4

Giuseppe Michieli
Fideuram Area 5
Sanpaolo Invest Area 2

Alessandro Ferrari
Fideuram Area 6

Loris Ventura
Fideuram Area 7

Fabio Landi
Fideuram Area 8

Giuseppe Baiamonte
Fideuram Area 9

Sergio Vicini
Fideuram Area 10
Sanpaolo Invest Area 5

Giuseppe Magliulo
Fideuram Area 11
Sanpaolo Invest Area 6

Giorgio Botta
Sanpaolo Invest Area 1

Claudio Regoli
Sanpaolo Invest Area 3

Claudio Natali
Sanpaolo Invest Area 4

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

POSITION	RESPONSIBILITIES
PRIVATE BANKING AREA MANAGER	Ensure business growth and the achievement of economic, business and risk management objectives in their area through monitoring and coordinating the work of the Private Banking and HNWI Branches, supporting their actions where necessary. Ensure strong brand affirmation.
EXECUTIVE MANAGER	Commercially oversee a specific territory in areas that are particularly complex in terms of the number of operating centres and/or the geographical extent of the area. The Executive Manager is entrusted with the tasks of commercial development and relationship management in the relevant territory.
HNWI AND PRIVATE BANKING BRANCH	Represent the Bank in their area and ensure achievement of economic, business and risk management objectives in Private Banking and HNWI Branches. Manage their Private Banking and HNWI Branch, implementing business policies and appropriate lending procedures, and coordinating the personnel reporting to them. Ensure high quality in service provision and in long-term customer relations, and foster the actions required to develop existing customers and acquire new customers.
GLOBAL RELATIONSHIP MANAGER	Manage, develop and acquire HNWI customers, ensuring provision of outstanding service and interfacing with HNWI Management units and other Bank and Group departments to satisfy the most complex customer needs.
TEAM LEADER	Manage their team, implementing business policies and coordinating the personnel reporting to them.

PRIVATE AREA MANAGERS - INTESA SANPAOLO PRIVATE BANKING

Selene Amadori
South Lombardy Area

Cristiano Clagluna
Southern Piedmont - Liguria - Tuscany and Umbria Area

Gianni Debernardi
Valle d'Aosta Area - Northern Piedmont and Turin Area

Roberto Iaboli
Milan Area

Ciro Lupo
Southern Area

Mauro Moroni
North East Area

Luca Rebussi
North Lombardy Area

Luigi Rinaldi
Central and Islands Area

Federica Spada
Emilia and Romagna Area

The following tables show the 2021 data for each of the five Personal Financial Adviser Networks, analysed by rank, gender, average age and average length of service,

Fideuram Network

	MEN	WOMEN	TOTAL	AVERAGE AGE	AVERAGE LENGTH OF SERVICE
Area Manager	8	-	8	60	31
Divisional Manager	23	1	24	58	27
Regional Managers	91	6	97	56	19
Group Managers	297	27	324	55	16
Personal Financial Advisers	2,520	665	3,185	53	15
Total	**2,939**	**699**	**3,638**	**54**	**16**

Sanpaolo Invest Network

	MEN	WOMEN	TOTAL	AVERAGE AGE	AVERAGE LENGTH OF SERVICE
Area Manager	3	-	3	57	24
Divisional Manager	7	-	7	59	27
Regional Managers	30	1	31	55	17
Group Managers	114	15	129	54	18
Personal Financial Advisers	764	257	1,021	53	14
Total	**918**	**273**	**1,191**	**53**	**14**

Intesa Sanpaolo Private Banking Network

	MEN	WOMEN	TOTAL	AVERAGE AGE	AVERAGE LENGTH OF SERVICE
HNWI Branch Managers	8	2	10	56	33
Private Banking Branch Managers	82	18	100	54	28
Global Relationship Managers	14	7	21	54	29
Team Leaders	66	27	93	53	27
Executive Personal Financial Advisers	56	33	89	51	23
Personal Financial Advisers	429	225	654	49	19
Freelancers on agency contracts	71	18	89	60	28
Total	**726**	**330**	**1,056**	**51**	**22**

IW Bank Network

	MEN	WOMEN	TOTAL	AVERAGE AGE	AVERAGE LENGTH OF SERVICE
Area Manager	10	-	10	60	12
Divisional Manager	29	-	29	58	14
Regional Managers	47	3	50	56	11
Personal Financial Advisers	458	82	540	66	11
Total	**544**	**85**	**629**	**57**	**12**

Foreign Network

	MEN	WOMEN	TOTAL	AVERAGE AGE	AVERAGE LENGTH OF SERVICE
Manager / Area Manager	12	-	12	51	12
Personal Financial Advisers	52	16	68	48	8
Total	**64**	**16**	**80**	**49**	**9**

TEAM

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

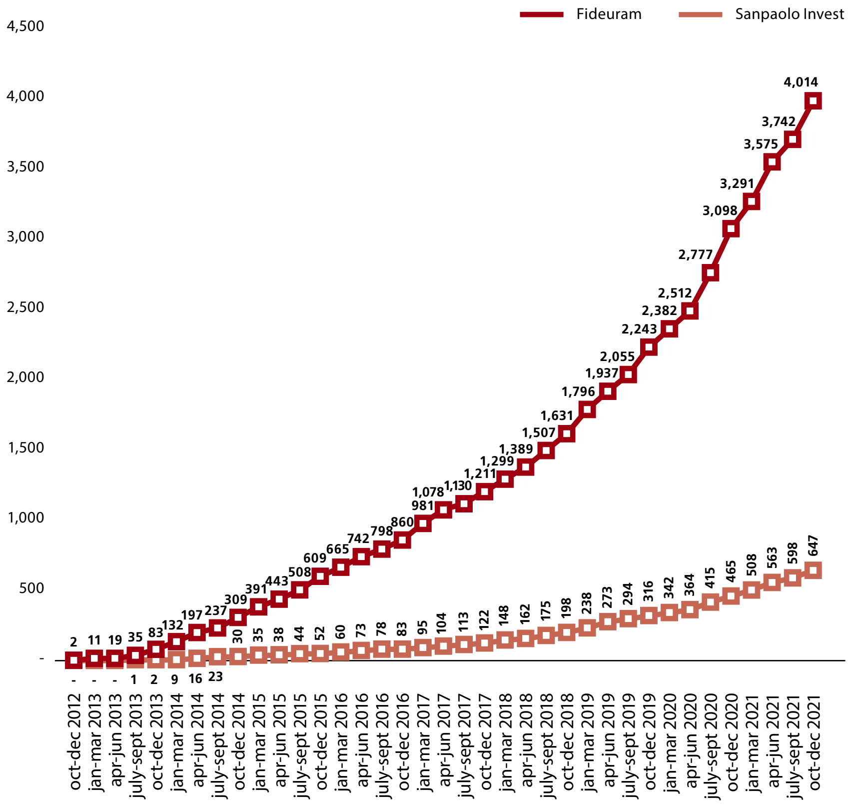
Nine years on from its launch, 1,811 Personal Financial Advisers are working together in Team (about 39% of the Personal Financial Advisers in the Fideuram and Sanpaolo Invest Networks), jointly managing a total of around €21.7bn assets for over 132 thousand customers.

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

4,661
agreements signed since the launch of Team

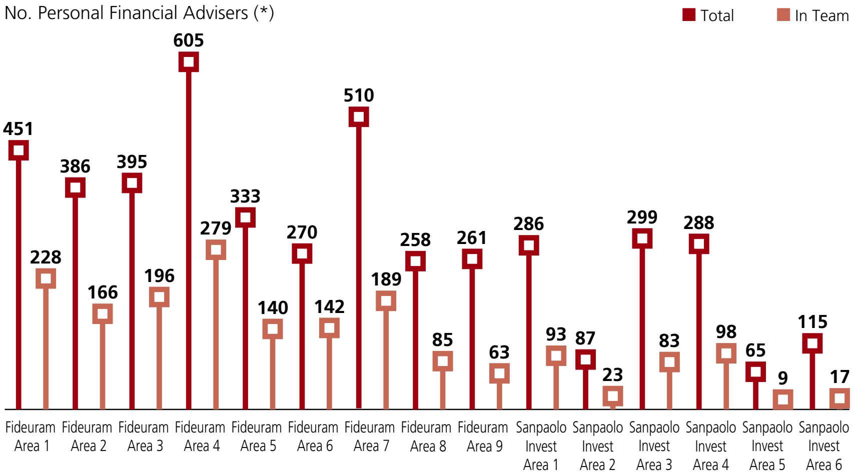
Number of agreements

(no.)



Team

No. Personal Financial Advisers (*)



(*) Totals exclude Managers and Trainee Financial Advisers.

1,651
positions as Team Leaders

and

1,733
positions as Team Partners

involving

1,811
Personal Financial Advisers

Multiple agreements can be signed between Team Leaders and Team Partners

CONTRACTUAL RELATIONS

Relations with the Fideuram, Sanpaolo Invest and IW Bank Networks' Personal Financial Advisers are governed by an open-ended agency contract, without representation, based on Italy's Collective Economic Agreement for Agents in the Commerce sector.
This contract stipulates the basic collective provisions for our Personal Financial Advisers and further benefits which supplement their remuneration, social security and pension provisions, principally by linking them to the achievement of annual sales targets.

This contract seeks to primarily address the following purposes:

- Standardise contracts linking Personal Financial Advisers to Fideuram, Sanpaolo Invest and IW Bank.
- Formally bring the wording of the contract into line with the current regulatory/legislative context that has changed over time, and with the current service model that oversees the activities of the sales Networks.
- Adopt a modular structure, making consultation more agile, and the updating of annexes to the contract that may become necessary over time, much simpler. In this regard, the structure of the new contract is subdivided as follows:
  - Main section: purely regulatory content, which governs the agency relationship between Fideuram and Sanpaolo Invest and each Personal Financial Adviser.
  - Annexes to the contract: technical-economic and organisational-commercial as well as regulatory specifications, which take the form of corporate rules and codes, commission schedules, incentive scheme schedules, Network organisational model, Network insurance covers.

The Personal Financial Advisers at Intesa Sanpaolo Private Banking are direct employees of the Bank in the same way as other branch positions. Moreover, at 31 December 2021, there were over 89 agents. These agents are not employees and have stipulated an agency contract.

Intesa Sanpaolo Private Banking - Mantova Office

REMUNERATION AND INCENTIVES

Fideuram, Sanpaolo Invest and IW Bank

Since our Personal Financial Advisers are freelancers on agency contracts, their remuneration is variable and consists mainly of commission remitted from the principal company's income from the contracts in the Personal Financial Adviser's customer portfolio, as well as bonus payments for meeting sales targets.

The remuneration paid to the Personal Financial Advisers is made up of the following:
- a recurring component, which is the most stable and routine part of their remuneration;
- a non-recurring component which is the part taken into account for bonus calculations, with the specification that the commission does not in itself constitute an incentive.

The recurring component, which is linked to the size of the portfolio managed by the Personal Financial Adviser, is calculated as a predetermined percentage of the recurring and one-off gross income earned by the company in the form of the fee and commission income that customers pay on the various different products. These percentages differ depending on the type of product or service and are governed by the agency contract.

The recurring remuneration of Network Managers is made up of:

- supervision commission for coordinating and supervising a group of Personal Financial Advisers operating in a particular area of responsibility. This commission is based on the manager's specific role and calculated as the related percentage of the commission accrued by the Personal Financial Advisers under supervision;
- growth commission, for the development and volume growth of their group of Personal Financial Advisers.

In addition to this recurring remuneration, and in line with market practice, the distribution Networks are rewarded with incentives designed to guide sales activities towards the achievement of specified targets that take the Group's long-term strategies and objectives into due account so as to reward the results actually achieved, taking risk (including legal and reputational risk) into full account and prioritising proportionality criteria that promote and foster respect for high standards of conduct and care for each customer's interests.

These incentives are both monetary (bonuses) and non-monetary (e.g. annual contests which award prizes in the form of trips or attendance at conventions, etc.). Dedicated Regulations are provided every year, notifying the Networks of the mechanisms that will be used to incentivise them to achieve their business targets.

In line with the provisions of the Supervisory Authorities, the bonuses are:

- limited to inflows from transactions that are in accordance with the customer's suitability profile;
- subject to controls over a long-term time horizon and therefore based on maintaining effective and lasting medium-term results.

The non-recurring component of newly appointed Personal Financial Advisers is specifically set at the time of appointment to acknowledge the work needed to gain a customer base, on condition that this refers to a stable collection.
There is no gender disparity regarding non-recurring remuneration, on a like-for-like basis in terms of role and results achieved.

Intesa Sanpaolo Private Banking

In order to enhance the contribution of employees and in line with the objectives of the Group's Business Plan, Intesa Sanpaolo Private Banking has activated an incentive scheme for Network staff dedicated to the management of Private Banking customers, which involves the provision of bonuses subject to the achievement of specific performance objectives, regarding sales, quality, sustainability and customer satisfaction. The overall objectives relate to size growth, profitability, service quality and the growth of financial assets. In this context, the amount of the bonus is based on measurable indicators defined for each objective and for which reference targets have been specified.

The economic treatment of newly appointed Personal Financial Advisers is based firstly on recognising the professional standing they have already gained in the external market, from the perspective of utilising their skills to provide excellent service to Private Banking customers, and allow for the sustainable development of the financial assets managed.

NETWORK EVENTS IN 2021

The organisation of events outside the working environment is an essential moment in the development of a unified culture within the Fideuram Group, with the simultaneous engagement of the greatest possible number of Personal Financial Advisers, with a view to meeting and sharing some time together but also for closer examination and study.

SENIORITY EVENTS

In the latter part of the year, 6 Seniority Events were organised at the Fondazione Cariplo in Milan dedicated to Personal Financial Advisers who during 2018 and 2019 reached the important milestone of 25/30/40/50 years in the Fideuram and Sanpaolo Invest Networks. Around 250 financial advisers were awarded by the General Management and Network Managers.

AMBASSADOR EVENT

The first Ambassador Event was held on 25 November at the Teatro Manzoni in Milan.
It was an initiative organised to celebrate the Financial Advisers who ended their mandate in 2021 and became "ambassadors" of the Networks. The event was attended by around 300 guests including the General Management, Network Managers, the top 50 PWAs and the "ambassadors".
In the morning, a round table was held with the last four CEOs of the Division as guests. The afternoon featured an exceptional duet with the two 'ambassadors' of Milan's football teams, Demetrio Albertini and Giuseppe Bergomi.

DRIVE THE CHANGE

During 2021, in order to improve the hard and soft skills of IW Bank's Personal Financial Adviser Network, a programme focused on personal branding was implemented.
In particular, two sessions related to the "Drive The Change" initiative were held from 30 June to 7 July, involving the Network and Head Office in an internal contest characterised by:

- a training course on ESG at the SDA Bocconi School of Management;
- a training course on communication activities and experiences dedicated to the world of private banking, held at the Teatro Vittorio De Sica in Peschiera Borromeo.

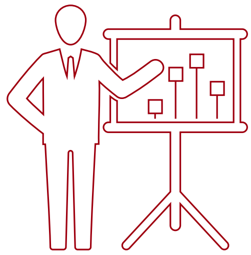
MAIN IMPROVEMENT OBJECTIVES FOR 2022

The Group is continuing its commitment to providing space for young talents with a view to generational renewal, while still maintaining a high focus on searching for and selecting the best senior professional profiles.

With the aim of consolidating its features, in line with the developments expected by the service model, the following actions are planned for the Advisory Platform:

- adaptation of the functions, representations and reporting, to support the integration of sustainability issues within the suitability assessment model and the basic and advanced advisory model;
- development of tools to support the Sales Networks in line with the review and enhancement of the advanced SEI and SEI Private Version advisory services;
- development of the "Robo4Advisor" functions of BlackRock's Aladdin, to support the rebalancing of customer portfolios;
- adjustment of current features and the development of new tools to ensure convergence towards a single suitability assessment model and a single profiling questionnaire;
- information enhancement and the possibility of increased customisation in commercial reporting;
- position keeping and commercial proposal management of new products and services that will expand the offer available to the Sales Networks and customers.

NETWORK TRAINING



424,419
Training hours

MAIN OBJECTIVES FOR 2021	ACTIONS AND RESULTS ACHIEVED
Fideuram and Sanpaolo Invest Networks	
Training on regulatory issues.	During 2021, regulatory training initiatives for Financial Advisers were organised based on an assessment, with the aim of customising the courses and ensuring the information standards required by the relevant regulations. At the end of the course, a final test was administered, certifying the knowledge and skills required to meet regulatory obligations.
Development of training on applications and apps in use by financial advisers and customers (Alfabeto), to encourage and disseminate their use and digitalisation.	During the year, training was dedicated to encouraging change by phasing out obsolete systems that have been totally replaced or with new features integrated into existing digital applications.
Intesa Sanpaolo Private Banking Network	
Develop actions aimed at further consolidating digital skills with a view to managerial and sales supervision.	The Digital Evolution project was launched with the broad involvement of the company's sales staff.
Guarantee high focus on corporate compliance and the risk culture in the business approach procedures.	A high level of attention to regulatory issues was confirmed through constant updating of the content of training.
Encourage professional relationships and the exchange of experience within the Division, in order to foster functional synergies for the development of individual skills and the pursuit of company objectives.	Increasing attention was paid to the cross-cutting involvement of figures from across the Division in order to encourage the spread of a homogeneous professional culture, with particular reference to the Value & Purpose and Digital Evolution initiatives.
Welcome colleagues from the UBI Top Private business unit by enhancing their professionalism and facilitating their relational integration into the new organisational context.	Implementation of a training plan based on modular initiatives aimed at familiarising the resources assigned to the Network with the new professional context.

TRAINING PROGRAMMES AND INITIATIVES FOR THE FIDEURAM AND SANPAOLO INVEST NETWORKS

The training for the development of professional skills is divided into four paths which are progressively modulated according to the seniority of each Personal Financial Adviser:

- Introduction to the profession, for Personal Financial Advisers who have been in the Network for less than 12 months, on the role of the consultant, the relationship, the advisory service survey and the communication dynamic with customers.
- Fideuram pathway (Junior & Senior Personal Financial Advisers) on the logic of financial and pension planning for different customer clusters.
- Advanced Training (Professional & Executive Personal Financial Advisers) on insurance-based investment solutions for customer clusters and specific needs, new ways of portfolio construction and important issues of the year that impacted market performance.
- High-level specialisation (Top & PWA Personal Financial Advisers) on the subject of HNWI customer segmentation and service customisation and on the assessment of capital risks for entrepreneurs and accountants.

To complete the four training courses, training sessions were provided, both in Webinar mode and in person at the Fideuram Campus or at the territorial offices on the following thematic areas:

- Economic scenarios and markets
- Instruments and products
- Role of the Financial Adviser

With regard to training pathways for Executive and Top Personal Financial Advisers, an ESG training course was launched in collaboration with some of Italy's most prestigious universities. During 2021, the first two webinars were delivered, attended by more than 500 Personal Financial Advisers. The entire process is expected to be completed by the end of 2023.
With the aim of illustrating, listing and analysing the advantages of the evolution of the applications, a training course for Digital Specialists (Personal Financial Advisers who have a greater aptitude for the world of digital advisory services) was set up; they, in turn, provided hours of training at a local level.
Finally, in 2021, some 3,100 Personal Financial Advisers received training on corruption prevention via webinar.
In order to disseminate a solid digital culture among Personal Financial Advisers, in 2021 Fideuram organised:

- training sessions dedicated to Personal Financial Advisers, Digital Specialists and management units to accompany them in the transition from the old online application to the Alfabeto platform (55 webinars and 12 classroom sessions);
- sessions dedicated to the digital evolution of processes and applications and to the advisory service model contextualised on platforms (45 webinars and 8 classroom sessions);
- sessions for Personal Financial Advisers of the IW Bank Network (12 classroom sessions).

Due to the restrictions imposed by the spread of the pandemic, from January to July 2021, training sessions were organised in a totally digital format; in the latter part of the year, training was also delivered in the field (32 classrooms, 24% of the total training sessions), rediscovering and consolidating professional relationships with financial advisers and management units.

TRAINING PROGRAMMES AND INITIATIVES FOR THE INTESA SANPAOLO PRIVATE BANKING NETWORK

The year 2021 confirmed the Network's ability to guarantee a high level of service to customers despite the critical operational situation, due to the ongoing health emergency and the commitment required by the major effort to include resources from the UBI Top Private business unit in the corporate organisation. This context was further complicated by the need to implement major development measures aimed at promoting an increasingly widespread culture of sustainability and a marked generational change within the network.
The main initiatives implemented to effectively manage this scenario were:

- Integration of Ubi top private business unit
  The training plan aimed at facilitating the entry of resources into the Network was articulated in different ways:
  - online meetings, focusing on topics closely related to business and operations;
  - individual shadowing, which allowed them to address in a direct and practical way the professional specificities of each job role;
  - dedicated sections on the Private platform to consult materials and documentation useful for the various professional activities;
  - digital support on the Group's platforms, made available from the beginning of the integration process.
- Management training programmes
  With a view to an increasingly cross-cutting approach and an internal discussion between the various company components, the Network management was involved in the main development projects for managers promoted by the Division.
- Generation Z
  The need to strengthen the network by bringing in new professional energies led to the launch of the 'Generation Z' project, the key elements of which are:
  - Hiring of 28 young people with particularly high quality profiles (the recruitment of another 20 talents are planned for 2022);
  - initial recruitment as assistants with projection to a Personal Financial Adviser role in 24 months;
  - ad-hoc training plan with alternating phases aimed at developing role, commercial and regulatory knowledge as well as acquiring a solid organisational awareness.
- Development of sales and relational skills
  Sustainability in investment services, an initiative launched in the latter part of 2021, will reach its peak in the first four months of 2022. The action is aimed at developing an increasingly homogeneous professional approach to financial and asset planning, through the further fine-tuning of methodological and advisory skills instrumental to promoting a customer service based on sustainability, in

line with the company's strategic guidelines.
Plan of info-training meetings with third party companies, aimed at ensuring the constant alignment of the sales network on the evolution of market scenarios and the main economic prospects in relation to the business development potential.

- Enhancement of professional skills
  The training pathway includes:
  - Preparation for the financial adviser exam, to support Personal Financial Advisers who are not yet registered, in order to facilitate their access to the exam.
  - Language training carried out either individually with a tutor (distance learning) or via the Apprendo platform.
  - Compliance, by means of a concerted effort to disseminate knowledge on regulatory issues with the greatest impact on the professional practice of the population concerned. The main areas of activity include:
    - Anti-money laundering, with the implementation of the measures planned within the 2020-2022 three-year plan.
  - Whistleblowing, through a seminar held by the Group Delegate on this subject, supported by case studies taken from real operational experiences.
  - Consob/IVASS, with the usual delivery of the training plan for commercial figures carrying out activities related to these regulations.
  - Legislative Decree 231/01, through contents that are regularly updated according to the evolution of regulations.
  - Cybersecurity, whose aspects with the greatest impact on company operations have been the subject of new and increasingly targeted training.
  - Ethical orientation, through specific focus on important ethical aspects in the corporate environment.
  - Legislative Decree 81/08, with the regular involvement of figures with duties in this area.

Fideuram - Napoli Alvino Office

TRAINING PROGRAMMES AND INITIATIVES FOR THE IW BANK NETWORK

In 2021, with the transfer of IW Bank within the scope of the Private Banking Division, a series of ordinary and extraordinary training objectives were set.

1. Ordinary Plan

Training activities were characterised, also in 2021, by the new operating conditions caused by the Covid-19 emergency. In order to deal with this situation, various measures were taken to reconcile the protection and health of Advisers and trainers and at the same time ensure the organisation of training processes both in compliance with regulatory requirements, as regards the mandatory professional updating required by IVASS and CONSOB control bodies, and to achieve professional growth and development objectives in line with the commercial and dimension objectives set by Top Management.

- Skills assessment
  In the first quarter, in cooperation with Fideuram, a skills assessment was prepared for the entire IW Bank network on the platform of a specialised training partner. The analysis, developed in various areas of investigation relating to the role and professional skills of a Personal Financial Adviser, showed that the Network had a medium-high level of knowledge.

- Financial Advisory Pathway
  A training course dedicated to Financial Advice and focused on financial planning was designed. The pathway, organised in 3 steps, was delivered via webinar with the help of the Cattolica University of the Sacred Heart in Milan and Value & Strategies.

- IVASS-MiFID Training
  Based on the results of skills assessment and in compliance with the request of the Compliance department of the Parent Company, a series of courses dedicated to industry regulations and to the insurance sector were provided via distance learning for the maintenance of IVASS - MiFID 2 certifications. The contents of the courses addressed in particular regulatory issues such as Anti-Money Laundering, Market Abuse and the Insurance Distribution Directive (IDD).

- Thematic Webinars
  The course started last year, which included the organisation of in-depth webinars that focused on current topics in the Finance Area, with the presence of qualified experts in the sector, has come to an end. The last edition of the webinar was dedicated to "Digital Currencies Vs. Crypto Currencies".

- Product Training
  During the year, updates were provided via distance learning on the Eurovita product catalogue while specific formats were designed for the launch of Fideuram Vita products.

- Specialist Training
  Two seminars on Sustainable Finance and ESG Investments were organised at Bocconi University in Milan. The format was accompanied by an additional day of training on communication techniques delivered with the help of a trainer, at the Fideuram Campus.

2. Extraordinary Plan
The design of the Extraordinary Training Plan was concerted as part of the process of integrating IW Bank into the Private Banking Division. The release plan involved the entire IW Bank Network between November 2021 and February 2022. The Plan provides for the organisation of a series of training initiatives and the delivery of both in-person and remote courses:
- a two-day course on Fideuram's Commercial Offering and Digital Platforms;
- a one-day course on knowledge of Fideuram Banking Services.

The training activities were also accompanied by a series of learning aids:
- a Web Based Training (WBT) series was created to promote knowledge of Fideuram's platforms;
- a group of trainers specialising in digital training was set up within IW Bank. The Group, appropriately selected and named Digital Specialist, will be responsible for supporting the development of the Digital knowledge of the Network colleagues, coordinating with the local management unit. The Group also followed a specific training path ("Train the Trainers").

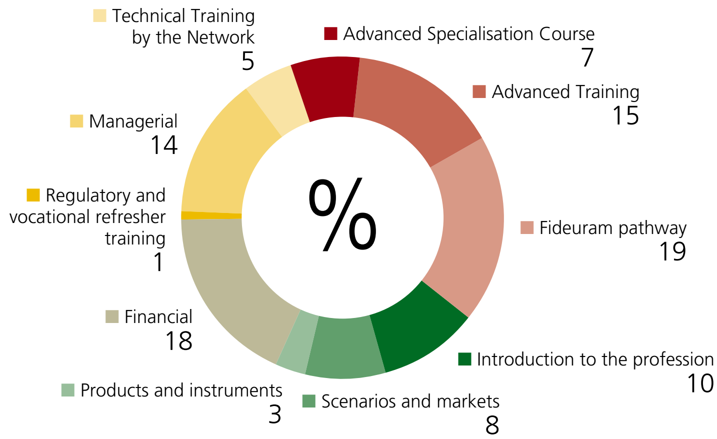
Managerial Empowerment
In 2021, IW Bank's management was involved in numerous initiatives aimed at fostering the change management process; specifically, these were aimed at:

- supporting and consolidating change as a learning and re-learning process;
- defining a new operational and management framework (Role-Functions-Duties) for the definition of people ownership and engagement.

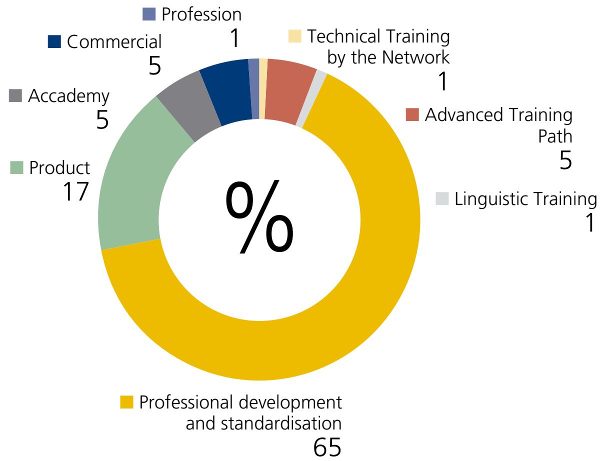
Personal Financial Adviser training is analysed in the graphs below, both with regard to online training and class-based training.

Group training hours in 2021, analysed by Training Area (%)

Class-based training



Online training



MAIN IMPROVEMENT OBJECTIVES FOR 2022

Fideuram and Sanpaolo Invest Networks Training

The training planning process for 2022 stems from the need to develop the skills and knowledge necessary to achieve the strategic objectives set by the Group and the professional growth and enhancement of the company and its staff.
In the early months of the year, all the activity will be organised in web mode as in 2021 until it is possible to return, at least partially, to face-to-face Campus activities.

The main training areas will focus on:

- **ESG**
  In 2022, the ESG training will continue in three steps:
  - Sustainable finance, Rating and ESG factors in equity and bond valuation (two webinars of 2 hours each).
  - Sustainable Investment Strategies in Banking and Asset Management (two face-to-face days of 8 hours each).
  - Sustainable finance and the activities of the Financial Adviser (4-hour online course).
  At the end of the course there is a certification exam of the acquired skills and an ESG certificate.

- **Wealth Management Advisor Certification**
  In 2022, the certification process developed in collaboration with the Cattolica University of the Sacred Heart in Milan will continue and a path dedicated to the retention of financial advisers already certified in previous years will be launched.

- **Digitalisation**
  Training activities will be consolidated to support the digitalisation of the networks by bridging the gap with respect to suitability for the role, the achievement in qualitative and quantitative terms of individual and group objectives and the development of professional skills to support company strategies.

- **Academy Fideuram (Partners)**
  New contributions from Partners are planned for the enrichment of the Academy. Some of the topics shared are related to momentous changes, new social context and investor behaviour, Real Economy and private markets, Real Estate, and ESG Investments.

Intesa Sanpaolo Private Banking Network Training

The main objectives for 2022 aim to:

- encourage generational change in the sales network through the continuation of the "Generation Z" project, which provides for the inclusion of young people with a qualified professional profile to be introduced to the profession of Personal Financial Adviser after a specific period of work experience in the role of assistant;
- disseminate an adequate level of knowledge of sustainability skills in the commercial proposal through an approach increasingly consistent with the social context and the evolution of market scenarios;
- promote maximum adherence to the Division's guidelines on distinctive internal values and development opportunities linked to digital channels, with a view to consolidating integration and standardising the corporate culture throughout the entire organisation;
- maintain a high level of sensitivity and awareness of the impact of sector regulations on commercial activities in order to provide a customer service increasingly oriented towards criteria of professional ethics and transparency in relations.

IW Bank Network Training

In the first part of 2022 all the activity will be organised in web mode until it is possible to return, at least partially, to face-to-face activities.

The training objectives will include:

- **Roll-out on-boarding**: the conclusion of the training course for the entire IW Bank Network aimed at learning about Fideuram's Processes, Services and Products.
- **Change Management**: in support of on-boarding processes, training initiatives focused on change management issues will continue for both Managers and the Network.
- **Training Synergies**: with the inclusion of the IW Bank Network within the Division, effective and efficient synergies will be developed to allow Personal Financial Advisers to enjoy the prestigious "Specialist Training" Programmes such as, for example, the Wealth Management Advisers Certification course developed with the Cattolica University of the Sacred Heart in Milan and the ESG Inter-Academic Project.
- **Characterising Training Activities**: one of the most challenging objectives will be to develop a series of training interventions and development areas aimed at characterising the profile of the Network within the Fideuram scope.

EMPLOYEES

Our human resources play a key role in enabling us to achieve our corporate objectives. To this end, we constantly invest in the professionalism of our employees through organisational and training initiatives that aim to enhance individual competencies and promote their development in the Group.
The breakdown of employees by company was restated to take into account the effect of the non-recurring transactions that took place in 2021, so the Group's workforce, which takes into account secondments to and from other Intesa Sanpaolo Group's companies, not included in the Fideuram Group scope, as well as atypical staff, went from 4,054 employees as at 31 December 2020 to 4,013 as at 31 December 2021.

The breakdown of employees by gender shows that female employees accounted for 43% of total Group staff while male employees accounted for 57%. Group personnel working in Italy accounted for 86% of total employees, while those working outside Italy accounted for 14%.

	2021	2020 (*)	2019 (*)
Private Banking	**3,696**	**3,743**	**3,763**
Fideuram - Intesa Sanpaolo Private Banking	1,373	1,332	1,328
Intesa Sanpaolo Private Banking	1,550	1,644	1,702
IW Bank	270	279	270
Sanpaolo Invest SIM	15	15	16
Fideuram Bank (Luxembourg)	50	53	52
Reyl Group	316	251	223
Intesa Sanpaolo Private Bank (Suisse) Morval	108	142	146
Morval Bank & Trust Cayman in liquidation	1	10	10
Intesa Sanpaolo Private Argentina	6	6	5
Morval Vonwiller Advisors	7	11	11
Asset Management	**232**	**227**	**224**
Fideuram Asset Management (Ireland)	63	65	66
Fideuram - Intesa Sanpaolo Private Banking Asset Management SGR	169	159	155
Intesa Sanpaolo Private Bank Monaco in liquidation	-	3	3
Fiduciary and treasury services	**85**	**84**	**86**
Financière Fideuram	-	4	4
Siref Fiduciaria	85	80	82
Total	**4,013**	**4,054**	**4,073**

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

Fideuram - Torino Cairoli Office

In 2021, the scope of the Private Banking Division was enlarged to include the employees of IW Bank, the former UBI Group business units and of the Reyl Group, resulting in an increase in staff of 999 employees.
The detailed figures in the following tables were not been restated for the years 2020 and 2019.

Fideuram Group employees

	2021	2020	2019
Directors	134	89	93
Executive Management	2,288	1,869	1,918
Professional Areas	1,551	1,130	1,150
Temporary work agency and project work contracts	40	35	18
Total	**4,013**	**3,123**	**3,179**

Men

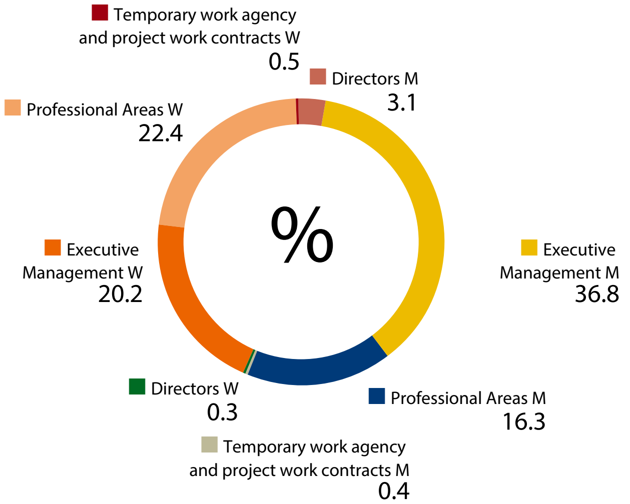
	2021		2020		2019	
	ITALY	OUTSIDE ITALY	ITALY	OUTSIDE ITALY	ITALY	OUTSIDE ITALY
Directors	89	34	59	20	64	20
Executive Management	1,315	161	1,074	96	1,111	98
Professional Areas	485	168	353	95	364	93
Temporary work agency and project work contracts	16	2	17	-	7	-
Total	**1,905**	**365**	**1,503**	**211**	**1,546**	**211**

Women

	2021		2020		2019	
	ITALY	OUTSIDE ITALY	ITALY	OUTSIDE ITALY	ITALY	OUTSIDE ITALY
Directors	10	1	9	1	8	1
Executive Management	760	52	666	33	676	33
Professional Areas	767	131	620	62	628	65
Temporary work agency and project work contracts	20	2	18	-	11	-
Total	**1,557**	**186**	**1,313**	**96**	**1,323**	**99**

EMPLOYEES BY CATEGORY AND GENDER (%)

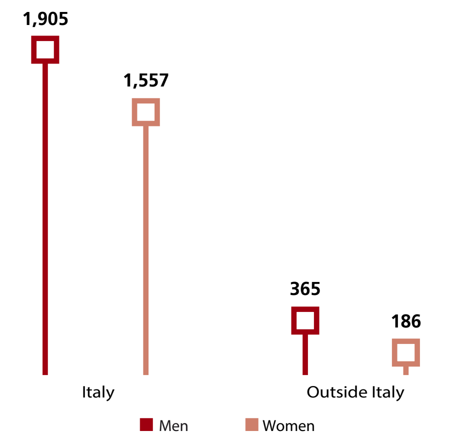
4,013
Employees



EMPLOYEES BY GEOGRAPHICAL AREA AND GENDER

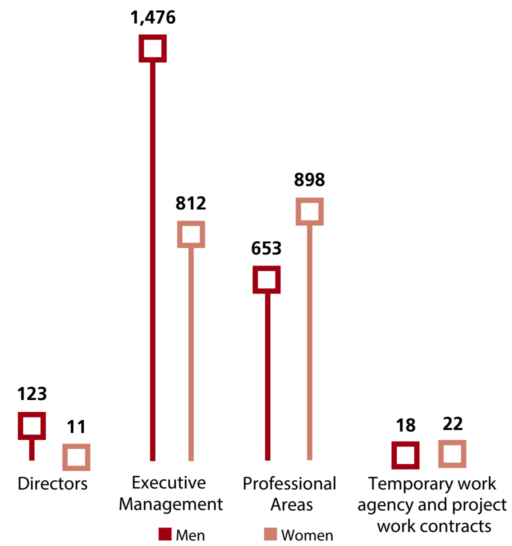
57% Men

43% Women



EMPLOYEES BY CATEGORY AND GENDER

3% Directors
57% Executive Management
40% Professional Areas



Staff contracts

98.4% of Group staff were employed on open-ended contracts.

	MEN			WOMEN			TOTAL		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Open-ended	2,237	1,696	1,750	1,710	1,389	1,411	3,947	3,085	3,161
Fixed-term	8	1	-	8	2	-	16	3	-
Apprenticeship contracts	7	-	-	3	-	-	10	-	-
Temporary work agency and project work contracts	18	17	7	22	18	11	40	35	18
Total	**2,270**	**1,714**	**1,757**	**1,743**	**1,409**	**1,422**	**4,013**	**3,123**	**3,179**

	ITALY			OUTSIDE ITALY			TOTAL		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Open-ended	3,416	2,779	2,851	531	306	310	3,947	3,085	3,161
Fixed-term	-	2	-	16	1	-	16	3	-
Apprenticeship contracts	10	-	-	-	-	-	10	-	-
Temporary work agency and project work contracts	36	35	18	4	-	-	40	35	18
Total	**3,462**	**2,816**	**2,869**	**551**	**307**	**310**	**4,013**	**3,123**	**3,179**

Full Time/Part Time Split

A total of 311 employees, amounting to approximately 7.7% of all staff, were on part-time contracts.
Women accounted for 85.5% of them, as this type of contract appeals to them due to the flexibility it offers them in organising their work and meeting family commitments.

	MEN			WOMEN			TOTAL		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Full Time	2,225	1,683	1,743	1,477	1,200	1,188	3,702	2,883	2,931
Part Time	45	31	14	266	209	234	311	240	248
Total	**2,270**	**1,714**	**1,757**	**1,743**	**1,409**	**1,422**	**4,013**	**3,123**	**3,179**

Personnel by age group

Personnel aged 50 or under accounted for 56.5% of all staff at the end of 2021. 52.6% of employees were in the 30 to 50-year-old age group.

	DIRECTORS			EXECUTIVE MANAGEMENT			PROFESSIONAL AREAS			TEMPORARY WORK AGENCY AND PROJECT WORK CONTRACTS			TOTAL		
	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019
Under 30	-	-	-	-	-	2	139	53	70	19	17	7	158	70	79
30 to 50	33	20	21	1,009	821	804	1,046	785	768	21	18	10	2,109	1,644	1,603
Over 50	101	69	72	1,279	1,048	1,112	366	292	312	-	-	1	1,746	1,409	1,497
Total	**134**	**89**	**93**	**2,288**	**1,869**	**1,918**	**1,551**	**1,130**	**1,150**	**40**	**35**	**18**	**4,013**	**3,123**	**3,179**

Average age of personnel

	2021	2020	2019
Men	48	49	49
Women	47	47	47
Directors	54	54	54
Executive Management	51	51	51
Professional Areas	43	44	43

48 years

Average age of personnel

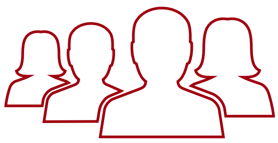
Personnel by length of service

The largest group, in terms of length of service, was the general staff with more than 20 years of service, who accounted for 42.6% of all employees. 28.7% of employees had between 10 and 20 years' service, the remaining 28.7% had under 10 years' service.

	DIRECTORS			EXECUTIVE MANAGEMENT			PROFESSIONAL AREAS			TEMPORARY WORK AGENCY AND PROJECT WORK CONTRACTS			TOTAL		
	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019
Up to 5 years	28	12	11	304	231	230	511	326	313	40	35	18	883	604	572
5 to 10 years	9	7	7	107	46	44	153	114	116	-	-	-	269	167	167
10 to 15 years	15	12	13	266	221	212	342	246	249	-	-	-	623	479	474
15 to 20 years	32	27	26	336	342	339	162	163	173	-	-	-	530	532	538
20 to 25 years	20	7	10	375	219	221	135	61	62	-	-	-	530	287	293
Over 25	30	24	26	900	810	872	248	220	237	-	-	-	1,178	1,054	1,135
Total	**134**	**89**	**93**	**2,288**	**1,869**	**1,918**	**1,551**	**1,130**	**1,150**	**40**	**35**	**18**	**4,013**	**3,123**	**3,179**

Average length of service of personnel

	2021	2020	2019
Men	18	19	19
Women	18	19	19
Directors	17	19	19
Executive Management	21	22	22
Professional Areas	13	15	15



18 years

Average length of service

Education

51.6% of staff have a university degree and/or postgraduate qualification.

	MEN			WOMEN			TOTAL		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Degree, Masters or Diploma	1,163	907	908	907	713	709	2,070	1,620	1,617
Secondary School	838	726	770	728	643	660	1,566	1,369	1,430
Other	269	81	79	108	53	53	377	134	132
Total	**2,270**	**1,714**	**1,757**	**1,743**	**1,409**	**1,422**	**4,013**	**3,123**	**3,179**

TURNOVER

During 2021, 1,171 people joined the company, 76 of whom involved transfers from companies within the Intesa Sanpaolo Group, while 96 were newly-appointed resources hired in the market. Most of the incoming staff, amounting to 999 employees, were staff from IW Bank, from the UBI Top Private business unit and from the Reyl Group.
Of these employees, 62.3% were men and 37.7% women.

A total of 281 employees left their posts, 63 as a result of transfers within the Intesa Sanpaolo Group and 218 due to termination of service. 61.9% of those leaving were men and 38.1% women.

Turnover by geographical area

	2021				2020				2019			
	JOINING		LEAVING		JOINING		LEAVING		JOINING		LEAVING	
	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%
Italy	822	23.7	181	5.2	118	4.2	170	6.0	150	0.1	302	10.5
Outside Italy	349	63.3	100	18.1	17	5.5	21	6.8	22	7.1	26	8.4
Total	**1,171**	**29.2**	**281**	**7.0**	**135**	**4.3**	**191**	**6.1**	**172**	**5.4**	**328**	**10.3**

Turnover by age and gender

	2021				2020				2019			
	JOINING		LEAVING		JOINING		LEAVING		JOINING		LEAVING	
	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%
Men	730	32.2	174	7.7	88	5.1	131	7.6	91	5.2	188	10.7
Women	441	25.3	107	6.1	47	3.3	60	4.3	81	5.7	140	9.8
Total	**1,171**	**29.2**	**281**	**7.0**	**135**	**4.3**	**191**	**6.1**	**172**	**5.4**	**328**	**10.3**

	2021				2020				2019			
	JOINING		LEAVING		JOINING		LEAVING		JOINING		LEAVING	
	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%
Under 30	117	2.9	8	0.2	26	0.8	6	0.2	22	0.7	14	0.4
30 to 50	680	16.9	123	3.1	67	2.1	58	1.9	108	3.4	131	4.1
Over 50	374	9.3	150	3.7	42	1.3	127	4.1	42	1.3	183	5.8
Total	**1,171**	**29.2**	**281**	**7.0**	**135**	**4.3**	**191**	**6.1**	**172**	**5.4**	**328**	**10.3**

Positive turnover (joined in 2021/staff at beginning of year) was 37.5%, while negative turnover (left in 2021/staff at beginning of year) was 9%. Total staff turnover (joined+left/average staff) was 36% in 2021 (29% in Italy and 79.3% outside Italy).

Net of the 999 incoming staff as a result of non-recurring transactions, the positive turnover rate (joined in 2021/staff at beginning of year) was 5.5%, while the total staff turnover (joined+left/average staff) was 11.2%, (9.3% in Italy and 23.3% outside Italy).

The Group companies outside Italy do not have any internal policies regarding the nationality of recruits or that favour local people.

CAREER DEVELOPMENT

Career development is focused on merit, assessed in relation to results achieved, competencies possessed and individual ability.

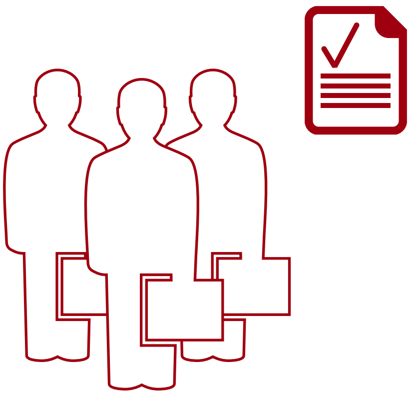
Where higher-level appointments are concerned, the management competencies possessed are assessed prospectively to ensure they are aligned with the related job requirements and accompanied by appropriate abilities and attitudes.

Career development

	2021 (*)					2020					2019				
	MEN	%	WOMEN	%	TOTAL	MEN	%	WOMEN	%	TOTAL	MEN	%	WOMEN	%	TOTAL
Promotions to Director	5	4.9	1	1.3	6	-	-	1	1.3	1	1	1.5	1	1.6	2
Promotions within Executive Management	62	61.4	39	50.6	101	14	20.9	7	9.1	21	27	40.3	25	39.7	52
Promotions to Executive Management	15	14.9	13	16.9	28	8	11.9	13	16.9	21	18	26.9	12	19.0	30
Promotions within Professional Areas	19	18.8	24	31.2	43	45	67.2	56	72.7	101	21	31.3	25	39.7	46
Total	**101**	**100**	**77**	**100**	**178**	**67**	**100**	**77**	**100**	**144**	**67**	**100**	**63**	**100**	**130**

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

Employees on open-ended contracts who are not in managerial assessment systems undergo an annual performance review if they have been present for a period of more than 110 working days in the base year.



CONTRACTUAL RELATIONS

The National Collective Bargaining Agreement covers all our employees in Italy, who account for 86% of total Group staff.

The Italian companies in the Group adhere to the following collective bargaining agreements:

- Agreement for senior managers employed by credit, financial and operating institutions (approximately 2.9% of employees).
- Agreement for executive managers and professional area personnel employed by credit, financial and operating institutions (approximately 97.1% of employees).

In Italy, collective bargaining agreements provide for the prior information of and consultation with workforce representatives in cases of significant restructuring, with a procedure both within the company and a Group level with a total duration of 50 days.

The basic remuneration of women provided for by the National Collective Bargaining Agreement does not differ from that paid to men where either grading or seniority is concerned.

The minimum remuneration applicable in the Group for new recruits is likewise that provided for by the sector National Collective Bargaining Agreement for the different personnel categories in question. Outside Italy, they are aligned with the regulatory provisions and cost of living in the countries concerned.

RELATIONSHIPS WITH TRADE UNION ORGANISATIONS

In 2021, information and discussion meetings, focusing on matters of specific company interest, were held with the Trade Union Organisations.
We held the periodic (six-monthly and annual) meetings provided for in the National Collective Bargaining Agreement and in the Group Agreement to present our corporate data and position, and also specific problems were addressed regarding staff and work organisation in the local meetings held in accordance with the said Agreement.
New agreements were signed in 2021 relating to second-level collective bargaining in the Intesa Sanpaolo Group and the harmonisation of staff coming from UBI. These provide for a complex series of measures in support of the Group's employees and their families, such as, for example, in the area of work-life balance: a Time Bank that builds up a pool of paid leave contributed in part by the Group and in part by employees in the form of voluntary time donations for the benefit of colleagues who may need to take more than the contractual supplementary leave to cope with serious personal and/or family situations; measures to support parenting and family needs through incentives to take paternity leave, leave to assist children with specific learning disorders in their school activities, and voluntary additional leave at 35% remuneration up to a maximum of 15 working days; leave for personnel with serious diseases to attend specialist medical appointments; the introduction of the Pacchetto Giovani (Youth Package), containing specific measures for staff hired with open-ended contracts in professional areas, who were under 30 years of age at the time they were hired; flexible working from home, from Group hubs closer to home or at customers. On this point, in the face of contingencies related to the well-known Covid-19 pandemic emergency which imposed higher levels of safety, the use of flexible working among the workforce was particularly encouraged by the Company.
Second-level collective bargaining also fosters inclusion initiatives to prevent bias, abuse and discrimination on the grounds of gender, age, ethnicity, religion, political and trade union membership, sexual orientation, language and disability.
The Group is committed to eliminating discrimination and guaranteeing equal opportunities at work and in relations between people in the company, and to developing tools for sharing information, exchanging experiences, supporting and providing opportunities for discussion and integrating staff.
Special attention is paid to ensuring proper and careful management of staff with disabilities from the moment they join the company, including through specific training courses and the adoption of measures to ensure their organisational and personal well-being.
Approximately 46.7% of staff were members of a trade union.
Employees spent the equivalent of 3,405 working days on trade union activities in 2021.
The Group's regulations - in line with those of the Intesa Sanpaolo Group - improve on the provisions of Italy's national collective bargaining agreements. In particular, there are special provisions regarding flexible working hours, reduced lunch breaks, area mobility, leave for family/personal or study reasons, part-time employment, pensions and insurance.

Disciplinary actions

	2021 (*)	2020	2019
Written warning and verbal or written reprimand	10	9	17
Reduction in pay	-	-	-
Suspension from service without pay (from 1 to 10 days)	9	4	7
Dismissal for cause or justified reason	1	4	1
Disciplinary penalties for corruption of colleagues	-	-	-
Dismissals for corruption	-	-	-

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

VULNERABLE EMPLOYEES

Staff belonging to categories of vulnerable persons as defined by Italian Law No. 68/1999 totalled 222, broken down as follows:

	2021	2020	2019
Disabled	179	154	152
Other	43	38	41
Total	**222**	**192**	**193**

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

Approximately 3,371 days of leave were granted in the year to employees with serious illnesses or to care for family members with serious diseases.

NEXT WAY OF WORKING

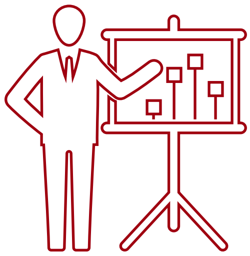
In the context of Covid-19, also in 2021, the Group ensured safe working conditions for its people by accelerating digitalisation and reviewing, also with a view to business continuity, organisational processes and regulations, as well as technological and IT measures, to enable the extension of smart working in the Group.

As part of this effort, a programme called 'Next Way of Working' was launched, which, in addition to the training tools already supporting it, launched digital initiatives to raise awareness among staff (managers and professionals), with concrete tips and good practices for the adoption of inclusive behaviour in a context of widespread remote working. Since the end of the lockdown, however, a percentage of staff was expected to return to the office to allow the respect of social distancing, favouring voluntary choice by colleagues; in the post-emergency period, it will be possible to continue to apply the provisions of the company agreements of 2014/2015 and of the 2019 National Collective Bargaining Agreement on remote working, confirming the voluntary nature of the choice and use of this way of working.

DEVELOPMENT OF HUMAN RESOURCES

166,300 (*)
Training hours

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



In 2021, in order to consolidate the ability of people to influence the company's growth process, an important cultural renewal project was launched in the Division, which was pursued mainly through two lines of action: the first aimed at further building the corporate identity starting with the identification of its own Values and a distinctive and shared Purpose, the second through the strategic project "Digital Evolution", aimed at broadening within the organisation the sensitivity for and vision of the major changes introduced by the digital channels, with a view to stimulating the understanding of the advantages and benefits not only in a professional context, but also in broader areas of social life and relationships. This path of change, undertaken with determination despite a particularly critical landscape due to the health emergency, also proved to be instrumental to the action of consolidating the Division's leadership, favouring the effective integration within it of important external financial players and the implementation of the project aimed at developing an increasingly significant and articulated presence outside Italy.

The overview below summarises the main training activities:

ACTIONS TO SUPPORT THE MERGER OF UBI AND IW BANK

The acquisition of UBI by the Intesa Sanpaolo Group required the implementation of a plan of action aimed at facilitating the inclusion of resources intended for the Private Banking Division, making it easier for them to become acquainted with the new professional context. All the resources benefited from the following actions:

- Online meetings, divided into gradual stages of in-depth analysis, ranging from the representation of the company's organisational structure to the focus on specific contents/processes related to the respective areas to which the figures involved were assigned.
- Individual or small group coaching, both face-to-face and online, essential for an effective understanding of operational activities, with particular reference to tools, procedures and regulations. This line of action proved to be of fundamental importance for those in charge of commercial areas, ensuring continuity and quality in customer relations during the delicate phase of organisational transition.
- Consultation spaces in specific sections of the company intranet for materials related to the above training activities.
- Learning paths on the Group's digital platform, with the possibility of using, right from the start of the integration process, both the mandatory cross-cutting contents and those more closely linked to specific job requirements. Management figures were also been enabled to access the APP "Scuola dei Capi" (School of Managers).

DIGITAL EVOLUTION

The rapid and constant increase in the use of virtual methods in a large part of professional processes and social interactions led the Group to launch a major project for all head office and network staff, based on a wide-ranging plan of actions aimed at spreading digital culture and knowledge. The project activities, which began in May following a survey open to the entire population of the Division (about 9,000 people), with the aim of taking a snapshot of the level of internal sensitivity on the digital issue, provide for the cross-cutting involvement of employees and financial advisers in the following types of initiatives:

- Leadership Program: a series of meetings for head office and network managers on the key topics of digital transformation in the financial and social spheres, with the participation of speakers who are experts in the subjects covered and testimonials of entrepreneurial success stories.
- Masterclass: in-depth courses for people with roles in which digital design is particularly important, also in relation to business development.
- Digital ABC: an initiative aimed at disseminating a homogeneous digital culture, through online seminars and the provision of online training materials on Apprendo.

In the last phase of the plan, which is scheduled to end in October 2022, Hackstorm and Prototyping activities are planned, aimed at concretely translating the ideas and input from the training cycle into new services/products to be adopted in the business activity.

MANAGEMENT TRAINING PROGRAMMES

In the course of 2021, a series of actions were carried out for Management, including:

- Focus on ESG for Top Management, 6 meetings organised in collaboration with Intesa Sanpaolo's Institutional Affairs Department, to explore issues relating to sustainability in financial services with particular reference to the evolution of EU legislation on the subject.
- Inclusive Leadership, a Diversity & Inclusion initiative, which was gradually extended to a growing number of managers in the Division.
- Digital Shadowing, a type of action that has become an established and increasingly important part of the training offer for the managerial population with the aim of enhancing their ability to exercise leadership in a landscape where virtual relations have become more frequent than physical interactions.
- Coaching, aimed at rapidly tapping the leadership and potential of managers and talent, which was enriched with new formats, such as Intensive coaching conversations, a path included both within the Take care of initiative for the onboarding of former UBI managers, and in the Learning journey dedicated to new heads. Again in 2021, this tool was also concretely applied in the Division, through the involvement of its own managers in individual courses and the creation of team coaching for the management of Siref Fiduciaria.
- Fostering of female talent, an area to which the Group has confirmed its utmost attention, taking part in initiatives promoted by Intesa Sanpaolo in partnership with prestigious external institutions, aimed at managers and figures on the rise:
  - Female Acceleration Leadership for women leaders.
  - YEP - Young Women Empowerment Program that fosters women managers and senior professionals in their roles through mentoring, for the benefit of female university students in southern Italy.
  - Gender differences and female empowerment, dedicated to professionals with potential.
- Digital Talks, live online meetings with experts in the field of organisation, economy and culture, aimed at increasing the management's understanding of external scenarios, learning how to grasp the implications and possible opportunities in the exercise of one's role.

PROFESSIONAL DEVELOPMENT INITIATIVES

Professional development initiatives included:

- Cybersecurity Awareness Plan, based on a certification process involving a core group of resources from the corresponding head office unit, with the aim of maximising in-house expertise in information security.
- Diversity&Inclusion, a theme at the heart of initiatives carried out by Intesa Sanpaolo, to which the Division has firmly adhered in order to foster the highest level of awareness and commitment within its own ranks:
  - #Iamremarkable, to enhance awareness of one's own value and self-advancement ability.
  - Riprendiamo il filo (Let's pick up the thread again), to support colleagues returning from long periods of leave (maternity and other reasons).
  - Courses on recognising and managing sexual harassment, with a focus on its psychological aspects.
- Product Governance Processes, an initiative launched by Intesa Sanpaolo, in compliance with the instructions of the European Central Bank, to consolidate the knowledge of the figures involved in the operational and regulatory steps governing both the approval of new products/services and the modification of existing ones, also through the use of the dedicated application (WEPOG).
- Professional enhancement for branch assistants of Intesa Sanpaolo Private Banking, aimed at boosting the ability to oversee the business, through:
  - Quality of operations in Intesa Sanpaolo Private Banking: operations and procedures.
  - Pledge and collateral in Private Banking.
- Language training, continued at an intensive pace both individually with a teacher (distance learning) and via the Apprendo platform (English, French, German, Spanish, Portuguese and Italian for foreigners).
- Compliance, through the usual incisive action to raise awareness and keep abreast of regulatory issues that have particular implications in professional operations. The activities, which were delivered by distance learning (Apprendo platform and remote classrooms), mainly concerned the following areas of study:
  - Anti-money laundering, with the regular implementation of the actions planned in the 2020-2022 three-year plan;
  - Whistleblowing, through seminars for those in charge of this area in the Division;
  - Consob/IVASS, for those carrying out activities related to the provisions of the respective regulations;
  - Legislative Decree 231/01, with the release of contents in line with the updates of the regulations. In addition, a specific initiative was prepared for Fideuram Bank (Luxembourg), conducted by the head of the Division's Legal Department, on the responsibilities under 231/01 in relations between Parent Company and Subsidiary;
  - Cybersecurity, whose topics, due to the speed of change that characterises them, have required the

- creation of new and increasingly targeted training materials;
- Ethical orientation, through specific focus on important ethical aspects in the corporate environment;
- Legislative Decree 81/08, which has seen the intensification of activities for figures with duties in this area.

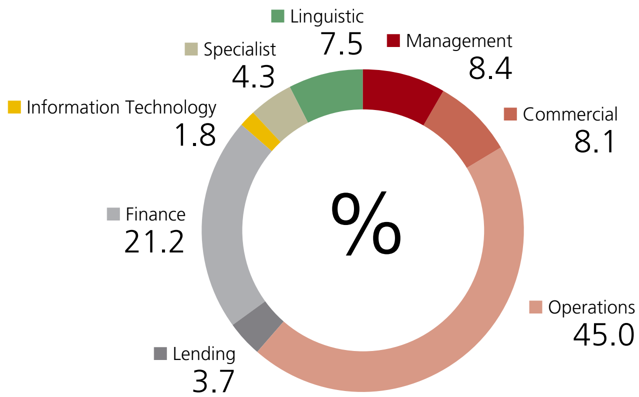
• HR School, training activities continued for colleagues in the Group's HR units, aimed at providing them with knowledge on policies, development processes and operational tools to effectively support them in their management roles.

• Specialisation courses, promoted both by Intesa Sanpaolo and directly by the Division and reserved mainly for figures engaged in activities of particular professional complexity. Specifically, it is worth mentioning the participation in Executive Master's courses and high-level training initiatives at industry associations, prestigious universities and international partners, aimed at developing distinctive skills and experience in private banking, asset management and strategic finance, and at maintaining a constant dialogue within professional and academic communities and networks.

• Creation of training materials for the Apprendo platform, to which the Division contributed with the participation of its own resources who had the necessary skills to make and validate the teaching contents.

In addition, dedicated induction training programmes are provided for new staff, and targeted refresher training programmes are provided for staff who are changing positions.

Training by subject matter



Training by type of delivery

	2021	2020	2019
Class-based training	24,199	11,410	40,814
Distance learning	142,101	122,833	102,018
Total hours of training delivered	**166,300**	**134,243**	**142,832**
Participants	3,599	3,042	3,015
Average hours per participant	46	44	47

Training by category and gender

(average hours per person)

	2021	2020	2019
Directors			
Men	46	36	40
Women	15	54	67
Executive Management			
Men	56	51	55
Women	49	46	54
Professional Areas			
Men	36	36	35
Women	37	37	35

Health and safety training

	2021	2020	2019
Training hours	12,109	5,410	4,022
Participants	1,778	980	752

Dedicated corruption prevention training

	2021		2020		2019	
	NUMBER	%	NUMBER	%	NUMBER	%
Directors	31	23.1	18	22.2	57	61.3
Executive Management	429	18.8	382	20.4	1,743	90.9
Professional Areas	1,052	23.0	340	30.1	970	84.3
Training hours	801		737		10,453	
Participants	817		740		2,770	

Training on Italian Legislative Decree No. 231/2001

	2021	2020	2019
Training hours (No.)	16,483	14,065	12,592
No. of participants	3,252	2,660	2,422

VALUE & PURPOSE

Value & Purpose is an intense action to strengthen the Division in terms of enhancing the human and intellectual capital of its people, with the aim of fostering the highest level of involvement and awareness in the pursuit of the company's important development objectives.
The Division's management decided to activate an intervention of strong development and cultural change, activating a project to successfully face an external context increasingly characterised by speed of change and innovative challenges.

The Private Banking Division is an aggregate of different organisational entities. The project was created with the aim of bringing together the distinctive traits of the different corporate "souls", in order to promote a virtuous integration through mutual recognition, the sharing of goals and the enhancement of specificities, identifying a single corporate "purpose" in which everyone can identify themselves as a person and professional.
The project work, anticipated by an analysis based on interviews and focus groups, was organised in a plan of meetings in the form of "workshops" conducted by Hermes Consulting, a qualified strategic consulting company, initially involving a group of about forty managers, representative of the various companies and professional profiles of the Division (employees and financial advisers). Subsequently, with a view to inclusion and expansion of contributions, it saw the participation of figures from UBI and IW Bank. In addition, a group of young colleagues with particularly interesting professional profiles was also included in the early stages of the project.

The project saw:
- **People involved:** 140, including 70 head office managers, 35 network managers and 35 young people.
- **Working groups started:** 10.
- **Project meetings held:** more than 50, including plenary and "working group" moments.

After involving all Division Managers in December 2021, it was then the turn of all the people in the Division, through a cascade plan, the driving force behind which is some 300 in-house "ambassadors".
The initiative will directly reach 9,000 employees and financial advisers.

EMPLOYEE HEALTHCARE, PENSIONS AND SERVICES

In line with Intesa Sanpaolo practice regarding human resource management policies and related tools, we offer a complete spectrum of benefits and concessions, including:

- supplementary pension scheme;
- supplementary health care;
- accident insurance covering activities at work and outside work;
- company obligations in the event of the death in service or total permanent disability of employees;
- special staff conditions for bank transactions and loans.

Further improvements in health care benefits were made in 2021, such as the reduction of employee deductibles for health care benefits, the inclusion of spouses and life partners in long-term care coverage, the provision of subsidised packages for preventive care and supplementary pension plans, such as an increase in the company's contribution and the creation of a welfare contribution for dependent children.
The Group includes company welfare in its internal regulations, offering its employees flexible work solutions such as leave, parental leave, flexible start and finish times, part-time work, flexible working and a time bank. Provision is also made for special economic terms and benefits, including for families of children with disabilities and for recreational and sports clubs.
These benefits are the same for full-time and part-time employees.

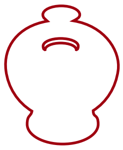
Parental leave

	2021 (*)	2020	2019
Number of employees who took parental leave	46	47	45
Men	-	13	10
Women	46	34	35
Number of employees who returned at end of leave	32	33	41
Men	-	11	10
Women	32	22	31
Number of employees who returned and were still employees of the bank for the next 12 months	30	38	47
Men	8	9	9
Women	22	29	38
Parental leave return rate	33	35	41
Men	-	11	10
Women	33	24	31
Retention rate of returned employees who were still employees[2]	97%	94%	100%
Men	-	100%	100%
Women	97%	92%	100%
Retention rate of returned employees from maternity leave who were still employees[2]	91%	93%	98%
Men	73%	90%	100%
Women	100%	94%	91%

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

1. Calculated as the number of employees who returned to work at the end of their leave over the number of employees who took parental leave.
2. Calculated as the number of employees who took parental leave in the previous year, returned to work in the subsequent 12 months and were still employees in the base year over the number of employees who took parental leave in the previous year.

SUPPLEMENTARY PENSION FUNDS

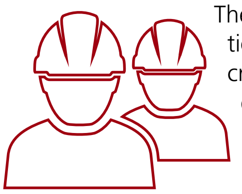


Almost all the employees of Fideuram and the Italian companies in the Group pay voluntary contributions to Supplementary Pension Funds.

The supplementary pension scheme offers employees the benefits of company contributions, the option of early withdrawals and tax relief at the marginal rate on contributions paid.

Outside Italy, the subsidiaries Fideuram Asset Management (Ireland) and Fideuram Bank (Luxembourg), Intesa Sanpaolo Private Bank (Suisse) Morval and Reyl have each set up a supplementary pension scheme for their employees. The related group policies, which comply with all the relevant local supplementary pension scheme legislation, have been taken out with life insurance companies authorised to operate in Ireland, Luxembourg and Switzerland.

HEALTH AND SAFETY



The Group's commitment to occupational health and safety starts with the creation and management of working environments to ensure respect for all the relevant regulations and standards, including full compliance with current legislation. The Safety and Protection Department is the unit which, within Intesa Sanpaolo, supervises health and safety activities also for the Fideuram Group and is responsible for ensuring the correct application of health and safety regulations in the workplace and environmental protection.

The health and safety risk management activity consists of the following phases:

- identification of hazards and their classification;
- risk assessment;
- identification and preparation of prevention and protection measures and procedures;
- definition of a plan of action within the framework of a programme to ensure the improvement of safety levels over time, with identification of the company units responsible for their implementation;
- implementation of the actions planned under the programme;
- definition of information and training programmes for employees;
- verification of the implementation of the programmes and monitoring of the application and effectiveness of the measures taken;
- management of residual risks.

The relevant Intesa Sanpaolo unit, in a centralised manner for the entire Group, working alongside the Employer, with the collaboration of the Head of the "Prevention and Protection Service" and the company doctors, after consulting the Workers' Safety Representatives, draws up and keeps the Risk Assessment Document up to date.

The assessment and the related document are updated in relation to technical developments as well as to significant changes in the production process and in the organisational structure of the company that affect workers' exposure to risk. This commitment was fulfilled, also in 2021, by making the updated document available to all employees.

Following a trade union agreement, new Group Safety Representatives (RLS) were elected in December 2021, whose areas of competence are defined on a territorial basis. There are 100 new employees representing almost 100% of the workers. Specific training courses are held each year to update the employees who carry out this role. All the activities carried out made it possible to make the procedures for consultation and participation in the overall health and safety management system fully operational, as required by law. Also in 2021, risk assessment was strongly impacted by the Covid-19 pandemic and the consequent implementation of biological risk assessment: the activity of constant assessment of the constantly evolving national legislation, to which full compliance has always been guaranteed, was crucial. For the risk assessment during the pandemic, the Safety and Protection Department relied on the Group's company doctors coordinated by the Director of the Occupational Medicine Unit of the Fatebenefratelli Sacco Local Health Agency and the Director of Coordination of Outpatient Occupational Medicine Activities of the Città della Salute e della Scienza University Hospital of Turin; in addition, for aspects relating to plant and environmental conditions and protection systems, it relied on professors from the Department of Public Health Sciences of the University of Turin and the Department of Medical and Surgical Sciences of the University of Bologna. Actions were therefore taken to prevent the risk of SARS-CoV-2 infection in the workplace and to help prevent the spread of the epidemic. These measures can be classified as follows: organisational; prevention and protection; specific measures to prevent epidemic outbreaks. Among the behavioural measures, hygiene and behavioural standards were introduced, informing and empowering staff by means of appropriate signs, guidelines, videos, infographics and links, as well as providing support such as sanitary devices and Personal Protection Devices (PPD) according to principles of rationality and progressiveness and establishing diversified kits for sites open to the public to meet the need to have a relationship with customers. As organisational measures to ensure the reduction of contacts and social distancing, specific closures and reopening of offices, flexibility in entry and exit times, as well as shifts, the extension of flexible working from home and the digitalisation/remotisation of activities for staff were implemented. For customers, it has been introduced entrance quotas, reception by appointment, the definition of essential transactions that can be carried out in person and the extension of multi-channel services, while for suppliers and consultants we implemented new procedures for the management of entrances, interference and the Interference Risk Assessment Report (DUVRI). The per capita space available to all personnel was increased by means of spacers and a reduction in the number of workstations, conditions for the forming of crowds were eliminated, providing precise rules and prohibitions for meetings, events and access to company canteens, and precise rules and restrictions were adopted for mobility to and from areas at greater epidemiological risk in terms of travel and missions. Among the technical measures, precise provisions were defined for environmental hygiene, including daily cleaning and sanitisation of workplaces, and sanitisation and management of air treatment systems. In addition, the Company Emergency Plan, and intervention and first aid procedures were updated, positions of responders in branches and head office buildings were filled, and the annual drill both for fire prevention in all Group offices and for earthquake in offices in seismic zones 1 and 2 was also organised while ensuring the utmost safety.

As a training and information measure, a section dedicated to Covid-19 was created on the home page of the company intranet, which brings together the regulations issued, material produced by the OMS, Italian National Health Institute (ISS) and other authoritative institutional and health sources, guidelines for safe flexible working, a guide on the perception and management of Covid-19 risk, manuals for the management of work environments and for behaviour to be adopted during work activities, infographics, videos and information series on how to take care of one's own health and on managing digital work. Courses were also delivered (for remote sessions only) on:

- the measures introduced at the company for the Covid-19 emergency;
- the management of triage activity, upon the identification of Covid-19 cases among staff;
- the amendment of the emergency plan and response procedures for the Covid-19 emergency;
- basic training and periodic updates for employees and supervisors;
- basic fire prevention training for emergency responders in low fire risk buildings;
- periodic fire prevention training for emergency responders in buildings with low and medium fire risk;
- basic theoretical first aid training for emergency responders;
- training on specific risks (radon and asbestos).

Among the medical measures, the support of the company doctors was enhanced in order to minimise the impact of new cases in the company, identify the staff to be put on leave, provide general medical information to all the staff and assess return to work. Case management was introduced with a precautionary and preventive approach through epidemiological analysis of territorial areas with identification of the areas at greatest risk, analysis of possible, suspected and confirmed cases in abstention or illness, and identification of close contacts to be placed in abstention from work. Measures were introduced to protect vulnerable staff in the event of infection, with abstention from work (except for flexible working from home) for people with severe motor or sensory disabilities, immunodeficiency diseases, chronic illnesses, multiple morbidities, pregnant and breastfeeding women, elderly people and people with disabilities. Psycho-social support measures were implemented, with specialist psychological debriefing activities for work groups affected by Covid-19 cases, psychological support for people with infections and listening and support initiatives for all staff.
Outside Italy, during the Covid-19 emergency and during 2021, the health and safety contact persons of the Group's international units were involved in order to disseminate the management protocols of the measures to be carried out in line with the epidemiological development in the various contexts, the Group standards and the local requirements of each country. Despite the many situations to be dealt with, the creation of the network of contact persons and the use of collaboration spaces for the timely sharing of updates and communications contributed to the management of the pandemic also at an international level.

COVID-19 EMERGENCY MANAGEMENT AT THE COMPANY

The process of management and activation of support for employees affected by Covid-19 provides for an initial phase of taking charge of all the reports of cases and contacts already defined by the Italian National Health Service or presumed such, received from employees, staff managers and persons in charge at the various units. The Safety and Protection staff, with the support of the company doctors, carries out the triage activity, classifying the cases and contacts, acknowledging the indications of the Italian National Health Service (local health agencies, treating physicians, etc.) as well as searching for and identifying possible cases and possible close contacts among staff with symptoms and among staff who have had contacts, in a preventive and collaborative manner with respect to the search for cases by the Italian National Health Service. Once cases and contacts have been identified, information is given both to the staff and units involved, and to the relevant local health agency departments, sanitisation measures are activated where necessary, collective briefings are held with the affected units, and for cases in which the event was considered particularly traumatic, collective debriefings are organised for psychological support with psychologists. At the end of the abstention for cases and contacts, fitness for return to work is regularly checked by the company doctors. In order to monitor the level of epidemiological risk, the Group created a 'contagion monitoring model' to protect employees with a precautionary and preventive approach, in view of the phases following the lockdown. The model was built based on the government's risk matrix, which consists of three macro indicators (monitoring capacity and surveillance and data collection systems of the Italian National Health Service, diagnostic capacity, investigation and contact tracing and transmission stability and resilience of Health Services). Its results are used as input, integrating some specific and significant indicators for the Group. The result is a model that makes it possible to monitor the evolution of the level of risk for the Group relative to each province: measures taken following a critical assessment by management are linked to each level of risk and make it possible to identify, formalise and determine preventive measures to respond to the evolving situation. Intesa Sanpaolo supported research on Covid-19 by the State University of Milan at the Sacco Hospital. Specifically, since the early days of the lockdown, the Innovation Center has supported the research activities of the Infectious Diseases Laboratory of the State University at the Sacco Hospital to:

- reconstruct the spread of the infection in Italy and Europe;
- identify and analyse mutations in viral genes, to identify possible effects on virulence;
- manage and organise the analysis of an exceptional amount of data from the laboratories of the Sacco Hospital network.

Among the main results, the publication of a scientific paper in the international medical journal Viruses, which made it possible to observe that almost all the viruses in Italy belong to the B.1 lineage, which then became the most widespread in the world and that it is very likely that the virus has reached Italy at least one month before the description of the first cases and to estimate the transmissibility parameters. During the pandemic, the Intesa Sanpaolo Group also supported numerous hospitals throughout Italy.

ADOPTION OF DEVICES FOR RAPID TESTING OF PEOPLE IN THE GROUP

Rapid testing of employees was successfully tested to the satisfaction of the staff involved. In the current pandemic context of Covid-19, characterised by an increase in the need for diagnostic tests that guarantee rapid response times and ease of management, the introduction of rapid tests on nasopharyngeal swabs is considered a valid tool for containing the spread of the virus and will serve in particular to speed up the identification of positive cases among symptomatic individuals and the testing of suspected cases and contacts. With the collaboration of the company RBM Salute, a model for the geographical coverage of rapid test devices was launched. Operational from January 2021, it was available on a voluntary basis to employees identified by the Safety and Protection Department and by the company doctors following the development of certain scenarios and triage activities.

CERTIFICATION OF THE OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

In 2021, the certification of the Occupational Health and Safety Management System as per the standard UNI ISO 45001: 2018 was confirmed. The audit activities involved a significant sample of branches and buildings and involved the main head office units, branch staff, company doctors, Workers' Safety Representatives and the staff of the maintenance and housekeeping firms. The certification achieved covers 100% of the Group's branches and buildings in Italy. In 2021, the anti-influenza and anti-pneumococcal campaign continued to be available for Group personnel: participation in the campaign was voluntary, with the possibility of receiving both vaccines or just one of them.

During 2021, at Fideuram Group level, a total of 62 inspections were conducted in the workplace aimed at the assessment of the risks to health and safety. During the year, 666 working days were lost due to work-related accidents involving 19 employees. Only 8 of these accidents happened in the workplace, while the remaining 11 happened while travelling between home and work.
No employees in the Group were engaged in professional activities where a high percentage of practitioners suffer from or are at a high risk of acquiring specific diseases.
There were no robberies on Fideuram premises in 2021.

Occupational Health and Safety: Accidents

	2021				2020				2019			
	ITALY		OUTSIDE ITALY		ITALY		OUTSIDE ITALY		ITALY		OUTSIDE ITALY	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Number of workplace accidents that can be reported	4	4	-	-	4	2	1	-	3	7	-	-
Rate of workplace accidents that can be reported (*)	0.25	0.31	-	-	0.32	0.18	0.57	-	0.20	0.60	-	-
Number of workplace accidents with grave consequences	-	-	-	-	-	-	-	-	-	-	-	-
Rate of workplace accidents with grave consequences	-	-	-	-	-	-	-	-	-	-	-	-
Number of deaths due to workplace accidents	-	-	-	-	-	-	-	-	-	-	-	-
Rate of deaths due to workplace accidents	-	-	-	-	-	-	-	-	-	-	-	-
No. of hours worked	3,143,250	2,569,050	602,250	306,900	2,479,950	2,166,450	348,150	158,400	2,550,900	2,182,950	348,150	163,350

(*) The rates are calculated based on 200,000 hours worked. The adopted standardisation factor of 200,000 is as provided for by the Global Reporting Initiative (GRI) and is derived from 50 working weeks at 40 hours per 100 employees.

There were no claims submitted for occupational illness or serious accidents suffered by employees, while the main accident cases refer to falls or slips on work premises.

3.8.5 **Relational** Capital

Relational capital includes the intangible resources referring to the Group's relations with key stakeholders, necessary to enhance its image and reputation with customers.

	2021	2020 (*)	2019 (*)
Fideuram and Sanpaolo Invest Networks - The average length of customer relationship (years)	13.2	13.3	13.2
Intesa Sanpaolo Private Banking Network - The average length of customer relationship (years)	15.4	13.5	12.8
IW Bank Network - The average length of customer relationship (years)	11.2	10.6	10.0
Customer requests (no.) (**)	4,430	3,795	3,267
Client Assets of in-house ESG products (€m) (***)	3,362	1,039	301

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

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

(***) Client assets of asset management products classified as Article 8 and Article 9 under the SFDR.

MATERIAL TOPICS	WHY TOPICS ARE MATERIAL	CORPORATE POLICIES
Management of customer portfolios Monitoring of Personal Financial Adviser-customer relations Reinforcement of customer retention measures **Customer satisfaction** Effective management of customer reports and complaints to improve service **Development of sales Networks and quality of service offered** Customisation of product offering to meet customer needs Prompt and effective response to customer needs Financial education and promotion of a culture for responsible investment management	One of the principal aims of the Group is to nurture its customer relationships and their satisfaction. In this context, monitoring complaints assumes strategic importance since it allows one to identify the reasons for dissatisfaction and the actions that should be taken to protect customer relationships. Greater awareness of customers' financial expertise also contributes to the dialogue between Personal Financial Advisers and customers. The Group believes it is important to disseminate financial literacy among its existing and potential customers. For this purpose, it promotes institutional events and personalised meeting events where specific financial facts and concepts are presented.	The Group believes that proper relations with customers must be founded on shared corporate values and on respect for human rights in all products and services provided to customers. The Group bases its customer relationships on the principles of fairness and transparency, placing them at the centre of its own approach to maintaining a constant dialogue to grasp their real expectations, dedicating special attention to including more vulnerable social classes in financial transactions. The right to Privacy of personal and sensitive data, to non-discrimination on the basis of gender, age, ethnicity, religion, political and trade union affiliation, sexual orientation and gender identity, language or different abilities, and the right to health and safety of customers, chosen according to their importance and interpreted within the corporate context, are integrated in the Code of Ethical Conduct and applicable corporate regulations. In compliance with Community and national regulations governing complaint management, customers may contact the Complaints Office with any complaints they might have.

CUSTOMERS

MAIN OBJECTIVES FOR 2021	ACTIONS AND RESULTS ACHIEVED
Further strengthening of the offer available to customers both through the growth of the investment solutions available in the Fideuram catalogue, and through the strengthening of the services that accompany them with a specific commitment concerning sustainable finance (ESG).	In 2021, the Group continued to strengthen its product and service platforms to come into line with the development in customer requirements and to seize the opportunities offered by the markets. The presence of solutions suited to meeting the sustainability needs expressed by customers, especially in the environmental and social areas, within Fideuram Multibrand, for Fideuram Folios and the Omnia discretionary accounts and for insurance products, was increased through a strong commitment to both implementation and product selection. This year too, a number of themes, funds and management skills were selected; on the services side, the forms of progressive entry were reinforced in order to cope with the greater observed and expected volatility.
Further enhancement of the service platforms to seize new opportunities on listed and private markets and meet the changing needs of Private Banking and HNWI customers.	In 2021, the main innovations that characterised the offer of alternative products included: FAI Progetto Italia 2021, the new alternative PIR created by Fideuram Asset Management SGR, in collaboration with Eurizon Capital Real Asset (ECRA), to allow investment in Italy's real economy in combination with the tax incentives that characterise alternative savings plans; Neva First, an alternative investment fund of Neva SGR, an Intesa Sanpaolo Group company specialising in the management and design of venture capital funds; Eurizon ITER Eltif, Eurizon Capital SGR's long-term European investment fund that invests in Italian infrastructure, both traditional (energy, transport, environment and IT) and non-traditional, and allows the formation of alternative individual savings plans; and Milan Urban Private Fund, a closed-end real estate investment fund, created by Castello SGR dedicated to Intesa Sanpaolo Private Banking's professional HNW customers. In the area of non-managed assets, participation in offers dedicated to professional customers continued.
Constant growth in the level of disclosures to customers.	In 2021, the Group continued to improve transparency and investor protection by enhancing the qualitative and quantitative level of information provided to customers in relation to the characteristics of the products and services provided and their costs, both at the proposal and reporting stages. In addition, controls were tightened to ensure that products correspond to the characteristics and target clientele at the distribution stage and throughout their life cycle. Lastly, training on sustainability issues was strengthened as part of the continuous and certified updating of the skills and knowledge of people involved in advisory activities and staff in contact with customers.

Continued overleaf >>

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MAIN OBJECTIVES FOR 2021	ACTIONS AND RESULTS ACHIEVED
Increase in the offering of products in response to the needs of safeguarding capital by customers.	In 2021, the search for solutions aimed at customers with the aim of protecting their invested capital continued, especially through the offer of Equity Protection Certificates issued by Intesa Sanpaolo. In particular, capital-protected structures on equity indices were created in collaboration with Solactive, a company specialised in the construction of indices, on highly topical themes and sectors such as, inter alia, 5G, the space economy and new mobility. Solutions were also sought that could also be suitable for customers who are more sensitive to sustainability factors, through the use of indices with ESG characteristics such as iStoxx Europe 600 ESG and MSCI ACWI Investable Market Innovation Quality Sustainable 100 select. In addition, the range of insurance solutions for customers with a focus on capital protection was expanded with the introduction of new Class I policies.
Distribution of Alfabeto Fideuram and expansion of the features geared to customers and Personal Financial Advisers.	In 2021, the roll-out of the new integrated platform of online services Alfabeto Fideuram was completed, which was made available to all individual customers both via the website and on the move with the three apps Alfabeto Banking, Alfabeto Trading and Alfabeto Patrimonio, improving operations and the way investment proposals are received.
The organisation of events online and locally, as compatible with the current health restrictions, dedicated to existing and potential customers and geared to developing a greater understanding of current issues, and providing insights into topics on financial education, with particular emphasis on the subject of sustainability.	During 2021, due to the continuing pandemic, customer events were mainly conducted on a remote basis. This gave continuity to the activities of promoting financial literacy and customer loyalty. The customer events were focussed on topical financial education issues such as sustainability and major social, economic, environmental and technological developments that are generating major global changes and on what strategies should be adopted for the future.

The Group has developed its own distinctive customer service model over the years, characterised by the completeness and quality of support provided. The Group principally operates in the Private Banking and High Net Worth Individual segments, providing a service that offers substantial added value in the form of advisory support delivered through highly-professional Personal Financial Advisers.
Analysis and a close understanding of our customers enable the Group to extend and develop its services in line with its customers' evolving needs.

CUSTOMER PROFILE

Fideuram and Sanpaolo Invest Networks

	2021	2020	2019
No. of Customers (thousands)	806	767	740
Client Assets (€m)	150,571	132,244	121,794

Intesa Sanpaolo Private Banking Network

	2021	2020	2019
No. of households (thousands)	49	38	38
Client Assets (€m)	149,983	115,428	111,854

IW Bank Network

	2021	2020	2019
No. of households (thousands)	139	144	143
Client Assets (€m)	12,702	12,975	12,801

CLIENT RETENTION RATE
95%

NEW CLIENT RATE
11%

Intesa Sanpaolo Private Banking - Brescia Office

DISTRIBUTION OF CUSTOMERS BY AGE

The age profile of our customers has not changed significantly in recent years, with the majority being in the 53 - 67 age group (33% of customers with the Fideuram and Sanpaolo Invest Networks, 27% with the Intesa Sanpaolo Private Banking Network and 31% with the IW Bank Network) and in the over-67 age group (30% of customers with the Fideuram and Sanpaolo Invest Networks, 51% with the Intesa Sanpaolo Private Banking Network and 18% with the IW Bank Network), segments of the population that combine high income with substantial assets and property.

Fideuram and Sanpaolo Invest Networks (*)

No. of Customers (thousands)

	2021	%	2020	%	2019	%
up to 32 years	79	10	70	9	65	9
33-42 years	81	10	76	10	73	10
43-52 years	131	17	131	18	133	18
53-67 years	257	33	245	33	235	33
over 67	235	30	224	30	215	30
Total (*)	**783**	**100**	**746**	**100**	**721**	**100**

(*) The figures do not include legal persons.

Intesa Sanpaolo Private Banking Network

No. of households (thousands)

	2021	%	2020	%	2019	%
up to 32 years	7	14	5	13	5	13
33-42 years	1	2	1	3	1	3
43-52 years	3	6	2	5	2	5
53-67 years	13	27	10	26	10	26
over 67	25	51	20	53	20	53
Total	**49**	**100**	**38**	**100**	**38**	**100**

IW Bank Network (*)

No. of Customers (thousands)

	2021	%	2020	%	2019	%
up to 32 years	8	6	8	6	9	6
33-42 years	22	16	25	17	27	19
43-52 years	39	29	41	29	41	29
53-67 years	43	31	43	30	41	29
over 67	24	18	25	18	24	17
Total	**137**	**100**	**142**	**100**	**141**	**100**

(*) The figures do not include legal persons.

Fideuram - Savona Office

Fideuram and Sanpaolo Invest Networks

No. of Customers (thousands)

	2021	%	2020	%	2019	%
0-1 years	101	12	88	12	87	12
2-4 years	134	17	128	17	122	16
5-7 years	107	13	102	13	100	14
8-10 years	86	11	80	10	76	10
11-20 years	170	21	178	23	180	24
over 20	208	26	191	25	175	24
Total	**806**	**100**	**767**	**100**	**740**	**100**

Intesa Sanpaolo Private Banking Network

No. of households (thousands)

	2021	%	2020	%	2019	%
0-1 years	1	2	1	3	3	8
2-4 years	5	10	5	13	6	16
5-7 years	6	12	5	13	5	13
8-10 years	5	10	4	11	4	10
11-20 years	18	37	15	39	14	37
over 20	14	29	8	21	6	16
Total	**49**	**100**	**38**	**100**	**38**	**100**

IW Bank Network

No. of Customers (thousands)

	2021	%	2020	%	2019	%
0-1 years	10	7	10	7	8	6
2-4 years	13	9	13	9	15	11
5-7 years	13	9	18	13	24	17
8-10 years	24	18	26	18	25	17
11-20 years	74	53	74	51	69	48
over 20	5	4	3	2	2	1
Total	**139**	**100**	**144**	**100**	**143**	**100**

AVERAGE LENGTH OF CUSTOMER RELATIONSHIP INTESA SANPAOLO PRIVATE BANKING NETWORK

15 YEARS

AVERAGE LENGTH OF CUSTOMER RELATIONSHIP FIDEURAM AND SANPAOLO INVEST NETWORKS

13 YEARS

AVERAGE LENGTH OF CUSTOMER RELATIONSHIP IW BANK NETWORK

11 YEARS

DISTRIBUTION OF CUSTOMERS BY LENGTH OF RELATIONSHIP

The average length of relationship, in 2021, was 13 years for the Fideuram and Sanpaolo Invest Networks, 15 years for Intesa Sanpaolo Private Banking and 11 years for the IW Bank Network. These statistics testify to the strong customer loyalty built over years of stable relationships with our Personal Financial Advisers.

DISTRIBUTION OF CUSTOMERS BY GEOGRAPHICAL AREA

As in previous years, the majority of our customers in 2021 were residents of the Central and Northern Regions of Italy, where most of the country's wealth is concentrated (88% of customers with the Fideuram and Sanpaolo Invest Networks, 92% with the Intesa Sanpaolo Private Banking Network and 83% with the IW Bank Network).

Fideuram and Sanpaolo Invest Networks

No. of Customers (thousands)

	2021	%	2020	%	2019	%
North-East	175	22	165	22	158	21
North-West	309	38	292	38	282	38
Central Italy	225	28	215	28	207	28
South	65	8	63	8	61	8
Islands	32	4	32	4	32	5
Total	**806**	**100**	**767**	**100**	**740**	**100**

Intesa Sanpaolo Private Banking Network

No. of households (thousands)

	2021	%	2020	%	2019	%
North-East	10	21	9	24	9	24
North-West	27	55	20	53	20	53
Central Italy	8	16	6	16	6	16
South	3	6	2	5	2	5
Islands	1	2	1	2	1	2
Total	**49**	**100**	**38**	**100**	**38**	**100**

IW Bank Network

No. of Customers (thousands)

	2021	%	2020	%	2019	%
North-East	16	12	16	11	16	11
North-West	57	42	60	42	60	43
Central Italy	40	29	41	29	40	28
South	20	14	21	15	21	15
Islands	4	3	4	3	4	3
Total	**137**	**100**	**142**	**100**	**141**	**100**

GEOGRAPHICAL DISTRIBUTION OF CUSTOMERS

Fideuram and Sanpaolo Invest Networks

Intesa Sanpaolo Private Banking Network

IW Bank Network

No. of Customers

- 0 - 5,000
- 5,000 - 10,000
- 10,000 - 20,000
- 20,000 - 50,000
- 50,000 - 100,000
- 100,000 - 150,000

EXTERNAL COMMUNICATIONS

Media relations have always played a prime role in the Fideuram Group's external communications.
Again in 2021, our community of stakeholders was again kept informed of the most important developments regarding the Group, the Networks and subsidiaries through dedicated articles, interviews, press releases, editorials and other contributions published in leading newspapers.
The relevant units put our results in the public eye, enabling us to provide detailed information on the trends that led to these results, along with insights into the projects and new developments we are working on, duly highlighting the Group's pioneering role in the provision of financial advisory and private banking services in Italy, as well as in the technological support we provide to our sales Networks.

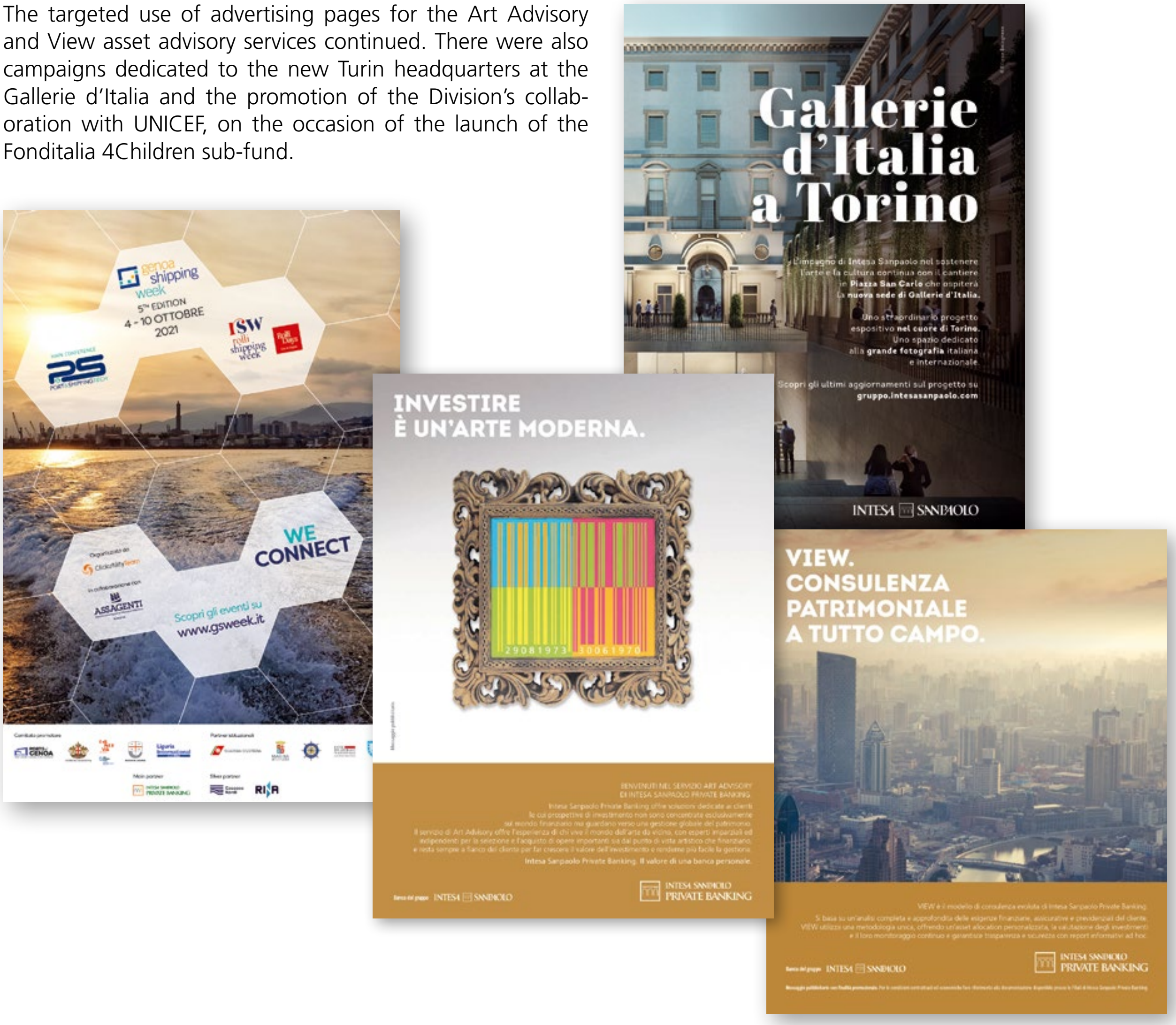
The main topics covered this year include:
- the quarterly, half-yearly and annual financial results which, in terms of volume of assets and profitability, demonstrate the strength of a winning model even in very complex market conditions;
- the foreign business, strengthening of the international business both with the further consolidation of the positioning in Switzerland with Reyl & Cie and with the acquisition of Compagnie de Banque Privée Quilvest;
- the consolidation of the Group with the integration of UBI Top Private and IW Bank;
- the private market, the business model and customer segmentation, with a focus on wealth management, advisory and investments with high social and environmental sustainability (ESG investments);
- the importance of financial advice, the role of Personal Financial Adviser and ongoing relations with the customer, the methods of contact with the customer and with the Networks;
- Digital Restart, the first digital reskilling course for over 40s out of employment. A pilot project, completely free of charge, strongly desired and organised with Talent Garden through the provision of 75 scholarships;
- ESG investments and investments in private markets and updates on the product range in particular in the asset management area;
- Network recruitment figures and focus on some Personal Financial Advisers;
- financial education for customers and dedicated in-depth thematic events;
- creation of video and graphic tutorials and Social & Media activities aimed at customers and Networks;
- editorials and articles dedicated to sponsorships;
- participation in institutional events in the sector and in sporting and cultural events;
- the advertising campaign with which Fideuram has chosen to support UNICEF, yet another example of our commitment to invest in the future;
- professional development of financial Advisers, dedicated training courses, courses delivered through the Fideuram Campus and Focus on Young People;
- innovation, technology and platforms as business enablers, with the aim of contributing to the definition of the new logic of the financial advisory service;

In 2021, the management team took part in round tables and gave interviews so as to outline the most significant initiatives during the year; The fund managers gave numerous interviews to the specialist press and sector TVs, taking part in surveys and commenting on market performance and the main financial industry trends.

Fideuram - Vicenza Office

ADVERTISING

The targeted use of advertising pages for the Art Advisory and View asset advisory services continued. There were also campaigns dedicated to the new Turin headquarters at the Gallerie d'Italia and the promotion of the Division's collaboration with UNICEF, on the occasion of the launch of the Fonditalia 4Children sub-fund.



PROMOTING FINANCIAL LITERACY

The Fideuram Group believes it is important to disseminate solid financial literacy among its customers. Increased financial awareness helps foster a common language and strengthen the dialogue between our customers and their Personal Financial Advisers, which has always been a cornerstone of the Group's mission and service model. Financial literacy means awareness in relations, in setting objectives, in clarity of choice and in a shared understanding of the associated risks and opportunities. For these reasons, and in line with the tools that were available for use under the restrictions placed by the public health emergency, in 2021 we continued to arrange initiatives promoting financial literacy for current and potential customers. First and foremost, the organisation of events designed to provide information on topics of particular relevance and importance to customers, covering, among others, issues such as asset protection, the value of advice, generational changeover and tax protection, behavioural finance, and solutions for investing in the real economy through private markets. Certain focuses were conducted on sustainability issues and major social, economic, environmental and technological developments that are generating major global changes and on what strategies should be adopted for the future. The aim remains that of bringing the world of management close to the world of distribution with contributions from professionals from both inside and outside the Group, academics and managers from Fideuram and from its most prestigious partners. There is also a continuation of the communication project launched in previous years which involves the weekly screening of a snippet on financial education produced by our in-house television, Key TV. These snippets, intended for transmission directly to current and potential customers, through social networks (Alfabeto Fideuram, LinkedIn etc.), have the objective of explaining in simple terms the sometimes complex language which the media generally use in addressing economic and financial issues.

January 2021 saw the presentation of the first edition of "**Collezionisti e Valore dell'arte in Italia**" (Collectors and the Value of Art in Italy), the fine publication published by Gallerie d'Italia together with Skira. This volume, the first in a series of studies dedicated to the art market sponsored by Intesa Sanpaolo Private Banking, was produced in collaboration with Intesa Sanpaolo's Art, Culture and Historical Heritage Department and Research Department. The volume features a preface by Tommaso Corcos with an introduction by Gregorio De Felice and Michele Coppola and contributions by Alberto Fiz, Guido Guerzoni, Flaminia Iacobucci, Marina Mojana, Paola Musile Tanzi and Studio Legale Pedersoli.

The publication, divided into five chapters, deals with the following topics: collecting and the art market, investing in art, collecting in Italy, legal and fiscal aspects and a bank's commitment to art and culture. The volume with a dedicated binding was sent as a preview to those private customers who are sensitive and interested in the art world. The second volume is scheduled for 2022.

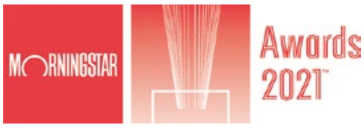
The Private Top publication reserved for Intesa Sanpaolo Private Banking customers who have subscribed to the Private Top service continues. The monthly newsletter with financial content, including the contribution of Intesa Sanpaolo's Research Department, the quarterly inserts by Nomisma on real estate market trends and by Eikonos Arte on the art market, is also published on the website and on the company intranet dedicated to the Art Advisory service.

The layout and management of the notices and messages of personalised statements were revamped, which customers who have subscribed to our internet banking service can also consult online. The preparation of ad hoc emails on the main regulatory and product innovations was also included. In compliance with the MiFID 2 Directive, the Portfolio Statement on Costs, Charges and Incentives was produced. This document, which is sent to customers, carries information on costs, charges, incentives and returns. The cover shows a chromatically-treated picture, in private banking style, of an architectural detail of our "Gallerie d'Italia – Piazza della Scala" museums in Milan, a symbol of art and culture in our country.

GROUP AWARDS

MORNINGSTAR AWARDS ITALY 2021

Fideuram: Fideuram Italia R fund wins Morningstar Award in the Italian Equity category



The Morningstar Awards 2021 were presented digitally on 17 March 2021. For the past 15 years, the Morningstar Fund Awards have recognised funds and asset managers that have created value for their subscribers not only in the year just ended, marked by the Covid-19 pandemic, but continuously over the five-year period, based on a rigorous methodology shared across Europe.

Fideuram Italia R, managed by Luigi Degrada, is the winning fund for the fifth year in a row in the Italian Equity category.

The award given by Morningstar demonstrates how Fideuram Asset Management SGR can count on talented professionals operating in increasingly challenging and difficult markets, especially in the last two years, which have been severely marked by the pandemic. The prize, awarded to Luigi Degrada for the fifth time in a row, is proof that our model is a successful, long-lasting one in line with our objective: to give value to investments.

CITYWIRE PRIVATE BANKING AWARDS ITALY 2021

Last autumn, Citywire created the Citywire Italia Private Banking Awards project to tell the story of an industry made of people, rather than numbers.

We won the following awards for our division:

Operazione 2021 - Intesa Sanpaolo Private Banking
The merger between Intesa Sanpaolo Private Banking and the UBI Top Private business unit, within the broader Intesa and Ubi merger, is certainly the biggest news in the Italian private banking industry in the last 12 months. The combination of Italy's first and fourth largest players in terms of assets has created a national powerhouse that will also be an important standard bearer of the Italian private banking model abroad.

Women PB 2021: Federica Spada – Intesa Sanpaolo Private Banking
Among the Personal Financial Advisers in the category, Federica Spada was the most voted by the community of professional Citywire.it readers.

Top Manager 2021 – Appointment 2021: Andrea Ghidoni – Intesa Sanpaolo Private Banking
Andrea Ghidoni, with his professional background and the esteem he can boast throughout the entire industry, is an ideal leader for what is now the leading private banking institution in Italy, in terms of assets. Andrea Ghidoni's appointment was the best way to seal the merger with the UBI Top Private business unit, as a way of enhancing the best of both groups.

BLUERATING AWARDS

On 7 October 2021, in the setting of the Cariplo Foundation Conference Centre, the Bluerating Awards were assigned. For five years now, the magazine has been awarding these prizes to the best advisory networks and the best financial Advisers authorised for off-premises offering of their services. Fideuram - Intesa Sanpaolo Private Banking was awarded the **Digital & Social** prize, for its advanced use of a financial advisory platform that integrates physical and digital channels and for its ability to interpret the work of its financial Advisers from a social perspective. Gianluca La Calce, Head of Marketing and Offer Development, accepted the award.

ICA
ITALIAN CERTIFICATE AWARDS 2021

ITALIAN CERTIFICATE AWARDS 2021

On 18 January 2022, the 15th edition of the Italian Certificate Awards 2021 was held at the Four Seasons Hotel in Milan. The event was organised by Triboo, Certificati e Derivati, a leading information company specialised in the market for certificates and structured products in Italy, which publishes the Certificate Journal on a weekly basis, the first Italian magazine dedicated to the world of investment certificates. The contestants competing for prizes in the thirteen categories were financial intermediaries who succeeded in proposing the best or most original investment instruments. The awards were assigned by the public who voted between December 2021 and January 2022 and by a specialist jury composed of experts in the field of investments, again renewing this year the interest in the world of certificates. Fideuram - Intesa Sanpaolo Private Banking were assigned third place in the Special Award for Best Private Banking Distribution Network.

Continued overleaf >>

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EUROMONEY PRIVATE BANKING AND WEALTH MANAGEMENT AWARDS

In the Euromoney Survey, based on the answers provided during 2021 by the management and specialists in Private Banking and Wealth Management, Intesa Sanpaolo Private Banking achieved third place in the ranking in Italy and is the first Italian private bank in the ranking. In 2021, it confirmed its leading position in the HNWI category and took first place in the Capital Markets and Advisory category.

REYL & CIE: "BEST PRIVATE BANKING BOUTIQUE EUROPE"

On 4 November 2021, in London, Reyl & Cie was awarded the title of "Best Private Banking Boutique Europe" by Professional Wealth Management (PWM) at the Global Private Banking Awards 2021, for its private banking and wealth management activities in Europe. This award recognises the Bank's excellence in business strategy and customer service. Reyl & Cie was selected by an independent international jury and the editorial team of Professional Wealth Management (PWM), published by the Financial Times Group. The jury members praised the achievements of the Reyl Group, whose client assets and number of employees increased for the 19th and 16th consecutive years, respectively. The jury also highlighted the Bank's ability to generate significant organic growth in assets under management, despite the continuing challenges facing the banking industry.

ANNUAL REPORT OSCAR

During the 57th edition of the Annual Report Oscar, the prestigious award by FERPI, the Italian Public Relations Federation, Borsa Italiana and Università Bocconi dedicated to the most virtuous companies in reporting, Fideuram - Intesa Sanpaolo Private Banking was awarded the prize for the "Financial Companies" category. Domenico Sfalanga, Chief Financial Officer, received the award.
The reason for the award was: "*The Integrated Report is excellent, designed to guide even non-expert readers through an immersive and engaging reading of the document. Both the introductory guide and the rich glossary are very useful for this purpose. The Report can also be browsed interactively on the website. Multimedia insights complement the different forms of corporate communication. The reporting structure is clear and well-articulated and the economic and financial information is very comprehensive. The balance between the descriptive parts and the quantitative dimension, as well as the balance between analysis and synthesis, is much appreciated. The links described between the main material issues and the Sustainable Development Goals are excellent. The document reveals that ESG culture is widespread and has gone from being a niche issue to becoming mainstream. The involvement of stakeholders in defining the contents of the document and the reference to specific improvement objectives are much appreciated. It is certainly one of the best Integrated Reports for the complete information, which is readily usable, the clear and simple presentation, and the effective infographics, which also make the document attractive from an exquisitely graphic point of view*".

CUSTOMER EVENTS

For Fideuram and Sanpaolo Invest customers, several events were organised. Due to the Covid-19 emergency, they were mainly held online, with in-house speakers from the head office, colleagues from the Private Wealth Management organisation, professionals from Fideuram Asset Management SGR, and external speakers such as university lecturers, professionals, journalists and third-party partners. In the latter part of the year, 25 in-person events were organised, involving around 2,500 people, including customers and prospects.

ART AND CULTURE

WINE AND FINANCE

With the resumption of the in-person events, the "Wine and Finance" evenings also resumed, with four appointments where, through an amusing parallelism, financial education is provided using a socialising element such as wine as a key to understanding important choices in the financial field. This brings out the fundamental role of a guide: the consultant who, like the sommelier, helps in making an informed choice.

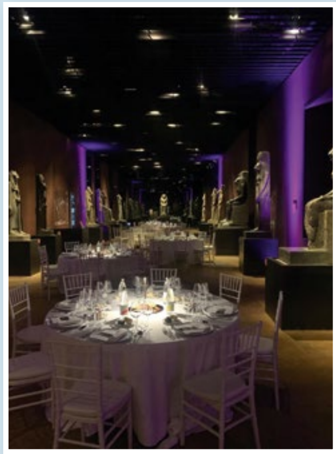
EXCLUSIVE CUSTOMER EVENTS AT PRESTIGIOUS LOCATIONS

Always close to the world of Art and Culture, exclusive events at prestigious locations were organised for customers.

In Rome, about one hundred guests had the privilege of visiting **St. Peter's Basilica** behind closed doors and enjoying the masterpieces in the Basilica and in the underground passages with exceptional guides from the Fabric of St. Peter. The evening ended in the splendid Villa Aurelia.

In Bologna, at the **Auditorium Manzoni**, an exclusive performance was organised for over 500 Fideuram guests: "Visioni. I 24 Preludi di Chopin", played by pianist Gloria Campaner and narrated by writer Alessandro Baricco.

Three exceptional evenings were held at the **Egyptian Museum** in Turin. Two hundred fifty guests had the opportunity of a guided tour with the museum closed and a gala dinner in the spectacular setting of the Gallery of the Kings.



Support for the Arteviva Chamber Orchestra's Christmas Concert at the **Basilica of Santa Maria delle Grazie** continued in Milan. Fideuram's guests were welcomed with an aperitif at the Cloister of the Palazzo delle Stelline.

VERONA ARENA - OPENING NIGHT

Maestro Riccardo Muti conducted Giuseppe Verdi's Aida in concert form on two special evenings on 19 and 22 June. Intesa Sanpaolo Private Banking purchased 100 tickets for Gold seats for the opening evening of 19 June for its customers. A dinner was organised at Ristorante Vittorio Emanuele in Piazza Brà, exclusively for customers.

GALLERIE D'ITALIA, MILAN

Some events and exclusive guided tours were organised for customers and guests. Dinners and aperitifs were held at the Ristorante Voce, which is part of the exhibition venue.

SIENA

A guided tour of the floor of **Siena Cathedral** was organised for 25 participants, including current customers and prospects. The floor is the result of a complex iconographic design carried out over the centuries, from the fourteenth to the nineteenth century, inlay after inlay, more than fifty in all, whose preparatory drawings were drawn by artists, almost all of them from Siena.

GAMBA CASTLE, CHÂTILLON

In Aosta, an exhibition tributing the 20th-century designer Giorgetto Giugiaro "From Leonardo to Giugiaro - Origins of design and the modern Renaissance"

ALESSANDRO MANZONI'S HOUSE

In Milan, an exclusive visit to the famous writer's house with a seated dinner at the Voce in Giardino restaurant.

CONFERENCES AND MEETINGS

THE EXCLUSIVE SERVICES OF WEALTH MANAGEMENT

Eleven webinars organised with in-house speakers from Private Wealth Management and professionals from Fideuram Asset Management SGR with over 850 participants. The aim of these meetings was to analyse the main macroeconomic trends at global and European level, the impact of these trends on Wealth Management, to analyse the wealth of Italian families, the financial needs of new generations, the generational transition of Italian companies, the phases of the life cycle of SMEs and their international opening, the technological, demographic and environmental changes taking place and the methods and tools required to meet the planning and investment needs of family wealth.

BEHAVIOURAL FINANCE: AN ESSENTIAL TOOL AT THE TIME OF COVID-19

Seven webinar meetings, with about 700 participants, organised in conjunction with Ruggero Bertelli, Professor of Economics of Financial Intermediaries at the University of Siena. During the meetings, emphasis was given to the fact that behavioural finance can help in supporting investment choices, by analysing the role played by emotions in this area and the importance of having at one's disposal a method for managing these emotions to avoid the systematic errors typical of this new context of uncertainty, indicating the benefits of financial planning and the role of the Personal Financial Adviser.

GEOPOLITICS AND THE CHANGING WORLD: DYNAMICS AND SCENARIOS

Five webinars and one in-person event organised in collaboration with Aldo Pigoli, professor at the Catholic University of the Sacred Heart of Milan and member of the Faculty of ASERI - Alta Scuola di Formazione in Economia e Relazioni Internazionali, and Giuseppe Riccardi, CEO of Fondi&Sicav, in the presence of about 500 participants. These meetings analysed the major social, economic, environmental and technological developments that are generating major global changes with a view to understanding the importance of these contemporary geopolitical dynamics and their impact on the economic and financial field, so as to use these interpretative solutions in orienting one's choices.

DEFENDING AGAINST WEALTH TAX AND TAX INCREASES

These 17 meetings, which involved about 1,900 participants, were organised in cooperation with Alessandro Gallo, a strategic consultant and expert in asset planning and director at Value & Strategies. In the meetings, discussions revolved around the impacts of possible fiscal policy measures affecting the assets of Italian households following the economic crisis due to the pandemic, suggesting certain defence strategies that are more coherent than individual hypotheses, illustrating the characteristics of wealth that is resilient to wealth tax and tax increases. Some of the meetings then focused on "thin welfare" and how to defend against containing public spending. After a presentation of the history of public spending trends in Italy and an analysis of possible developments, attention was focused on the family bond, the future social network in Italy with a thin welfare, proposing effective solutions of economic aid for various needs. There were also meetings dedicated to entrepreneurs and accountants, with the aim of analysing new capital risks.

DIGITAL EVENTS WITH THIRD-PARTY PARTNERS

Fifty-seven webinars and in-presence events, for a total of over 5,000 participants, organised with the presence of professionals from third-party Partners and a journalist as moderator. Many issues were covered, such as sustainability, major changes taking place in the socio-economic context, millennials and strategies that should be adopted for the future. About half of the events were dedicated to the dissemination of an ESG culture focusing on what is meant by sustainability when we talk about our investments and how each of us is a protagonist with our own behaviours; the combination of technology and sustainability and the speed of the changes taking place; how to incorporate sustainability into portfolios without sacrificing returns and how sustainability can be the new compass for investments.

A JOURNEY THROUGH EXCELLENCE AND SUSTAINABILITY

In continuity with what has been done in previous years, the seventh edition of the Open Financial Week was held in Bari, entitled "Journey between Excellence and Sustainability". In addition to Fideuram Asset Management SGR, six of our Partners were involved in the three-day event. High-profile speakers, such as sociologists, geopolitical experts, sports professionals and journalists, addressed the issues of excellence and sustainability from every perspective.

RECOVERY PLAN AND ALTERNATIVE PIR FUNDS: LET'S FOCUS ON ITALY'S RECOVERY

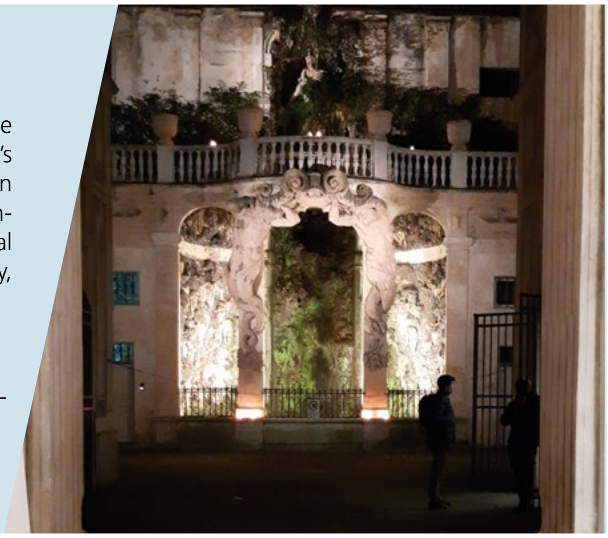
A 17-stage tour with Professors Carlo Alberto Carnevale Maffè, SDA Bocconi, and Fabrizio Crespi, Università Cattolica del Sacro Cuore, and the participation of over 1,300 customers and prospects. The various presentations were aimed at focusing attention on the current historical and economic context, highlighting the importance of the changes being made by the RRP to relaunch the national economy and analysing how the behaviour of consumers/savers has changed.

GENOA SHIPPING WEEK - ASSAGENTI CONFERENCE

The conference was held in Genoa on 8 October at the end of the Genoa Shipping Week event, with the participation of the Bank's top management. The conference, organised by Assagenti, is open to the shipping world and institutions and is dedicated to the central role of the Mediterranean in world geopolitics and international traffic. Particular attention was paid to environmental sustainability, an essential theme in the assessment of a future Mediterranean.

GENOA DINNER ASSAGENTI

Activation of the sponsorship inherent to the event Genova Shipping Week through an exclusive dinner that is itself held on 1 December and involved the most important associates.



VIRTUAL MEETING WITH FORMER US AMBASSADOR DAVID THORNE

Meeting on current economic trends held online with former US Ambassador David Thorne, attended by 100 participants including Tommaso Corcos.

BUSINESS OPPORTUNITIES IN ASIA FOR LA GRANDA

Southeast Asia and China are areas with strong economic growth and their societies are seeing the development of a growing middle class. The largest ASEAN economies represent the area with the greatest opportunities for Italian companies and those from Piedmont. The conference was organised in Cuneo on 30 November by Club Asia (network of the Southeast Asia and Chinese Chambers of Commerce) and Leading Law Notaries and Lawyers.

OCEANS AND CRYOSPHERE IN A CHANGING CLIMATE

During 2021, 16 digital talks entitled "Oceans and Cryosphere in a Changing Climate" were held in 7 territorial areas of the IW Bank Network, involving 30 speakers and 20 thousand participants during 24 hours of live streaming. An interactive journey into the world of Sustainable Finance (ESG) to reflect on the importance of past and present choices on the planet and the future, organised in collaboration with industry partners (Raiffeisen Capital Management).

HOSPITALITY

Intesa Sanpaolo Private Banking offers its customers the opportunity to participate in exclusive sporting events, inviting them to reserved areas, and cultural events at the most prestigious Italian theatres.
Football (Season tickets for the 2021/2022 Serie A - European Cups - Coppa Italia) for the following Serie A teams: Inter, Milan, Juventus, Lazio, Roma, Atalanta and Torino.
Basketball (Sport season 2021-2022) for the teams: Olimpia Milan - A|X MILAN, Cantù, Varese - Openjobmetis
Tennis for events: Next Gen – Milan, 9-13 November, Nitto ATP Finals – Turin, 14-21 November.
Theatres (2021/2022 Opera and Ballet Seasons) for: Milan - Teatro alla Scala, Bari - Teatro Petruzzelli, Naples - Teatro San Carlo, Venice - Teatro alla Fenice, Vicenza - Opera Festival.

SPORT

INTESA SANPAOLO PRIVATE BANKING INVITATIONAL GOLF TOUR

The "Intesa Sanpaolo Private Banking Golf Tour" was played from June to October, and involved one Pro-AM and five Semi-Invitational tournaments. The competitions were held at the following Golf Clubs: La Mandria, Chervo, Albenza, Castel Conturbia and Barlassina in addition to the Top competition at the Golf Club Villa D'Este. Around 350 golfers, including customers and prospects, took part.

NITTO ATP FINALS

The Nitto ATP Finals 2021 were held for the first time in Italy, in Turin, from 14 to 21 November 2021 on the PalaAlpitour indoor court. It was the final event of the ATP Tour 2021, attended by the top eight players in the ATP (Association of Tennis Professionals) singles rankings and the top eight pairs in the doubles rankings. Intesa Sanpaolo was Host Partner in the event and, together with the Private Banking Division, it was present with dedicated hospitality areas.

78TH ITALIAN OPEN

For the fourth year in a row, Fideuram was partner of the Italian Golf Open in its 78th edition, held at the prestigious Chervò Golf Marco Simone Golf&Country Club course from 2 to 5 September 2021. In addition to being the Official Bank of the Italian Open 2021, Fideuram welcomed its guests during the four days of the tournament in a hospitality area on the green at hole 18. In compliance with all health protocols, after the last edition played behind closed doors at the Chervò Golf San Vigilio course in Pozzolengo (BS), the 78th edition was open to the public again; the Europe-U.S. challenge, the historic Ryder Cup, will be played in 2023 at the Marco Simone Golf & Country Club. The initiative involved around 200 people, including customers and prospects.

In 2021, the Italian Pro Tour and the Road to Rome 2023 were added to the Open project. The Italian Pro Tour consists of a series of golfing events dedicated to professional players organised in the most important golf clubs in Italy, with the possibility of having some customers participate in the ProAm of the competitions. Road to Rome 2023 is a series of events organised by the Golf Federation to promote the Ryder Cup to be held in Italy in 2023, with the aim of spreading knowledge of golf in the area to a broader target audience, such as children and families.

CUSTOMER ASSISTANCE SERVICE

The Customer Service Department provides information on the services and products offered by the Group and on the customer's overall financial position.

682 k

Contacts with customers

During 2021, the volume of customer contacts increased significantly compared to the previous year thanks to the launch of the new Fideuram Alfabeto website and the greater use of the online platform as a result of restrictions imposed by the Covid-19 pandemic.

A further element that has led to the growth in the volume of requests from customers is the management of access codes, which continues to be handled by the customer service, and the significant number of requests managed in the area of security to combat fraud, both through daily monitoring of suspicious transactions detected and verified punctually with customers and Personal Financial Advisers, and by unblocking transactions requiring in-depth assessments with customers before their execution.

The level of service, defined as the percentage of calls processed out of the total received, registered a fall on those days when the flows of incoming calls were much higher than the normal average. In order to accompany customers in the online platform change, the team of operators dedicated to the service was reinforced and will be further adjusted in size according to the trend of call volumes.

The percentage of authenticated calls increased year over year, reaching an average of 59% during 2021.

IW Bank

The IW Bank Customer Service provides information and assistance on banking and trading transactions and support in using the online platform, by telephone, e-mail and chat.

370 k

Contacts with customers

During 2021, the volume of customer contacts increased compared to the previous year, starting in September 2021, due to the communications sent to customers in view of the integration of IW Bank into the Fideuram scope. The level of service, defined as the percentage of calls processed out of the total received, registered a fall at the launch of this stage because the flows of incoming calls were much higher than the normal average. In order to guide customers in the change, the customer care staff was reinforced; it will be progressively remodulated based on the trend in the volume of contacts received.

CUSTOMER FEEDBACK

In 2021, a total of 4,430 customer requests were received, addressed mainly to the Group's Italian companies, indicating an increase of +17% compared to 2020. In particular, 4,075 complaints and reiterations were received, 244 appeals to out-of-court resolution Bodies and 111 statements to the Supervisory Authorities.

As part of the requests received from customers, 83 refer to misconduct by Personal Financial Advisers (-53% compared to 2020).

During 2021, the outcomes of 4,151 complaints and reiterations were defined, of which 1,929 were accepted and, of these, 295 involved disbursements.
Response times, except for complaints relating to unlawful conduct, continued to be below the maximum times specified by the relevant legislation, with an average of 28 days for banking service complaints (60 days legal maximum), and 37 days for investment service complaints (60 days legal maximum).

With reference to the number of appeals submitted to the alternative dispute resolution bodies, there was an increase compared to the previous year, both in terms of those submitted to assessment by the "Financial and Banking Arbitration Body (Arbitro Bancario Finanziario)" (110 compared to 71 in 2020) and those submitted to the "Financial Disputes Arbitration Body (Arbitro per le Controversie Finaziarie)" (35 compared to 36 in 2020).

Breakdown of complaints, statements and appeals by type

(n.)

	2021	**2020 (*)**	**2019 (*)**
Loans	66	146	70
Payment systems	1,251	960	827
Organizational systems, website, other	837	589	569
Insurance products	77	111	60
Current accounts and securities custody account	1,367	999	735
Investments	832	990	1,006
Total	**4,430**	**3,795**	**3,267**

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

During the year, 15 privacy complaints were received, slightly up from 12 received in the previous year.

TRANSPARENCY WITH CUSTOMERS

The regulations on the transparency of banking transactions and services allowed us to present the information we provide our customers in every phase of their relations in a manner that is clearer and easier to understand. The principles of language simplicity and transparency of information represent the guiding principle for a timely update of the transparency documents available to the customer, in accordance with the constantly changing legislation, with the aim of analysing all the products in the catalogue and improving their readability. The in-house training provided for branch staff consists both of traditional tools and innovative solutions, including Intranet communications, supplementary material supporting training catalogue courses, Web TV and e-learning modules.

MAIN IMPROVEMENT OBJECTIVES FOR 2022

Customers

- Strengthening the range of products and services available to customers by increasing the number of investment solutions available in the catalogues of the Group's various companies, with an approach, in both the development and selection phases, aimed at enhancing sustainability in terms of environmental, social and good governance issues.
- Further strengthening of the ancillary services accompanying the product offer with particular attention to the growth of the digital dimension.
- Continuous enhancement of the service platforms to seize new opportunities on listed and private markets and meet the changing needs of Private Banking and HNWI customers.
- Constant search for solutions in response to the needs of safeguarding capital by customers, also through the creation of new issues of principal-protected certificates.
- Constant growth in the level of disclosures to customers in relation to the characteristics of the products and services provided.

Events

- Organisation of local events for existing and potential customers, aimed at developing understanding about matters of current interest.

SUPPLIERS

MAIN OBJECTIVES FOR 2021	ACTIONS AND RESULTS ACHIEVED
Possibility of selecting suppliers that are more sensitive to social and environmental issues.	During 2021, Fideuram selected suppliers that are attentive to social and environmental aspects, drawing for the most part from Intesa Sanpaolo's Supplier Portal.
Expansion of the range of environmentally sustainable purchases.	In 2021, the range of products purchased according to eco-sustainable criteria was expanded through suppliers on the Intesa Sanpaolo portal who meet certain ethical and environmentally sustainable requirements.

PROFILE OF SUPPLIERS

In 2021, the Group had business dealings with 1,515 suppliers, for a total value of approximately €228m. The territorial distribution of suppliers is concentrated almost entirely in Italy (97%).

	2021	2020 (*)	2019 (*)
Suppliers' turnover (€m)	228	182	189
Number of suppliers	1,515	1,325	1,502

The figures refer to the Italian companies recorded on the corporate information system INTESAP.
(*) The figures do not include IW Bank.

SUPPLY CHAIN MANAGEMENT

The Fideuram Group attributes particular emphasis to social and environmental responsibility and the effects generated by managing purchases of goods and services on society, on human rights and workers' rights, on business ethics and on the environment.
The supply chain is based on transparency, correctness, integrity and fairness, the principles expressed in the Code of Ethical Conduct that suppliers need to view when registering with the New Supplier Gate (Nuovo Portale Fornitori - NPF) of Intesa Sanpaolo and which, in the event of signing a supply or service contract, they agree to comply with.
The Intesa Sanpaolo procurement centralisation process allowed us to unify rules and processes, by applying the Purchasing Rules and Guidelines used by all Group companies, aligning the social and environmental awareness and responsibility processes of every department involved in the sourcing process, from requests for quotations to calls for tenders and supplementary information.
This made the process of identifying suppliers more consistent through the signing of contracts and agreements and the adherence to the Framework Agreements with the same suppliers of Intesa Sanpaolo.
This application and e-sourcing system, called the Intesa Sanpaolo Supplier Gate, allowed the Group companies to be able to select Intesa Sanpaolo qualified suppliers, beginning with their registration on the application, while considering not only the suppliers' technical, economic and financial characteristics, but also verification of their business ethics and respect for human rights and the environment. The traditional suppliers and those applying for the first time were made aware of the need to go through the accreditation process on the portal in order to be engaged in the procurement process.
During 2021, the negotiations were carried out and had effects of an ethical, social and environmental nature according to requirements of functionality, quality and safety and not just a mere competitive comparison of tenders according to technical and economic characteristics.
However, due to the continuing health crisis linked to Covid 19, the aforementioned negotiations suffered a further significant reduction in quantitative but not qualitative terms, managing to apply and maintain the same ethical, environmental and economic standards.

SELECTION POLICIES

The Group continued its work improving quality standards by selecting suppliers on the basis of legal and ethical integrity, technical and professional suitability, reliability with respect to data confidentiality and commercial competitiveness.
During 2021, the attention of the Group in the procurement process was directed towards suppliers which could guarantee the best balance between price and quality of service and were able to meet expectations in terms of social and environmental responsibility. In the interests of fairness, it was decided to enable market comparisons not based simply on a request for a better quality-price ratio, but also to work with qualified suppliers in terms of ethical and sustainable criteria. Indeed, from the time they register in the Supplier Gate, the suppliers fill out mandatory questionnaires dedicated to environmental sustainability issues, with simultaneous or deferred uploading of the documentation and certificates confirming their fulfilment of the declared commitments.
This procedure makes it possible to monitor the entire supply chain and obtain a comprehensive evaluation of the supplier's ratings on all social, economic, financial, and environmental aspects and also to have constant updates throughout the validity of the contract, including the period subsequent to the awarding of a procurement contract, so as to plan for appropriate actions in the event of rather unsatisfactory assessments. Therefore, by accessing the Supplier Gate system, one has the possibility of consulting and involving suppliers in the procurement process, which have a positive assessment and are approved by Intesa Sanpaolo's Office for Supplier Qualification, Coordination and Monitoring.

Suppliers are selected by comparing bids submitted by multiple tenderers. The award criteria used are the following: Request for Proposal, Request for Information and, if it is impossible to conduct market comparisons, Direct Negotiations. Market comparisons are not mandatory for non-recurring purchases that are not connected with other initiatives and have a value of less than €75k or which are covered by framework agreements or contracts.

The list of suppliers to be involved in a purchase process when making a market comparison or choosing the supplier with which to start direct negotiations is prepared by taking into account the various needs of the Group. The list of suppliers for a Request for Proposal must be authorised in advance by the Office for Supplier Qualification, Coordination and Monitoring of Intesa Sanpaolo.
Prior authorisation of the supplier by that Office is required for all types and categories of merchandise, regardless of their amount. At least three suppliers are required in market comparisons (five in the event of comparisons with an estimated value exceeding €50k). In certain cases (e.g. lack of availability of alternative suppliers, existence of corporate links between suppliers invited), exceptions can be made regarding the number of suppliers involved.
During 2021, some delegated powers were granted by Intesa Sanpaolo, to allow the procurement process to be run independently for some product categories up to a value of €25k, according to the guidelines and rules on procurement. For all purchases above €25k, the procurement process is managed by Intesa Sanpaolo.
In addition, certain product categories such as expenses related to Integrated Logistics (transportation, postage, stationery and supply office materials, forms and envelopes, warehousing, file storage system, press centre and newspaper and magazine subscriptions), General Services (car rental for mixed and instrumental use and accessory expenses such as Telepass – Motorways) and those of the Real Estate department were assigned to Intesa Sanpaolo which performs procurement without limits on the amount and are entirely managed by Intesa Sanpaolo from 12 April 2021.
The Request for Proposal assumes a technical assessment, a subsequent economic assessment and a joint analysis of the two assessment components (best proposal that meets the combination of technical assessment and price).
The technical assessment must always be completed and formally documented prior to opening the economic proposals; where provided, it will also have to include social and/or environmental responsibility aspects. Unless different criteria are formally set out at the launch phase, that assessment is expressed through an opinion of appropriateness or inappropriateness of the solution.
Conversely, the strategy with Request for Information enables the purchaser to obtain information, solutions and pricing in the form of approximate quotations and define the sourcing strategy to be applied.
The winning bidder is selected upon completion of all the procedures required for the request strategy adopted, in accordance with the award criteria specified and when agreement has been reached on the contractual conditions.
In 2021, most of the supplies were provided by the same suppliers with whom Intesa Sanpaolo has Framework Agreements or Framework Agreement Prices, enabling the Fideuram Group to achieve greater savings through economically advantageous rates.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

The Group performs:

- comprehensive evaluations of its suppliers, analysing their compliance with international and local environmental regulations and their commitment to activities designed to protect the environment (such as certifications and adoption of environmentally friendly technologies);
- the environmental assessments of the products used in daily work activities (such as efficiency criteria of IT products and their levels of recyclability);
- a targeted action on energy consumption relating to office equipment such as PCs, monitors, printers, photocopiers, servers, IT systems and equipment that supports services, geared to the gradual replacement of office machinery with other more energetically-efficient items and the adoption of a specific policy;
- the implementation of Intesa Sanpaolo guidelines on the specifications for white copier paper, using the services of the same supplier, which ensures the same type of supply;
- the purchases of environmentally-sustainable stationery products, such as paper, note pads, binders, pens, pencils, ATM rolls and post-its;
- during the supplier selection process, check of compliance with the minimum sustainability requirements and the standards of the International Labour Organization covering fundamental human rights, child labour, freedom of association, health and safety, and business ethics.

MAIN IMPROVEMENT OBJECTIVES FOR 2022

Our main improvement objectives include the following:

- greater possibility of selecting suppliers which are more sensitive to social and environmental issues;
- extension to the range of environmentally-sustainable purchases;
- possibility to apply Plastic Free projects;
- periodic checks through the filling in of vendor rating questionnaires.

THE COMMUNITY

Charitable initiatives (or donations) mean exclusively cash donations without any expectation of receiving any compensation or benefit of any kind in return. Therefore, all those activities – in whatever form the conditions are agreed – which directly or indirectly promote and enhance the image of the Group, do not represent donations.

In defining the principles of conduct in relations with the community, the Code of Ethical Conduct of Intesa Sanpaolo, implemented by the Fideuram Group, specifies the need to identify "the requirements and needs of the community and not only in a material sense," and to support them, amongst other things, "through charitable donations".
Generally speaking, recipients of donations can be:

- legally recognised entities, which do not pursue profit, established and organised according to the rules governing the so-called non-profit sector;
- social enterprises, established pursuant to Italian Legislative Decree 155/2006, as long as the donation, within the sphere of the social enterprise, is destined to support particularly significant social or cultural initiatives;
- third parties (e.g. local entities or bodies including public ones, such as regional, provincial or municipal authorities, community cultural associations, schools, tourism promotion boards, etc.) provided that the project meets the above definition for charitable initiative and has the sole objective to pursue one or more of the aims set out below.

Potential beneficiaries of donations are classified according to the aims they pursue and in relation to the area in which they operate, i.e. by way of example:

- social area (e.g. health and research; education and training, voluntary service, protection of rights, solidarity, protection of minors);
- religious area;
- cultural, artistic, historical and archaeological heritage promotion;
- environmental protection.

Conversely, the following institutions are excluded as potential beneficiaries of donations:

- political parties and movements and related organisation;
- trade union organisations and assistance agencies;
- service clubs, such as Lions, Rotary, etc.;
- associations with profit aims and recreational groups, private schools and legally-recognised schools, except for specific initiatives with particular, social, cultural or scientific importance.

In order for a donation to be made, the ethical values of the beneficiaries must be consistent with those specified in the Code of Ethical Conduct, directed towards people, the respect for human rights, economic and social solidarity, sustainable development, conservation of the environment and artistic heritage and support for culture.

As a further constraint regarding the provision of donations, they:

- may be given to organisations whose procedures, including accounting procedures, make it extremely easy to verify the consistency between the declared objectives and the ones they pursue i.e. they prepare financial statements (without prejudice to the requirement for these entities to comply with the primary and secondary rules and the principles of correctness, rigour, integrity, honesty, fairness and good faith);
- cannot be for initiatives with a commercial and promotional value, e.g. for initiatives of promotion, enhancement and reinforcement of the Group's image, which are realised by entering into contracts or agreements;
- cannot be used for projects that already receive some form of sponsorship;
- must be granted using a form of rotation, so as to ensure as broad, varied and flexible use of resources as possible, except for those projects that have an obvious long-term duration;
- cannot be given to the same applicant more than once within the same calendar year;
- cannot be granted to bodies involved in litigation, known to the Group, on issues relating to the non-respect of human rights, peaceful coexistence, environmental protection and vivisection;
- cannot be granted to natural persons.

The Group's charitable and other donations totalled €1.1m in 2021 and were distributed to a number of respected bodies operating in the health care, scientific research, arts, sports and humanitarian/aid sectors.

INITIATIVES TO SUPPORT HEALTH CARE, RESEARCH AND THE ARTS

The Group supported the following organisations within the scope of Health Care, Scientific Research and sed by in-depth studies, discussions and the exchange of knowledge, information and values.

- **Associazione Italiana Sclerosi Multipla Onlus** to sponsor the research stipend in the project "Registro Italiano sulla sclerosi multipla" (Italian Register of Multiple Sclerosis), a fundamental tool in epidemiological research on multiple sclerosis.
- **Switzerland's Most Beautiful Villages** is an independent association set up in 2015 with the aim of protecting, promoting and coordinating a tourist circuit of municipalities that, by meeting the criteria set out in the quality charter, are classified as such. Since 2017, the association has been part of the international federation of the "Most Beautiful Villages in the World". The 2021 grant financed a publication showing that between the 13th and 16th centuries there were deep links between the Counts and then Dukes of Savoy and some of the villages.

HUMANITARIAN AND AID INITIATIVES

The Fideuram Group provided the following organisations with support in their humanitarian and aid initiatives:

- **UNICEF**; The United Nations Children's Fund is present in 193 countries and provides humanitarian assistance for children and their mothers all over the world, mainly in developing countries.
  Fideuram has chosen to support UNICEF with the placement of Fonditalia 4Children, a sub-fund of the Fonditalia range classified as article 9 according to the new European regulation SFDR on requirements and transparency obligations related to sustainability in the financial services sector.
- **Digital Restart**, a digital reskilling master's course on data analysis, by Talent Garden, which aims to train professionals capable of analysing and managing data in a comprehensive manner. A total of 75 scholarships were financed, aimed at workers aged between 40-50 years, living in Lombardy, currently without a job, who want to improve their data analysis skills and propose innovative business strategies.
- The **Associazione di Promozione Sociale Underwater Pro Tour** (Underwater Pro Tour Social Promotion Association) intends to map the seabed around Giglio Island to search for and catalogue bulky material: ghost nets, wrecks and dangerous materials, as well as some seaweed for repopulation programmes. It also promotes activities with handicapped children to bring them closer to underwater activities and the development of new reclamation techniques with the help of underwater draggers.
- **A.S.D. Due Leoni** has the institutional aim of developing knowledge and passion for horses, practising and promoting equestrian sports and to this end it can also organise national and international competitions.
- The **Associazione Amici dei Bambini** (Childrens' Friends Association) is a non-governmental organisation formed by a movement of adoptive and foster families. Since 1986, it has been working every day alongside children in institutions all over the world to combat abandonment. The Association operates in Italy with a national office and 25 offices in all regions and offers support to families of origin to facilitate family reintegration and, if not possible, it is committed to finding a new family for children, either by adoption or foster care. It helps the social integration of children considered too old for adoption, with study and vocational training paths.
- The **Giancarlo Bertolotti Association** carries out non-profit cultural activities with the aim of supporting the beatification of Dr Giancarlo Bertolotti, a well-known and appreciated gynaecologist who worked for several years in the Lodi and Pavia areas and died in 2005 in a car accident. The Association also promotes and supports initiatives in favour of the defence of life.
- The **Associazione Parkinson e Sport** (Parkinson and Sport Association) is a social promotion association, founded in November 2018 by the current president Stefano Ghidotti, a triathlete with Parkinson's disease since 2017. Born with the aim of organising recreational sports events, including competitions, dedicated to people with Parkinson's disease and other neurodegenerative diseases or motor disabilities.
- The **Associazione Società del Quartetto** of Vicenza is a non-profit association that has been organising and promoting concert seasons, music festivals and concerts for over a century. The history of the association began in 1910 when the writer Antonio Fogazzaro gathered around him a group of music lovers to create a musical association in Vicenza. The contribution supports the organisation of the Vicenza Opera Festival.
- The health emergency caused by the pandemic has further increased episodes of abuse against women. The **Telefono Rosa Association** has been operating in Italy for 32 years, running anti-abuse centres and shelters, to provide practical help to women in difficulty, including legal and psychological advice and cultural mediation. On International Women's Day, Fideuram, on behalf of all women and men, has activated its support to "Telefono Rosa" with a donation.
- The **Italy-Myanmar Chamber of Commerce** is an association under Italian law based in Turin with the aim of promoting economic and cultural cooperation between the two countries.
- The congregation of the **Suore Dimesse Figlie di Maria Immacolata** were founded in Vicenza in 1579, under the name 'Company of Our Lady' by Antonio Pagani, a Franciscan friar minor. Today the congregation is active in the education and in international missions. The contribution is aimed at the production and printing of the magazine "La nostra Scuola", within the Collegio Dimesse, a State-recognised private school in Padua.

- The **Fondazione Bambini Autismo** (Children's Autism Foundation) is an accredited health organisation, recognised by the Ministry of Health, active since 1998 in the field of autism spectrum disorders. It was founded by two parents of a person with autism who wanted to fill the then almost complete lack of services in the area. The Foundation currently has centres in Pordenone and Fidenza, and operates under special arrangements with public bodies.
- Since 2006, the **Carical - Cassa di Risparmio di Calabria e di Lucania Foundation** has been organising the "Premio Per La Cultura Mediterranea" (Mediterranean Culture Award), now in its fifteenth edition, for which it awards a grant.
- "**RESPIRI. Verso una cura per tutti**" (BREATH. Towards a cure for all), support for the Cystic Fibrosis Research Foundation.
- The **Giovanni Celeghin Foundation** organises important sporting and cultural events to raise funds for brain tumour research.
- The **Toscana Gabriele Monasterio Foundation** is a specialist public body of the Regional Health Service and is a highly specialised centre for the treatment of cardiopulmonary diseases. It collaborates with the Rosa Pristina Foundation, already supported in 2020, which treats children mainly receiving heart surgery at the "Gaetano Pasquinucci" Heart Hospital in Massa.
- The **Villa San Giuliano Zandonai Foundation** intends to enhance Villa Zandonai in Pesaro, a cultural asset conceived by Luciano Baldessari and created by Riccardo Zandonai, with the aim of opening it to the public for theatrical and music events. Through the grant, the Foundation has set up a scholarship for deserving students from the G. Rossini Music Conservatory in Pesaro.
- By setting up the **Comunità Mantovana Foundation**, the Cariplo Foundation aimed to encourage the development of an autonomous entity operating locally to promote philanthropy and the culture of donation, by collecting the resources available in the local community and allocating them to social solidarity purposes.
- **Swiss Paralympic** selects the best Swiss athletes with disabilities for the Paralympics, and World and European Championships. Swiss Paralympic specifically promotes Swiss sports for the disabled at highest levels so that athletes from the various sports regularly turn in outstanding performances on both the national and international stage. The 2021 contribution was dedicated in particular to the ski team, Robin Cuche and Sofia Gonzales.
- **Altezze e Musica** (Heights and Music) is a Swiss non-profit association that organises the New Year's Eve Music Festival in Gstaad and other events throughout the year**.**

Fideuram and Sanpaolo Invest - Trento Office

SPONSORSHIP INITIATIVES

The Fideuram Group renewed support for events related to art, culture and sport by supporting a wide range of initiatives, sometimes in collaboration with the Personal Financial Adviser Networks.
During 2021, Fideuram was the sponsor of a great event of international importance, the 78th Italian Open Golf Tournament, a sporting event held from 2 to 5 September 2021 at the prestigious course of the Chervò Golf Marco Simone Golf&Country Club.

Moreover, in the financial field, it was sponsor of the Salone del Risparmio, held in Milan from 15 to 17 September, and of the 17th AIPB FORUM "The renaissance of the Italian economy" held on 24 November via live streaming.
In 2021, Intesa Sanpaolo Private Banking supported the following initiatives:

- **34th Maratona dles Dolomites** (Dolomites Marathon), the most important amateur cycling marathon race in the world, which has been running in the Dolomites since 1987. Participation is by drawing lots from over 32,000 applications. Since 2013 Intesa Sanpaolo Private Banking has been the Gold Partner of the Maratona dles Dolomites, and has reserved 42 jerseys for its customers. It takes care of the hospitality of its guests for the entire event, also providing them with personalised assistance by Alessandro Vanotti (former professional cyclist).
- **Miart**, once again this year Intesa Sanpaolo Private Banking was the protagonist, together with the Intesa Sanpaolo Group, of Miart in Milan, a fair where contemporary and modern art and design dialogue with each other, and present the widest range of products to the public. Intesa Sanpaolo Private Banking offered its customers the opportunity to take part in exclusive initiatives: in addition to the usual stand hosting the exhibition of a young artist, exclusive VIP access was offered, as well as a reserved preview and the opening vernissage of the event. The organisation of guided tours of the main galleries, the presence and availability of art Advisers for consultations.

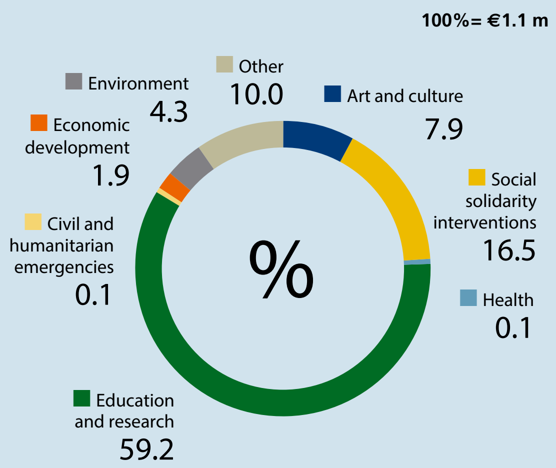
- **Artissima**, the main contemporary art fair in Italy held in Turin, of which Intesa Sanpaolo is the main sponsor. Once again, Intesa Sanpaolo Private Banking was present with a corner dedicated to the Art Advisory service and involved a select group of customers.

- **Genoa Shipping Week**, the biennial event is organised by Assagenti, the Maritime Agents and Brokers Association of Genoa, and brings together port, maritime and logistics operators from all over the world. Intesa Sanpaolo Private Banking was the main sponsor and benefited from further brand visibility opportunities as "Main Sponsor" of the Assagenti Closing Conference, "Duke Sponsor" of the Rolli Shipping Week and "Bronze Sponsor" of Port&ShippingTech.
- **Blue Economy Summit**, an event promoted by the City of Genoa, which has become a national reference point for those working in the blue economy. The event is dedicated to the great opportunities for regional growth and development, employment and vocational training, originating from the sea and the industries that gravitate around it. Three days of themed conferences were organised on the following topics: Development of the Port of Genoa, Redevelopment of the Waterfront and Sustainability of the Maritime Ecosystem, Water Sports and Innovation.
- **3rd Report on the Real Estate Market** organised by **Nomisma**, held in Milan. This company of economic studies proposes every year an event to take an in-depth look at real estate scenarios. Usually the presentation takes place with a live audience at the Cariplo Convention Centre, but due to health restrictions, it was held with a live stream with the participation of more than 600 people.
- In 97 events, opened by the inaugural concert by Stefano Bollani, the **19th BERGAMOSCIENZA** Festival of popular science explored the world of science from a cross-cutting point of view, with contributions of the highest quality and a language accessible to non-experts, and turned the spotlight on the crucial issues of our time with a focus on the sustainability of life on our planet.

- **Olimpia Basket Milan, A|X MILAN** (2021-2022 season), whose main sponsor is the Armani Group, will also see the sponsorship of Intesa Sanpaolo Private Banking for three years, with benefits in terms of both brand visibility through the LED wall on the sidelines and hospitality for its customers.

In 2021 the Group's total contributions to local organisations via donations (approx. €1m) and sponsorships (approx. €0.1m) were made entirely in cash. The graph shows the Group's donations to the community by field of activity.

Group contributions by sector, 2021



Our donations, calculated following the guidelines of the London Benchmarking Group (LBG), are classified by objective as follows:

- 38.6% "local investments", which include long-term strategic partnerships;
- 49.3% "donations", which meet specific needs and requests made by associations and non-profit entities;
- 6.3% "marketing initiatives", which support events that promote our brand and business;
- 5.8% "investment" in the protection and enhancement of Italy's artistic and historical heritage.

SUSTAINABLE FINANCE

The Fideuram Group specialises in offering advisory services to meet the financial, pension and insurance needs of Private Banking and HNWI (High Net Worth Individual) customers. Listening and dialogue with the customer, aimed at the ongoing improvements to the quality of the service offered, are combined with the commitment to spread awareness about appropriate financial literacy, to raise the knowledge and awareness of the customer with regard to investment choices also with regard to aspects of social and environmental interest. The progressive integration of ESG criteria is taking place across the entire range of products on offer (own and third-party funds, discretionary accounts, insurance-based investment and non-managed products) with the aim of offering a complete spectrum of opportunities.

Regulation (EU) 2019/2088 on Sustainability Disclosures in the Financial Services Sector (SFDR) is facilitating the transition to sustainable finance, also through the adoption of a homogeneous system of dialogue between sector operators and investment customers. The measures provided for have fostered transparency on the commitments undertaken also in terms of sustainability risk integration policies already published on corporate websites and in internal management and product governance processes.

During 2021, the Group introduced new solutions to enhance the ESG investment opportunities available to customers. These were developed by Group Asset Management, but also included solutions from third-party asset managers with which to give increasing prominence to aspects linked to sustainability issues, which have now also become a structural component of the analysis process supporting the choice of products. At 31/12/2021, the assets of the company's products with ESG characterisation and compliant with Articles 8 and 9 of the SFDR Regulation amounted to €3,362m.

INVESTMENT FUNDS

THE FONDITALIA OFFERING

In 2021, Fideuram Asset Management (Ireland) included new solutions in addition to the Fonditalia Ethical Investment and Fonditalia Millennials Equity sub-funds, which based on their characteristics have been brought under Article 8 of the SFDR as they promote environmental and social characteristics through their investment policies.

Fonditalia 4 Children

The sub-fund aims to create a well-diversified 'high conviction' portfolio in companies that are clearly committed to a sustainability transition with a particular focus on the social and educational development of children. The portfolio is managed and built through the application of a selection process with a focus on companies that generate a significant impact on ESG issues and with specific exclusion criteria regarding sectors and countries based on objective parameters. Fonditalia 4Children provides for a collaboration with UNICEF both for the definition of the exclusions of securities from the investable universe and for the recurrent devolution of an amount of commissions to support some of their specific programmes with the aim of offering an active commitment to the implementation of projects to protect children. By virtue of its sustainable objectives, the product complies with Article 9 of the SFDR.

FOI Quality Innovation Sustainability

The sub-fund works through a strategy that captures the most relevant global trends by investing in shares of companies with high quality and sustainable business models through various investment themes that represent real megatrends. To better represent this thematic investment, the fund manager uses a customised benchmark developed ad hoc with MSCI, a highly specialised company. The selection of securities integrates ESG criteria, favouring companies whose management is characterised by sustainability principles in accordance with Article 8 of the SFDR.

FOI SLJ Flexible China

The term segment, dedicated only to the Intesa Sanpaolo Private Banking network, is managed by Eurizon SLJ Capital, which relies on the direct experience of Eurizon Capital Asia Ltd for the selection of equities and is a flexible investment solution that aims to provide a positive return through the construction of a multi-asset portfolio of securities issued by entities with registered office or main activities in China.

The bond strategy is based on a selection process in which the management team's macro views and optimisation models are applied to homogeneous sets of securities identified by issuer type and maturity. The equity component of the portfolio is based on an active discretionary approach involving macro analysis, fundamental assessment of the securities and bottom-up micro analysis of individual companies.

THE AILIS OFFERING

For the Luxembourg-law SICAV Ailis managed by Fideuram Asset Management (Ireland), the new **AILIS BLACKROCK Balanced ESG** sub-fund dedicated to Intesa Sanpaolo Private Banking customers and entrusted for management to BlackRock Investment Management (UK) Limited, a BlackRock Group company, was released during 2021. The product is characterised by a multi-asset portfolio that invests in a diversified and global manner in different asset classes, with the objective of generating positive returns in a manner consistent with environmental, social and governance principles. These principles are binding for the selection of financial instruments and for the investment decision-making process, as well as for the selection of companies pursuing good governance practices. The sub-fund was classified in accordance with Article 8 of the SFDR.

In addition, two sub-funds, also covered by Article 8 of the SFDR, were created for use as underlyings in the portfolios of container products (discretionary accounts and insurance-based investment products). These are the **AILIS MSCI Europe Esg Screened Index** and the **AILIS MSCI USA Esg Screened Index.**

FIDEURAM MULTIBRAND

The process of systematic enhancement of the range of products on offer continued for Fideuram Multibrand, the platform for the direct distribution of funds in open logic. This includes the selection of traditional investment funds with an ethical and social value of third-party companies that boast a consolidated and acknowledged experience in this field, improving the coverage of the various types of investment (geographical and theme-based equities, and bonds, in particular of a corporate and flexible nature) and allowing customers greater freedom in the composition of their own portfolios in compliance with ESG principles. In 2021, new partners specialising in products made with a responsible approach in line with the Sustainable Development Goals endorsed by the United Nations were identified (e.g., AXA Investment Managers, Raiffeisen Capital Management).

DISCRETIONARY ACCOUNTS

The growing attention to ESG issues by the Fideuram Group is also found in the business of Fideuram Asset Management SGR. With regard to Omnia discretionary accounts, the **Ego Sustainable line**, developed in collaboration with Mainstreet Capital Partners, and the **Ego High Conviction 70** and **High Conviction 100 lines**, developed in collaboration with Lombard Odier Investment Managers, are geared to investment in financial instruments that incorporate environmental, social and good governance criteria and are considered compliant with Article 8 of the SFDR.
In 2021, the commitment to developing investment solutions that meet the criteria of ethics and sustainability continued with the creation of new customised management lines and with the selection of additional ESG funds intended to enhance the investable universe of Fideuram Folios and Omnia discretionary accounts, also with the creation of specific lines intended for all customers:

- **Impact Allocation Folio**, a new Folio of the Consiglio family that proposes a balanced allocation with the objective of giving exposure to both ESG thematic instruments and "Global Impact" investments. The Folio pursues sustainable investment objectives pursuant to article 9 of the SFDR Regulation and adopts an investment approach which, in addition to integrating sustainability risk management, allows the pursuit of specific objectives capable of generating a positive and measurable social or environmental impact (so-called "impact investing"). In addition to generating positive returns, the Folio's objective is to invest in assets with both environmental and social sustainability objectives such as, for example, improving climate impact through the use of alternative energy and energy efficiency, low impact in the use of natural resources such as water and soil, in the waste production/cycle and effects on biodiversity, and achieving social objectives with services related to education, treatment of major diseases and nutrition. The fund's investments must also not have a negative effect on any of the described objectives and verify good governance practices. This is achieved by investing predominantly in mutual funds/ETFs classified as Article 9 issued and managed by Asset Managers who have passed an internal screening process defined in specific policies. Therefore, the product objectives described will be achieved through the use of such instruments in the portfolio that aim precisely at making sustainable investments with a positive social and environmental impact. The remaining part of the portfolio is invested in funds defined by the SFDR as Article 8. The choice of investments in financial products other than those classified as Article 9 is made in order not to compromise the pursuit of the sustainable investment objectives of the fund. The designated benchmark, in line with the described objective, is composed of a set of both equity and bond indices that implement a construction methodology that combines criteria for the exclusion of controversial sectors, "best in class" screening of constituents and selection of companies that have a share of their assets allocated to projects with a positive environmental and social impact. The indices used start from a market-weighted benchmark and, through the steps of selecting the investable universe described, determine a portfolio with better characteristics in terms of sustainability, differentiating it from a general market index.
- **Next Generation Winners Folio**, of the Tema family, with a portfolio concentrated on "high conviction" equities of companies which, in their own sector, present greater growth potential in the light of the Next Generation EU Programme and meet sustainability criteria both from a financial point of view and in terms of business model and practices. The environmental and social characteristics of the management line are promoted through an investment strategy that integrates sustainability assessments through systematic screening carried out by means of an ESG indicator (scoring for which the SGR may use an external Advisor) and aimed at the exclusion of the financial instruments with the lowest score (normally 20%); the exclusion of investments in sectors that do not qualify as SRI (such as controversial weapons); the introduction of restrictions in companies at high sustainability risk (tobacco, coal, unconventional oil and gas) and in companies involved in "very severe controversies" that are not subject to SRI. These include, but are not limited to, violations of international standards and conventions such as the UN Global Compact; qualitative and quantitative review of company practices and business models; assessment of how the investment contributes to a circular, inclusive and clean economy; engagement. Companies in the investment universe must comply with good governance practices assessed based on information provided by leading external info providers. The SGR verifies the compliance of the portfolios with the principles referred to in the aforementioned investment strategy and expressed in the evaluations provided by the external advisor, if any.

Intesa Sanpaolo Private Banking offers the **Mix Sustainable line**, a Wealth Collection discretionary accounts line of Fideuram Asset Management SGR created in collaboration with Mainstreet Partners and characterised by an investment process aimed at building a portfolio oriented towards a balance of the main categories of financial instruments, diversified on international markets. Discretionary accounts also promotes environmental and social characteristics, in addition to pursuing financial objectives, thus complying with Article 8 of the SFDR. Finally, both Fideuram and Intesa Sanpaolo Private Banking offer their customers the opportunity of defining with the managers of Fideuram Asset Management SGR personalised management lines geared to investment in financial instruments that incorporate environmental, social and good governance criteria.

INSURANCE PRODUCTS

The issue of sustainability is also becoming increasingly important for insurance-based investment products. The Intesa Sanpaolo Group's insurance companies are committed to disseminating sustainable insurance and financial products, as set out in the Sustainability Policy adopted by the Group.
During 2021, there will be a general effort to expand the investment universes of existing policies through a targeted selection of external funds, as well as the development of internal funds that comply with Articles 8 and 9 of the SFDR.
The most interesting solutions include, for Fideuram Vita, the development of the new multi-line policy Fideuram Vita Futura, which will replace the Fideuram Vita Insieme policy in Fideuram's offering in 2022, and for Intesa Sanpaolo Life, the new Selezione Private Pro unit-linked policy, released in December 2021 for the Intesa Sanpaolo Private Banking network. Both policies are characterised by internal and external fund selections strongly geared to the ESG dimension.

NON-MANAGED ASSETS

The non-managed assets component is also involved in the search for sustainable investment solutions. Since 2018, as part of its Equity Protection certificate offering, Fideuram has carried out, in collaboration with Intesa Sanpaolo Group issuers, a number of placements on the primary market of ESG-type structures, which aim to reward companies that are sustainable in terms of governance, social and environmental approach. In 2021, the Intesa Sanpaolo Equity Protection certificate on the STOXX® Europe 600 ESG-X index was distributed. The same approach was taken by Intesa Sanpaolo Private Banking.

MAIN IMPROVEMENT OBJECTIVES FOR 2022

Investment funds and Discretionary accounts
The development of additional solutions dedicated to the ESG world will continue, and also the enrichment of the investable universe available to asset managers and customers with the selection of new strategies based on ESG logic.

Insurance products
As regards this type of product, the plans are to proceed with the expansion of the investable universe of insurance products with instruments that meet the logic of sustainability and responsibility.

Non-managed assets
Based on market performance, some new issues will be offered taking ESG criteria into account.

THE FINANCIAL SYSTEM AND OTHER INSTITUTIONS

Fideuram and its subsidiaries are members of a number of industry associations in their respective fields, including the Italian Banking Association (ABI), Italian Association of Investment Advisory Companies (Assoreti), the Italian Association of Joint Stock Companies (Assonime), the Italian Private Banking Association (AIPB), the Italian Association of Fund Managers (Assogestioni) and the Italian Fiduciary Services Association (Assofiduciaria).

CORPORATE EVENTS

SALONE DEL RISPARMIO

Fideuram's partnership with the Salone del Risparmio event continues, now in its 11th edition, entitled: **"Visions for a world at zero rates. From liquidity to the real economy."** This edition had already been launched in 2020, but due to the Covid-19 health emergency, it was held in presence in 2021 from 15 to 17 September, at the MiCo in Milan, with the aim of combining physical and digital. On the first day of the event, Fideuram Asset Management SGR held a conference titled "**From the Real Economy to International Financial Markets: the testimony of two successful entrepreneurs"**, with the presence as speakers of John Hyman, Chief Investment Advisor of Telegram (live from NY), Silvio Campara, CEO of Golden Goose, and Gianluca Serafini, CEO of Fideuram Asset Management SGR. The conference was moderated by Andrea Cabrini, co-editor of Milano Finanza, and was attended by around 500 guests.

ASSOCIAZIONE ITALIANA PRIVATE BANKING (AIPB)

On 24 November, a live-streamed event was held, entitled "27th Forum of Private Banking: "The renaissance of the Italian economy", of which Fideuram was a sponsor. During the 17th Private Banking Forum, hosted by Debora Rosciani, journalist of Radio 24, the President of AIPB, Paolo Langé, and other important speakers in the private banking sector spoke.

IT FORUM

IT Forum Online Week is the largest Italian event dedicated to trading, investment and personal finance. In 2021 the 25th edition was held, entitled "The Digital & Social Experience".

In line with the particular needs dictated by the current social and health landscape and in order to ensure a wide dissemination of the topics discussed, a streaming channel was created to watch again all the lectures of the 25th edition of the event dedicated to trading and investing.

IT Forum is organised and designed for Traders, Investors, Savers, Financial community and all those who want to learn more about the topics covered.

During the virtual workshops and panel discussions with leading experts, the main topics covered were new trading techniques, market scenarios, investment products, Savings and Investment Techniques, Market News, Commodities, Forex and Cryptocurrencies.

3.8.6 **Natural** Capital

Natural capital includes the processes and environmental resources which contribute to generating goods and services for the Group's business.

THE ENVIRONMENT

Following Intesa Sanpaolo's environmental guidelines and rules, the Fideuram Group's environmental policy aims to contain and rationalise energy consumption with the reduction in pollutant emissions, paper consumption, waste production and management, and water, electricity and gas consumption in order to make a positive contribution to sustainable development consistent with environmental protection and awareness of current climate changes. The growing attention paid to the possible consequences of climate change has led to a greater awareness among the financial institutions on the need to develop a specific understanding of the risks and opportunities associated with it.
Climate change represents a complex challenge that will inevitably have a severe impact on the future of the planet and society. Climate change is the reason behind the increase in extreme natural events and has permanent effects that may result in considerable economic, environmental and social costs. Such events, that can generate a loss of wealth and revenue for businesses and households, have a potential impact on the financial system. Banks have a key role and prominent responsibilities with respect to the climate change issue because they can guide loans and investments towards businesses that are environmentally virtuous and work from a perspective of improved awareness and containment of risks. This is the context in which the Fideuram Group develops its commitment, which is manifested in the desire to:

- **Reduce the direct impacts on the environment of Group activities:**
  - **ATMOSPHERIC EMISSIONS**
    The mitigation and containment of CO_2 emissions plays an important role in the company policies, and certain specific actions have been identified over the medium term in the Intesa Sanpaolo Climate Change Action Plan, aimed at reducing the environmental footprint.
  - **ENERGY**
    The Group is continuing to improve energy efficiency through using renewable sources and eliminating waste, controlling and monitoring both direct and indirect impacts.
  - **PAPER**
    The Group also pays particular attention towards paper consumption, both when purchasing paper by privileging ecological paper (recycled and certified by responsible sources) and implementing policies of paper document digitalisation, as well as in the final phase of recycling by raising awareness and spreading environmental consciousness among all concerned.
  - **WASTE**
    In line with applicable legislation, the Fideuram Group disposed of hazardous and non-hazardous waste in a correct manner.

- **Increase indirect positive impacts and monitor and reduce negative indirect impacts:**
  - **ENVIRONMENTAL IMPACTS OF INVESTMENTS**
    The Group is committed towards developing and promoting financial products with ESG characteristics to be placed with customers, and with the subscription of green bonds.
  - **ENVIRONMENTAL IMPACTS OF THE SUPPLY CHAIN**
    Suppliers are also selected by using compliance with ESG issues as a criterion.

NET-ZERO BANKING ALLIANCE AND NET-ZERO ASSET MANAGERS INITIATIVE

In October 2021 Intesa Sanpaolo joined the Net-Zero Banking Alliance, promoted by the United Nations Environment Programme Finance Initiative (UNEP FI) that brings together banks from all over the world committed to achieving the goals set by the Paris Climate Agreement. By joining the Alliance, the Intesa Sanpaolo Group has committed to zero net emissions by 2030, ahead of the 2050 target set by the Alliance, with reference to both its own emissions and those relating to its loan and investment portfolios. The Fideuram Group is committed to zero emissions also through the direct adhesion of the three asset management companies: Fideuram Asset Management SGR, Fideuram Asset Management (Ireland) and Asteria Investment Managers have joined the initiative dedicated to asset management companies: the Net-Zero Asset Managers Initiative.

In order to support the decision-making process aimed at setting the targets for reducing CO_2 emissions, the Fideuram Group participated in the process of drafting Intesa Sanpaolo's new Own Emission Plan, which involved all internal functions and subsidiaries in order to identify the necessary actions.

Based on the guidelines of one of the most important internationally recognised reference standards, the Science Based Target (SBTi) initiative, and taking into account the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD) and the provisions of the GRI, in the 2022-2025 Business Plan Intesa Sanpaolo has identified the following targets to be achieved by 2030:
Scope 1 and 2 emissions: 0%;
Purchase of electricity from renewable sources: 100%.

In addition to these important actions in the Business Plan, it sets out that by 2025 more than 100 million trees will be planted in order to protect and restore natural capital through direct Group initiatives or dedicated customer financing, and also by adopting a specific biodiversity policy.

ATMOSPHERIC EMISSIONS

The correct and systematic quantification and reporting of greenhouse gas (GHG) emissions enables the Fideuram Group to check the results of the actions it undertakes to reduce emissions, so as to contribute towards a reduction in global pollution.

During 2021, the change in the company's scope and the partial return to the office following the improvement in pandemic conditions led to an increase in electrical and heat consumption with consequent increases in greenhouse gas emissions.

(tCO_2 eq.)	2021	2020	2019
SCOPE1 EMISSIONS			
Direct emissions: total	3,115	2,142	2,508
SCOPE2 EMISSIONS			
Total indirect emissions Market	339	341	325
Total potential indirect emissions Location	6,387	5,524	6,006

The 2021 figures do not include the Reyl Group. The figures for 2020 and 2019 were not restated.

The GHG emissions are reported in line with the international Greenhouse Gas Protocol and the Guidelines on the application of GRI Standards for the environment.
The reported indicators are:

- Scope1 direct emissions, namely those produced by sources belonging to the Group and referring to the use of fuels for heating and from company vehicles;
- Scope2 indirect emissions, namely those produced indirectly by the Group but over which it has no direct control and relating to centralised air conditioning systems and acquired electricity. These emissions in turn are broken down into Market-based and Location-based. The Location-based method highlights the effective emission reductions resulting from energy-efficiency improvement programs without taking into account the benefits arising from the purchase of energy from certified renewable sources (Market-based).

ENERGY

The aim to limit the Group's consumption continues through operational streamlining and energy efficiency initiatives. In particular, the actions taken have involved the replacement or modernisation of refrigeration units, the installation of high-efficiency lighting in branches, offices and signboards, and the installation of systems that turn on and switch off lights and automatically adjust lighting levels, systems that automatically turn off computers at night, new low-energy printing methods with reduced consumption of electricity, the installation of thermostatic valves on radiators and initiatives to reduce excessive temperature levels in heated spaces.

During 2021, electric power consumption totalled 79,573 GJ, natural gas (methane) consumption 42,027 GJ and fuel oil consumption 2,696 GJ, up compared to last year. The percentage of electricity procured from sustainable sources rose from 98.2% to 98.85%, in line with Group targets.

ELECTRIC POWER CONSUMPTION		2021	2020	2019
Total electric power consumption	GJ	79,573	64,487	67,530

NATURAL GAS CONSUMPTION		2021	2020	2019
Natural gas consumption (methane)	GJ	42,027	30,502	31,267

FUEL OIL CONSUMPTION		2021	2020	2019
Fuel Oil Consumption	GJ	2,696	2,361	1,369

PAPER

In 2021, Group companies consumed a total of 239 tonnes of paper. 78% of the paper used is environmentally friendly (48% recycled paper and 30% Forest Stewardship Council (FSC) certified paper from sustainably-managed sources) with a pro capita consumption of 49 kg.
During 2021, paper consumption was affected by the return of people to the office due to the improvement in the pandemic situation, changes in the corporate reporting scope, as well as the expansion of the catalogue of paper products considered compared to 2020.
The upgrading of our digital document system continued with the consequent dematerialisation of a larger quantity of documents through expansion of the range of application of that system, the use of online statements and reporting for customers and the use of biometric signature extended to the distribution networks as well as to other Group units.

		2021	2020	2019
Total paper consumption	tons	239	168	187
Pro-capita paper consumption	kg/employees	46	39	53

OTHER RESOURCE CONSUMPTION

Water consumption

Water resources are mainly used by the Group for civil purposes. The water used came from the public water supply or other water supply companies. Water consumption totalled 127,948 m3 in 2021, with pro-capita water consumption of around 25 mc.

		2021	2020	2019
Total water consumption	mc.	127,948	96,427	91,129
Pro-capita water consumption	mc/employees	25	22	26

Waste

The Group scrupulously implements Italian waste disposal regulations with a view to more effectively controlling the disposal of special waste. The system makes it possible for the entire waste chain to be computerised, simplifying procedures and compliance, and reducing costs. The Group also complied with municipal waste disposal directives, adopting suitable processes and procedures for separate waste collection.

During 2021 the Group generated 191 tonnes of waste (37 kg per employee), including 186 tonnes of non-hazardous special waste and 5 tonnes of hazardous waste. The increase in waste during 2021 is mainly due to the merger of IW Bank and the UBI Top Private Business Unit, which generated the disposal of a large number of paper archives and other material. Used toner cartridges and hazardous and/or special waste (fluorescent tubes and batteries etc.) were disposed of separately and appropriately, in accordance with current regulations, using specialist companies and maintaining the related compulsory registers and documentation.

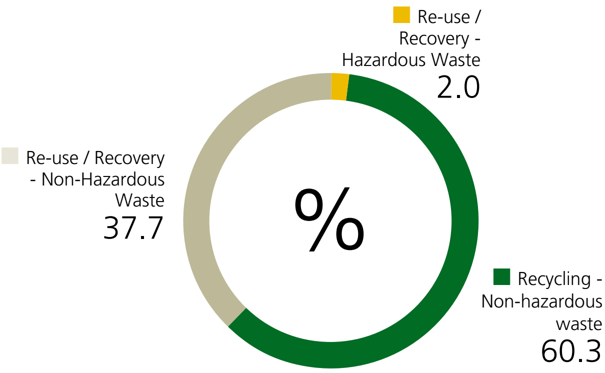
		2021	2020	2019
Total waste	ton.	191	98	134
Total waste pro-capita	kg/employees	37	33	38
Total special waste (non-hazardous)	ton.	186	96	131
Total hazardous waste	ton.	5	2	3

Waste management, including collection, transport, recovery and disposal at sites outside the organisation, is carried out by third parties in compliance with the provisions of the reference standards and current legislation. Only 5.2% of the waste generated was directed to disposal (76% of which was sent to landfill), while 94.8% was exploited through processing for reuse, recovery or recycling.

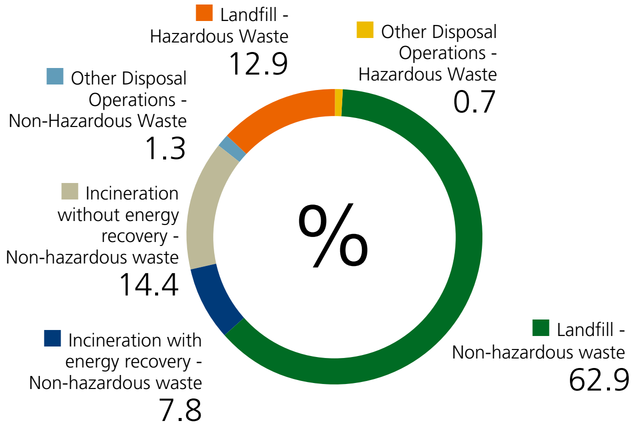
The following table provides the breakdown waste directed to or diverted from disposal:

(ton.)	2021
Paper and cardboard	107
Cartridges, tapes and films	2
Office machinery	62
Cathode ray tube monitors, plasma, LCD	4
Other types	6
Total waste diverted from disposal	**181**
Cartridges, tapes and films	1
Office machinery	6
Cathode ray tube monitors, plasma, LCD	1
Other types	2
Total waste for disposal	**10**
Total waste	**191**

Forms of disposal of waste diverted from disposal



Forms of disposal of waste directed to disposal



MAIN IMPROVEMENT OBJECTIVES FOR 2022

Our main improvement objectives include the following:

PAPER, WASTE, TONER

- Introduction of the possibility of using recycled paper for certain types of documents in addition to the certified paper already in use.
- Raising awareness of the use of digital and electronic signatures with a consequent reduction in the consumption of toner and paper and reduced output of material to be disposed of.
- Raising internal and external staff awareness of the need to increase the use of documents in digital format.
- Continuation of the initiative to achieve the paperless process with the creation of editable PDF documents.
- Dematerialisation of forms for customers to sign for more investment products.

ENERGY

- Complete the installation of electrical systems and latest generation air conditioning systems permitting the containment of energy consumption and the reduction and replacement of existing systems in the branches and offices of Personal Financial Advisers.

LEAN BANKING PROJECTS

The pandemic which struck Western countries led the producers of goods and services to implement significant changes in the organisation of work.
In this context, Fideuram benefited from the choice made several years ago at Intesa Sanpaolo Group companies to complement work at company facilities to smart working. Thus, it was able to fully integrate teleworking at all of its central offices, which represent the fulcrum of its management, administrative and governance activities, without negatively impacting the commercial activities of the Sales Networks.
In addition, the adoption of smart working gave added impetus to the pursuit of full digit targets, which the Group had planned to achieve much more gradually, facilitating the search for Lean Banking solutions to facilitate the organisation and management of teleworking, even in the absence of traditional devices like printers and photocopiers.
Therefore, solutions with innovative and leaner procedures for recording, tracking and digitally archiving transactions were implemented, which on the one hand permit the realisation of significant results in terms of procurement costs for paper and forms and, on the other hand, greater attention to environmental issues (disposal of toner and consumables).
The use of digital platforms by Personal Financial Advisers was confirmed to be an irreplaceable tool. In particular, implementation of the remote process for opening current accounts contributed significantly to speeding up the time need to open relationships, reducing paper consumption and cutting the cost of printing and transporting forms.
Customer preferences contributed significantly to the major results achieved in the dematerialisation process. Customer requests for authorisation and access to the online channels made available by the Group have increased significantly.

MAIN IMPROVEMENT OBJECTIVES FOR 2022

The goal is to consolidate the actions taken on the organisation of work and in relations with the Sales Networks and customers. Specifically:

- accelerate digitalisation strategies;
- consolidate the operational model and actions introduced after the crisis triggered by the public health emergency to design a new operating model allowing the Group to become leaner over the long term;
- determine structured paths for development of previously adopted sustainability principles, consistently with the path outlined in the Intesa Sanpaolo Group Corporate Social Responsibility policy.

3.9 Events after 31 December 2021 and outlook

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

On 11 January 2022, upon receiving the relevant supervisory authorisations, the deeds were signed for the partial demerger of IW Bank in favour of Fideuram of a Business Unit consisting of banking relationships and assets, non-performing loans (not sold to the market prior to the demerger), advanced trading activities, finance activities and management of the owned securities portfolio and for the partial demerger of Fideuram in favour of Intesa Sanpaolo of a compendium substantially made up of performing loans and related funding and personnel. The effects of the two demergers take effect on 14 February 2022. On the same date and at the end of the partial demerger of IW Bank in favour of Fideuram, IW Bank was reconfigured as a financial services company and called IW Private Investments Società di Intermediazione Mobiliare S.p.A..

On 13 January 2022, the Swiss supervisory authority (FINMA) granted clearance for the merger of Intesa Sanpaolo Private Bank (Suisse) Morval into Reyl & Cie. As a result of this transaction, which was carried out with fiscal and accounting effects backdated to 1 January 2022, the company name of the merged entity was not changed, and it therefore retains the name Reyl & Cie S.A..

On 21 January 2022, the sale of 100% of UBI Trustee, a Luxembourg-based company that is part of the former UBI Group and specialises in trustee services dedicated to HNWI and UHNWI customers, from Intesa Sanpaolo to Fideuram Bank (Luxembourg) was finalised.

On 16 December 2021 Fideuram's Board of Directors approved:

- the subscription by Fideuram of the capital increase of Alpian S.A., a digital bank in the start-up phase already owned by Reyl, based in Geneva, up to CHF19m, with the consequent acquisition by the Bank of a direct stake in the company;
- the signing by Fideuram of a service agreement with Alpian and an addendum to the existing shareholders' agreement between Alpian's shareholders to regulate the governance rights guaranteed to Fideuram, following its joining the company's capital as a direct investor.

Following the completion of the capital increase on 21 February 2022, Fideuram acquired a direct stake in Alpian's capital of approximately 14% and, jointly with Reyl and Reyl's partners, a total of 38.6%.

The growth prospects of the global economy may be influenced by the ongoing geopolitical tensions, with possible repercussions on the energy market and inflation.
In early February client assets totalled €212.4bn (with an increase over the average figure for 2021) and will be able to sustain the growth in recurring net fee and commission income in 2022 as well. The inflow development policies, the size of the client assets together with the cost controls and constant focus on risk management may allow our Group to end 2022 with an excellent result. Please refer to the approval of the first quarter results for a detailed analysis of the current year's profitability.

4.1 The values and history of the Group
4.2 Organisational structure
4.3 Ownership structure
4.4 Role of sub-holding company
4.5 Company management
4.6 Remuneration policies
4.7 Internal controls system
4.8 Insider information
4.9 Shareholders' meetings
4.10 Board of Statutory Auditors

Fideuram - Intesa Sanpaolo Private Banking is a subholding company of the Intesa Sanpaolo Banking Group

Fideuram heads the Intesa Sanpaolo Group's **Private Banking Division**, comprised of the companies providing the Group's **financial advisory**, **asset management** and **fiduciary services**.

4. Governance

4.1 The values and history of the Group

Fideuram has adopted the Intesa Sanpaolo Group's Code of Ethical Conduct as part of a comprehensive vision of social and environmental responsibility centred on strong relationships with its stakeholders.

MATERIAL TOPICS	WHY TOPICS ARE MATERIAL	CORPORATE POLICIES
Brand reputation Adequacy of controls over the distribution networks **Risk management** Anti-competitive and antitrust policies Management of business-related risks **Compliance** Regulatory compliance Appropriate updating on developments in the reference regulatory framework **Corporate Governance** Transparency and clarity in management of decision-making processes Conflict of interest management Policies and initiatives to limit the risk of incidents of corruption occurring Remuneration and compensation policies for members of the Board of Directors	The Fideuram Group deems it of fundamental interest that its own activities be operated in full compliance with the rules and with internal and external regulations and codes of conduct as a cornerstone for the trust placed in us by customers.	The Fideuram Group has prepared a Model of Organisation, Management and Control compliant with Italian Legislative Decree 231 of 8 June 2001. The Group prepared the Model in light of existing laws, regulations, procedures, and control systems, to the extent that they also provide appropriate measures to prevent crimes and unlawful conduct in general, including the acts listed by the decree. The Group has taken the greatest care in defining its organisational structures and operational procedures, both in order to assure efficient, effective, and transparent management of its activities and assignment of responsibilities, and to reduce dysfunctions, malfunctions, and irregularities to a minimum.

The Code of Ethical Conduct is a voluntary self-regulatory tool and an integral part of the Corporate Social Responsibility management model. It contains the mission, corporate values, and principles that govern relations with stakeholders, beginning with the corporate identity, and is an integral part of the regulatory framework that governs the various levels of Fideuram Group operations. The Group's internal Code of Conduct is issued in accordance with the values and principles contained in it. That Code defines the fundamental rules of conduct for directors, employees and independent contractors in view of fulfilling and protecting those values.

The model for implementation of the Code of Ethical Conduct is based on the self-policing of the organisational units that pursue and defend the reputational value of socially responsible conduct. The annual reporting of non-financial information contained in the Integrated Annual Report of the Fideuram Group, presents to the stakeholders the initiatives and indicators connected with topics of importance to them, fulfilling the commitments made in the Code of Ethical Conduct.

Any violations of the Code that do not involve fraudulent acts or violations of specific provisions of law are subject to mandatory measures based on a constructive approach aimed at heightening individual sensitivity and care for the values and principles affirmed in the Code.

Reports on violations of the Code are handled at the level of Intesa Sanpaolo in collaboration with the structures involved.

Our growth strategy aims to create value that is solid and sustainable from economic, financial, social and environmental standpoints, built on the trust of our stakeholders and based on the principles of our Code of Ethical Conduct and on the values that have always distinguished Fideuram's culture and tradition.

In 2021, the Private Banking Division defined its own Purpose by identifying the 5 values in which we believe:

COURAGE
DECIDING TO CREATE THE FUTURE
We are future-oriented, which is why, with respect for our history, we persevere in the responsible search for innovative, forward-looking and engaging solutions.

INCLUSION
THE POWER OF DIVERSITY
We create the conditions for everyone to express themselves to the fullest, because we need everyone's talents.

TRUST
THE BOND THAT CREATES VALUE
We cultivate a 'valuable asset' that, through words and deeds, generates mutual credibility, satisfaction and well-being.

UNION
STRONGER TOGETHER
Feeling united expresses the essence of who we are, guides us in recognising the right and consistent choices and strengthens us in facing the challenges of the present and the future together.

GROWTH
THE AMBITION OF THE COMMON GOOD
We create the shared well-being of today and tomorrow, striking a balance between ambition and sustainable growth over time, with a special focus on younger generations.

The Code of Ethical Conduct, set up as a real "Charter of Relations" with all stakeholders, has contributed to explaining the values and principles of conduct resulting from that Code, and specifically in regard to:

- support for the human rights affirmed in the Universal Declaration of Human Rights and subsequent international conventions;
- protection of the fundamental rights contained in the eight conventions of the ILO (International Labour Organization);
- recognition of the principles set out in the 2006 United Nations Convention on the Rights of Persons with Disabilities;
- contribution to the fight against bribery and corruption, by supporting the guidelines issued by the OECD and prescribing zero tolerance for any episodes that might occur.

The Intesa Sanpaolo Group recognises the fundamental principle enshrined in the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights, which obligates businesses and individuals to respect, protect, and promote human rights and fundamental freedoms.

Intesa Sanpaolo adheres to the UN Global Compact and is a member of the UNEP Finance Initiative (UNEP FI), whose principles pursue sustainable development with environmental protection.

In view of implementing these concepts in the Private Banking Division, Intesa Sanpaolo has issued a document entitled "Principi in materia di Diritti Umani" (Human Rights Standards). Consequently, Fideuram is committed to promoting respect for human rights in all situations where it recognises any effects of its own activity. The implementation and gradual extension of human rights protection is monitored through:

- analysis of the areas of impact on and contingent risks to human rights, which emphasises the most exposed areas in light of the International Bill of Human Rights and the eight principal ILO conventions;
- training sessions for employees tailored to their assigned tasks, roles, and responsibilities;
- reporting of non-financial information, which calls for engaging the participation of stakeholders and defining improvement targets, associated measurement indicators, and results of monitoring activity.

1968

Fideuram was acquired by Istituto Mobiliare Italiano (IMI) in order to operate in the mutual fund sector, taking over the business of International Overseas Services (IOS). Fideuram offered Italian investors the Fonditalia and Interfund "historical" Luxembourg mutual funds through a Network of approximately 300 Personal Financial Advisers.

1984

Fideuram started offering its first Italian mutual funds: Imirend and Imicapital.

1992

Banca Fideuram was formed through the merger of two companies in the IMI Group: Banca Manusardi, which was listed on the Milan stock exchange, and Fideuram.
The shares continued to be listed under the new company name.

Net profit	€12.3 m
Client Assets	€14,505 m
Personal Financial Advisers	2,206 (No.)

1996

Net profit	€78.0 m
Client Assets	€20,317 m
Personal Financial Advisers	2,729 (No.)

Banca Fideuram was included in the MIB 30 Italian blue-chip index.

1997

Banca Fideuram launched a personalised financial planning service benefiting from an advanced technological platform to the advantage of its customers.

Net profit	€107.4 m
Client Assets	€25,440 m
Personal Financial Advisers	2,813 (No.)

1998

Net profit	€152.0 m
Client Assets	€32,167 m
Personal Financial Advisers	3,168 (No.)

Establishment of the subsidiary Fideuram Bank (Luxembourg).

2002

Banca Fideuram acquired Sanpaolo Invest SIM.

Net profit	€145.4 m
Client Assets	€46,729 m
Personal Financial Advisers	3,520 (No.)

2006

Net profit	€224.4 m
Client Assets	€67,591 m
Personal Financial Advisers	4,216 (No.)

Eurizon Financial Group (controlled directly by Sanpaolo IMI) launched a public purchase offer to buy all the shares in Banca Fideuram.

2007

Following Eurizon Financial Group's successful public purchase offer, Borsa Italiana delisted Banca Fideuram shares from its Electronic Stock Exchange and Banca Fideuram was brought under the full ownership and direct control of Intesa Sanpaolo with the reorganisation of the Eurizon Group's business.

Net profit	€225.5 m
Client Assets	€68,574 m
Personal Financial Advisers	4,280 (No.)

2008

Net profit	€176.1 m
Client Assets	€60,507 m
Personal Financial Advisers	4,209 (No.)

Banca Fideuram celebrated a history of 40 years' leadership in its sector. A history in which the Bank's role developed from the sale of financial products to the provision of investment advisory services.

2009

The Group launched the SEI Advanced Advisory Service.
The first two Private Banking Centres were opened in Turin and Milan.

Net profit	€178.4 m
Client Assets	€67,801 m
Personal Financial Advisers	4,292 (No.)

2010

Net profit	€216.6 m
Client Assets	€71,591 m
Personal Financial Advisers	4,349 (No.)

Fideuram Vita was formed as part of the Intesa Sanpaolo Group's project to reorganise its insurance and pensions segment. Banca Fideuram took a 19.99% stake in the share capital of the new life insurance company, while Intesa Sanpaolo holds the remaining 80.01%.

2011

Banca Fideuram launched its Fideuram Mobile Solution project, further streamlining the operations of its Personal Financial Advisers and enabling them to dedicate even more time to customer relations.

Net profit	€175.1 m
Client Assets	€70,949 m
Personal Financial Advisers	4,850 (No.)

2012

Net profit	€205.1 m
Client Assets	€79,296 m
Personal Financial Advisers	5,082 (No.)

Launch of the Fideuram Campus, the Personal Financial Adviser Training School. The Banca Fideuram Group launched its first ethical investment solution for the Italian market, Fonditalia Ethical Investment, conceived in conjunction with the Italian Multiple Sclerosis Society/Foundation (AISM/FISM).

2014

The direct management of the Group's Luxembourg funds was transferred to Fideuram Asset Management (Ireland), which became the only management company for the Group's funds outside Italy. The reorganisation of the Intesa Sanpaolo Group led to the creation of a Private Banking Division, including Banca Fideuram and its subsidiaries, with the mission of serving high-end customers (Private Banking customers and High Net Worth Individuals).

Net profit	€401.9 m
Client Assets	€90,161 m
Personal Financial Advisers	5,044 (No.)

2015

Net profit	€747 m
Client Assets	€188,898 m
Personal Financial Advisers	5,846 (No.)

To enable the Intesa Sanpaolo Private Banking Division to control and coordinate all the companies necessary to provide outstanding service to high-end customers, Banca Fideuram acquired controlling stakes in Intesa Sanpaolo Private Banking, Sirefid and Intesa Sanpaolo Private Bank (Suisse) – becoming the operational sub-holding company of the Division.
As part of the project reorganising the Private Banking Division, Banca Fideuram changed its name to Fideuram - Intesa Sanpaolo Private Banking.

2017

The new London Branch of Fideuram Asset Management (Ireland) was opened.

Net profit	€871 m
Client Assets	€214,214 m
Personal Financial Advisers	5,950 (No.)

2018

Net profit	€834 m
Client Assets	€213,069 m
Personal Financial Advisers	5,995 (No.)

The Private Banking Division launched the international development project through the establishment of a hub in Switzerland, with the acquisition of the Morval Vonwiller Group.
Siref Fiduciaria was created from the merger of Fideuram Fiduciaria into Sirefid.

2019

In January, the merger of Intesa Sanpaolo Private Bank (Suisse), Morval Vonwiller Holding and Banque Morval led to the establishment of Intesa Sanpaolo Private Bank (Suisse) Morval.
The transfer to Fideuram of the equity investment in Morval SIM by the Swiss bank was completed at the end of the year, in preparation for the merger of Morval SIM into Intesa Sanpaolo Private Banking.

Net profit	€906 m
Client Assets	€242,715 m
Personal Financial Advisers	5,834 (No.)

2020

Net profit	€817 m
Client Assets	€257,231 m
Personal Financial Advisers	5,741 (No.)

As part of the international development project of the Private Banking Division, an agreement was reached to set up a strategic partnership with Reyl & Cie, a Swiss bank that controls the banking group by the same name.

The Project for Partial Demerger of UBI Banca in favour of Fideuram S.p.A. and Intesa Sanpaolo Private Banking was approved in November.

2021

In April 2021, the following transactions take effect:
- the spin-off, in favour of Fideuram, of the UBI business unit consisting of the units dedicated to carrying out service activities for IW Bank;
- the acquisition by Fideuram of 100% of the capital of IW Bank;
- the demerger in favour of Intesa Sanpaolo Private Banking of the UBI "TOP Private Banking" business unit, which is organised for activities and services for high net worth customers and companies.

In May 2021, Fideuram acquired 69% of Reyl & Cie, at the same time transferring to it the entire stake held by Fideuram in Intesa Sanpaolo Private Bank (Suisse) Morval.

In December 2021, the deeds for the demerger of IW Bank (which took the name of IW Private Investments Società di Intermediazione Mobiliare S.p.A.) in favour of Fideuram and of Fideuram in favour of Intesa Sanpaolo were signed.

During the year, Fideuram Bank (Luxembourg) began a process of focusing its business model on the management of international private clients, which involved the sale of the Depository Bank and Fund Administration business unit to State Street Bank and the acquisition of the Wealth Management and Private Banking business unit of Intesa Sanpaolo Bank Luxembourg.

Net profit	**€1,101 m**
Client Assets	**€341,238 m**
Personal Financial Advisers	**6,594 (No.)**

4.2 Organisational structure

Fideuram's governance model provides for the following company bodies:

- the Shareholders' Meeting, which expresses the shareholder's wishes;
- the Board of Directors, appointed by the Shareholders' Meeting for a period of three financial years and vested with all management powers regarding the Bank;
- the Chairman of the Board of Directors – appointed by the Board of Directors from among its members – who is the Bank's legal representative in dealings with third parties and in legal proceedings;
- a CEO, appointed by the Board of Directors, which determines his/her powers in accordance with the By-Laws;
- the General Management that, pursuant to the By-Laws, comprises a General Manager, if appointed, and one or more persons who may be appointed Joint General Manager and/ or Deputy General Manager. In accordance with the duties and competencies assigned by the Board of Directors, they execute the decisions taken by the Board of Directors and delegated bodies, managing the Bank's current business, organising its activities and deciding the appointment and assignment of personnel. The General Management, each member of which is appointed by the Board of Directors, currently comprises a General Manager (position filled by the CEO) and two Joint General Managers;
- the Board of Statutory Auditors, appointed by the Shareholders' Meeting for a period of three financial years and made up of three Statutory Auditors and two Acting Auditors, which acts in a supervisory role regarding compliance with the law, regulations and By-Laws, respect for the principles of good management, and, in particular, regarding the suitability of the organisational, administrative and accounting solutions adopted by the Bank and their operation in practice. The Board of Statutory Auditors also performs the duties of a Supervisory Board pursuant to Italian Legislative Decree 231/2001.

The powers and operating procedures of the Company Bodies are set out in laws and regulations, in the By-Laws and in resolutions of the competent bodies. The Board of Directors has approved the Fideuram "Regulations governing the operation of the Board of Directors with respect to multiple appointments", in compliance with the internal regulations implementing the Bank of Italy Supervisory Regulations.

The statutory audit is carried out by an independent auditing firm that meets the requirements of Italian law. Fideuram has appointed EY S.p.A. as the independent auditors for its separate and consolidated financial statements for the 2021 to 2029 financial years.

Intesa Sanpaolo has made provision for the position of Manager responsible for the preparation of the company accounts at each Group company. For the activities performed in compliance with legal obligations, the Manager Responsible, a position that is currently held at Fideuram by the Chief Financial Officer, complies with the Guidelines issued by Intesa Sanpaolo and relies on the organisational units under his supervision, including the Financial Management Governance Unit, which assist him in carrying out his duties.

Company Officers

Shareholders' Meeting

Board of Directors

Chairman
PAOLO MOLESINI

Acting Deputy Chairman
PAOLO MARIA VITTORIO GRANDI

Deputy Chairman
FEDERICO VISCONTI

Managing Director
TOMMASO CORCOS

Directors
GIORGIO BARBA NAVARETTI
GIOVANNI BATTISTA BISOGNI
ELENA DAVID
CLAUDIA DE BENEDETTI
DANIELE PIETRO GIUDICI
ELIANO LODESANI
MARCELLO NALDINI

Secretary to the Board of Directors
FILIPPO MAMMOLA

Board of Statutory Auditors

Chairman
GIULIO STEFANO LUBATTI

Statutory Auditors
ELISA BAUCHIERO
MARCO ANTONIO MODESTO DELL'ACQUA

Acting Auditors
ALESSANDRO COTTO
FRANCESCA MONTI

Related Parties Committee

Chairman
GIOVANNI BATTISTA BISOGNI

Members
GIORGIO BARBA NAVARETTI
MARCELLO NALDINI

General Management

General Manager
TOMMASO CORCOS

Joint General Managers
FABIO CUBELLI
LINO MAINOLFI

Chief Financial Officer

DOMENICO SFALANGA

Independent Auditors

EY S.p.A.

4.3 Ownership structure

The Bank's fully paid-up share capital pursuant to article 5 of the By-Laws is €300,000,000.00 divided into no. 1,500,000,000 ordinary shares with no par value, wholly owned by Intesa Sanpaolo S.p.A., which is responsible for the Bank's management and coordination as the parent company of the banking group of that name.

Fideuram - Intesa Sanpaolo Private Banking - Registered Office, Turin
Permanent Secondary Office, Milan
Administrative Headquarters, Rome

4.4 Role of sub-holding company

Intesa Sanpaolo plays a management and coordination role, issuing directives and formulating instructions to govern company operating procedures and ensure that aligned organisational and management rules are adopted, ensuring levels of integration suitable for achieving shared strategic goals with a view to maximising value and optimising the synergies of belonging to the Group, leveraging the characteristics of its different members.

The Private Banking Division within the Group brings together the companies providing financial advisory, asset management and fiduciary services. As part of the Business Plan 2018-2021, it has undertaken a project to develop its presence on the international market.
The Division's mission is to serve the high-end customer segment, creating value with products and services conceived for excellence, while ensuring the increased profitability of client assets through constant development of our product range and service delivery solutions, focusing on products with a high service content and introducing innovative remuneration schemes.
In line with the mission and objectives Intesa Sanpaolo has assigned the Private Banking Division, Fideuram has been made the sub-holding company of its subsidiaries in the Division. In this capacity, Fideuram heads an integrated group of companies both in and outside Italy that specialise in the distribution and management of financial products. Alongside the distribution of financial products, the Group also distributes insurance and pension products provided by Fideuram Vita S.p.A., an insurance company in the Intesa Sanpaolo Group.

Intesa Sanpaolo Private Banking Milan HNWI Office

4.5 Company management

Composition and role of the Board of Directors

The Bank's Board of Directors comprises 11 members, appointed by the Ordinary Shareholders' Meeting of 16 April 2021. The term of office of all members ends with the Shareholders' Meeting called to approve the financial statements for the reporting period 2023.

Within the Bank's Board of Directors, the title of Executive Director may only be applied to the CEO and General Manager, in consideration of their assigned duties and powers of executive management and for the direction of the Bank's business and of the Personal Financial Adviser Networks.

All the Directors have the independence of judgement required for all corporate officers by Ministerial Decree no. 169/2020. In addition, five of them meet the requirements of independence specified in article 13 of the By-Laws and in Ministerial Decree no. 169/2020.
The specific situations listed in Article 13 of the Decree do not exist in respect of those officers and can be divided into:

a) personal conditions of the officer (the officer "*is a spouse not legally separated, a person bound by a civil union or de facto cohabitation, a relative or relative-in-law up to the fourth degree*") (i) of the Chairman of the Board of Directors, Management Board or Supervisory Body and of the bank's executive officers; (ii) of the heads of the bank's main corporate functions; or (ii) of all other persons specified by the provision;

b) "professional" situations of the officer (an officer shall not be considered independent if she: (i) is a shareholder of the entity; (ii) holds or has not held executive positions (including that of Chairman of the Board of Directors) with a shareholder of the bank (or its subsidiary) in the previous two years, or has been a member of the Board of Directors of such companies for more than nine of the preceding twelve years; (iii) has held executive positions in the entity in the preceding two years; (iv) holds the position of independent director in another bank of the same group (excluding banks between which there are relations of direct, indirect or total control); (v) has served as a member of the board of directors, supervisory body, management board or "common" management of the bank for more than nine of the preceding twelve years;

c) situations of potential conflict of interest of the officer (the officer may not be considered independent if: (i) holds executive positions in a company in which "*an executive officer of the bank holds the position of member of the board of directors or of the management board*"; (ii) has (or has had in the two years prior to his/her appointment) direct or indirect professional relationships "*such as to compromise his/her independence*"; (iii) has held, in the two years prior to his/her appointment, positions with local authorities (or companies in which the latter hold shares), the Government or the European Commission, has been a political representative elected to a national Parliament (and, therefore, not only to one of the two chambers of the Italian Parliament, but also to that of other countries, including non-EU countries) or to the European Parliament.

The Ministerial Decree 169/2020 also set limits on the number of offices that may be held by officers of banks of greater size or operational complexity. Specifically, such officers may hold a total number of positions in banks or other commercial companies (including the office held in the bank) equal to:

- one executive and two non-executive positions; or

- four non-executive positions.

Exemptions are also provided for, as well as arrangements for the aggregation of positions held.

On the basis of the declarations of the individual Directors concerned, all the Directors respect the limits on the total number of appointments they may hold.

In accordance with article 17 of the By-Laws, the Board of Directors is in charge of the Bank's ordinary and extraordinary management, excepting in those matters where Italian law restricts decision-making power to the Shareholders' Meeting. In particular, the Board of Directors has the authority to make decisions concerning, inter alia, general management policy, strategic policy and operations, business and financial plans and the system of corporate governance, the approval and amendment of internal regulations, the appointment of General Management, the appointment/dismissal of company audit unit managers, and the purchase and sale of equity investments.

The Board of Directors likewise has the authority to make decisions concerning the following:

- mergers and spin-offs in the cases and following the procedures provided for by applicable laws and regulations;
- the establishment and closure of secondary registered offices;
- reductions in the share capital when shareholders withdraw;
- amendments to the By-Laws in accordance with regulatory provisions.

The Board of Directors must be kept constantly informed of all decisions taken by the delegated bodies through information provided at regular intervals by the CEO and General Manager.

The Board of Directors also receives and examines the regular information provided by the company audit units, the Group Business Continuity Plan Manager and the Supervisory Board established pursuant to Italian Legislative Decree 231/2001. Meetings of the Board of Directors, which the By-Laws stipulate must as a rule be held at two-month intervals, are normally held every month.

The Board of Directors also retains sole responsibility for the following duties:

- examining and approving the strategic business and financial plans of the Bank and its subsidiaries, the Bank's corporate governance system and the Group structure, as well as formulating directives governing relations with subsidiaries;
- approving the budget and separate and consolidated monthly, quarterly, half-year and annual financial statements;
- assessing the suitability of the organisational, administrative and general accounting systems of the Bank and of its strategically significant subsidiaries put in place by the CEO and General Manager, paying particular attention to the internal audit system and management of conflicts of interest;
- delegating authority to the CEO and General Manager, and revoking such authority, specifying the limits to and procedures for the exercise of said authority;
- deciding, with the agreement of the Board of Statutory Auditors, the remuneration of Directors with special positions or duties;
- drawing up guidelines for the internal audit system in conjunction with the Internal Audit Committee, and annually assessing the system's suitability and effective operation;
- deciding, in accordance with Group policies, the remuneration of the members of General Management;
- evaluating general performance, taking into consideration, in particular, the information received from the delegated bodies and regularly comparing the results achieved with those planned;
- examining and providing prior approval for strategically, economically or financially significant transactions by the Bank and its subsidiaries, paying particular attention to situations in which one or more Directors have a potential direct or indirect conflict of interest, or, more generally, to transactions with related parties;
- reporting to the Shareholders at the Shareholders' Meeting on the work carried out and planned.

14
Meetings in 2021

96% average attendance at meetings

Chairman

In accordance with the provisions of the By-Laws, the Chairman is empowered to act as the Bank's legal representative. In addition, the Board of Directors has assigned the Chairman duties of direction and coordination and non-managerial powers that are instrumental in the operation of the Bank, including:

- supervising the CEO and General Manager's implementation of the resolutions of the Board of Directors;
- acting on the decisions of the Board of Directors, having taken due note of the opinion of the CEO and General Manager, with respect to the Bank's share capital and the purchase and sale of equity investments;
- proposing the appointment and dismissal of members of General Management to the Board of Directors, in consultation with the CEO and General Manager, and specifying their duties and responsibilities;
- formulating and managing media communications, branding and charitable activities, in consultation with the CEO and General Manager.

CHAIRMAN

Paolo Molesini

Non-Executive Director

% attendance at meetings of the Board of Directors **93%**

Length of service / first appointed: **24 February 2020**

Other significant offices held:

- Chairman of Sanpaolo Invest SIM S.p.A.
- Deputy Chairman of Intesa Sanpaolo Private Banking S.p.A.
- Director of Intesa Sanpaolo Private Bank (Suisse) Morval (*)
- Chairman of Assoreti
- Chairman of the Fondazione Querini Stampalia

(*) On 1 January 2022, the merger by incorporation of Intesa Sanpaolo Private Bank (Suisse) Morval S.A. into Reyl & Cie S.A. became effective. Consequently, on the same date, Mr Molesini ceased to be a member of the Board of Directors of the merged Swiss bank.

Chief Executive Officer and General Manager

The CEO and General Manager is responsible for the operational management of the Bank and of the Personal Financial Adviser Networks, with full powers of ordinary and extraordinary management in accordance with the general planning and strategic policies decided by the Board of Directors, with the sole exception of those powers which by law may not be delegated and those restricted to the Board of Directors or other corporate bodies.

CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER

Tommaso Corcos

Executive Director

% attendance at meetings of the Board of Directors **100%**

Length of service / first appointed: **24 February 2020**

Other significant offices held:

- Intesa Sanpaolo Group, Head of Private Banking Division
- Deputy Chairman of Intesa Sanpaolo Private Banking S.p.A.
- Member of the Board of Reyl & Cie S.A.
- Chairman of Eurizon Capital Real Asset SGR S.p.A. (*)
- Chairman of Assogestioni
- Deputy Chairman of the Corporate Governance Committee established by ABI, ANIA, Assonime, Confindustria, Assogestioni and Borsa Italiana S.p.A.

General Management

In line with the powers delegated to the CEO and General Manager, and in line with the broader system of delegation in place in the Private Banking Division, the Board of Directors of the Bank has appointed two Joint General Managers, assigning them responsibility for Operational and Financial Coordination, and Fideuram Business Coordination, respectively.

Each Joint General Manager is invested with specific powers to enable them to perform the duties assigned to them in their areas of responsibility and their corporate duties: powers to act proactively in an advisory and inquiry capacity, submitting proposals to the CEO and General Manager, and executive powers to implement the resolutions of the Board of Directors and the instructions of the CEO and General Manager.

(*) Mr Corcos resigned from his position as Chairman and Member of the Board of Directors of Eurizon Capital Real Asset SGR S.p.A. with effect from 1 January 2022.

Composition of the Board of Directors

OFFICE	MEMBERS	DATE OF APPOINTMENT	% OF MEETINGS ATTENDED	NUMBER OF OTHER OFFICES HELD IN THE INTESA SANPAOLO GROUP	EXECUTIVE	NON-EXECUTIVE	INDEPENDENT AS PER BY-LAWS
Chairman	Paolo Molesini	16/04/2021	93%	3 (*)	-	X	-
Acting Deputy Chairman	Paolo Maria Vittorio Grandi	16/04/2021	80%	1	-	X	-
Deputy Chairman	Federico Visconti	16/04/2021	100%	-	-	X	-
MD/GM	Tommaso Corcos	16/04/2021	100%	3 (**)	X	-	-
Director	Giorgio Barba Navaretti	16/04/2021	100%	-	-	X	X
Director	Giovanni Battista Bisogni	16/04/2021	100%	-	-	X	X
Director	Elena David	16/04/2021	100%	-	-	X	X
Director	Claudia De Benedetti	16/04/2021	100%	-	-	X	X
Director	Daniele Pietro Giudici	16/04/2021	100%	-	-	X	X
Director	Eliano Lodesani	16/04/2021	90%	2	-	X	-
Director	Marcello Naldini	16/04/2021	100%	1	-	X	-

Composition by gender

Composition by age group

Composition by professional expertise of the Directors

(*) On 1 January 2022, the merger by incorporation of Intesa Sanpaolo Private Bank (Suisse) Morval S.A. into Reyl & Cie S.A. became effective. Consequently, on the same date, Mr Molesini ceased to be a member of the Board of Directors of the merged Swiss bank.

(**) Mr Corcos resigned from his position as Chairman and Member of the Board of Directors of Eurizon Capital Real Asset SGR S.p.A. with effect from 1 January 2022.

4.6 Remuneration policies

Fideuram has adopted a traditional management and control system. Consequently, the Shareholders' Meeting has sole authority to decide the remuneration policies for Directors.

In accordance with article 2364 of the Italian Civil Code, the Shareholders' Meeting is, moreover, responsible for determining – in accordance with Group guidelines – the annual remuneration of the members of the Board of Directors it has appointed, together with any compensation payable for attending Board meetings.

The Shareholders' Meeting is also responsible for approving (i) the remuneration policies for employees and for human resources that are not salaried employees of the company, (ii) share-based compensation arrangements, and (iii) the criteria for determining the remuneration due in the event of early severance of employment or early termination of office, including any limits established for such remuneration.
The Shareholders' Meeting may also set, with the qualified majorities defined by Supervisory Regulations, a ratio between the variable component and fixed component of individual staff remuneration exceeding 1:1 but not exceeding the maximum limit set by those regulations.

In accordance with the Supervisory Regulations, the remuneration policy document is drawn up by our parent company for the entire banking group to ensure its overall consistency, provide the necessary guidance for its implementation and to verify its correct application at Group level.

The remuneration of Directors with special positions or duties is decided by the Board of Directors in accordance with article 2389 of the Italian Civil Code and in compliance with the By-Laws and the remuneration policies approved by the Shareholders' Meeting, having taken due note of the opinion of the Board of Statutory Auditors.

The CEO, as General Manager, and the Joint General Managers, are entitled to a fixed gross salary and a variable bonus, linked to the achievement of targets set in advance by the Board of Directors, in accordance with the guidelines of parent company Intesa Sanpaolo and the Supervisory Regulations regarding remuneration and bonus policies and practices.

Details of the remuneration paid to the Directors are provided in the Notes to the Financial Statements.

4.7 Internal controls system

The internal audit system is an essential core component of the Bank's corporate processes, designed to ensure – through managing the related risks – that the Bank and its subsidiaries are managed properly with a view to achieving their stated goals and, at the same time, to safeguarding their stakeholders' interests.

Fideuram combines profitability with the informed undertaking of risks through the monitoring and management of the risks connected with the company's processes and the proper management of the Bank and its subsidiaries.

The internal audit system operates in accordance with the relevant European and Italian laws and regulations in force and, in particular, the related provisions of the Bank of Italy's supervisory regulations, the Italian Finance Consolidation Act and the provisions implementing it issued by the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB) and the Bank of Italy, as well as the internal regulations of the Intesa Sanpaolo Group.

The Bank's internal audit system, which has been organised in accordance with the law, Supervisory Regulations and international best practices, is based on a set of rules, duties, resources, processes, procedures and organisational units that aim to ensure alignment with company strategies and the achievement of the following objectives:

- due implementation of company strategies and policies;
- risk containment within the limits specified in the Bank's Risk Appetite Framework (RAF);
- protection of the value of assets and protection against loss;
- effectiveness and efficiency of corporate processes;
- reliability and security of corporate information and IT procedures;
- risk prevention regarding the Bank's involvement, including unintentionally, in unlawful activities (particularly with regard to money laundering, the lending of money at exorbitant interest rates and the financing of terrorism);
- compliance of operations with the law, supervisory regulations and internal policies, procedures and regulations.

The internal audit system plays a crucial role and involves the entire company organisation (company bodies, departments, and personnel at all levels). It is formalised by a body of "Governance Documents", which govern the running of the Bank (including the By-Laws, Code of Ethical Conduct, Group Regulations, Policies, Guidelines, Organisation Charts and the Organisational Model pursuant to Italian Legislative Decree 231/2001), and operational regulations which govern its corporate processes, single activities and related controls.

In line with the provisions of the Supervisory Regulations on internal audits (Bank of Italy Circular No. 285/2013, Title IV, Section 3), Intesa Sanpaolo approved its "Integrated Internal Audit System Regulations", which specify the internal audit system for the entire Banking Group. The Bank, which is subject to said Supervisory Regulations, has consequently both adopted the aforesaid regulations and approved its own regulations that reflect the specific nature of its operations and comply with the guidelines and decisions of Intesa Sanpaolo.

This regulations document constitutes the reference framework for the Bank's internal audit system, setting out the auditing principles and rules for the documents issued in compliance with specific Supervisory Regulations. In particular, it sets out the reference principles and specifies the tasks and responsibilities of the company bodies and units with audit duties that variously contribute to the proper functioning of the internal audit system. It also sets out the coordination procedures and information flows which promote the integration of the system.

More specifically, the company rules outline organisational solutions that:

- ensure there is sufficient separation between operating and audit units and avoid situations where there could be a conflict of interest in the allocation of responsibilities;
- are able to appropriately identify, measure and monitor the main risks assumed in the various operating areas;
- ensure that there are reliable information systems and suitable reporting procedures in place at the various different levels with governance and control responsibilities;
- enable any issues encountered by the operating units, as well as by the audit units, to be promptly reported to the appropriate levels so that they may be dealt with immediately;
- ensure appropriate levels of business continuity.

From an operational standpoint, the internal audit and risk management system comprises three levels:

1. Line audits performed by the operational and business units.
2. Risk and compliance audits which aim, inter alia, to ensure:
   - the due and effective implementation of the risk management process;
   - compliance with the operating limits assigned to the various units;
   - compliance of company operations with applicable regulations, including those regarding self-regulation.

   The units responsible for these audits ("Level II units") contribute to the development of the risk management policies and process. Fideuram's Level II units include the Risk Management Unit, headed by the Chief Risk Officer Area of the Bank, the Compliance and Anti-Money Laundering

Units, headed by the Chief Compliance Officer of Intesa Sanpaolo, and our parent company's Internal Validation Service, which performs the risk management function duties specified in the related regulations in its areas of competence.

3. Internal audits ("Level III units") that aim to identify any breaches of the procedures or of the regulations, as well as to periodically assess the completeness, suitability, functionality (in terms of efficiency and effectiveness) and reliability of the organisational structure of the other components of the internal audit system and information system (ICT Audit), at predetermined intervals to suit the nature and severity of the risks. Fideuram's Level III units include the Audit functions performed by the Chief Auditing Officer of Intesa Sanpaolo.

The company audit units that perform the required activities enjoy the necessary autonomy and independence from the operating units and have unrestricted access to company data, archives and assets in the performance of their respective duties.
These units are organisationally separate from one another.
In order to ensure their independence, these units:

- have the authority, resources and competencies required to perform the duties assigned to them;
- have a budget over which they have independent control;
- have access to all company data and external data (e.g. regarding outsourced activities);
- have a sufficient number of human resources with the necessary technical and professional competencies, who receive ongoing training.

Fideuram's Integrated Internal Audit System Regulations also provide for the establishment of an Audit Coordination Committee which acts as a technical body made up of management professionals at the Bank, with the purpose of strengthening interdepartmental cooperation and coordination regarding the Division's internal audit system.

The Committee operates within the guidelines drawn up by the Company Bodies and on the basis of the operational and functional powers assigned to it by the Bank's Board of Directors.

AUDIT COORDINATION COMMITTEE

This body has the responsibility of:

- monitoring implementation and maintenance of the integrated internal audit system on a continuous basis, facilitating coordination among the audit functions and guiding the joint actions taken for this purpose;
- participating with the audit functions in the planning of activities and sharing their results and actions, facilitating standard assessment of joint findings;
- coordinating discussion of the assessments made by the corporate audit functions, including in order to decide on mutually compatible times, standards and content;
- once every six months, on the basis of the reports and activities performed by the corporate audit functions, coordinating preparation of the Integrated Tableau de Bord for the Company Bodies of the Bank on the audits of the Bank and its subsidiaries, the results of those audits, the weaknesses found both at the level of the Bank as a whole and at the level of each individual subsidiary, and the measures to be taken to eliminate any deficiencies found;
- identifying the most important issues to be brought to the attention of the CEO and General Manager;
- in the case of problems found by several corporate audit functions or falling in the same operational or risk areas, addressing the significant issues and monitoring the progress of related remedial actions;
- facilitating coordination among the audit functions in defining and updating the methods used in cross-project situations, while pursuing effective integration of the risk management process;
- facilitating the dissemination of the risk culture and audit culture in the Division.

SUPERVISORY BOARD

Fideuram adopted the "Organisational, Management and Control Model in accordance with Italian Legislative Decree 231 of 8 June 2001" (most recently updated as approved at the Board of Directors Meeting of 18 June 2021), designed to prevent the possibility of committing the offences specified in the Decree and, consequently, to rule out the Bank's administrative liability. The duty of supervising the operation, effectiveness and suitability of the Model and compliance with it, of preventing the offences specified in Italian Legislative Decree 231/2001, and of updating the Model, is entrusted to a Supervisory Board vested with autonomous powers of initiative and control that is autonomous, independent, professional and operates with continuity of action. The work, operation and duties of the Supervisory Board are, in addition to being specified in the Model, also governed by the related "Regulations governing the Supervisory Board established in accordance with Italian Legislative Decree 231/2001" as most recently approved by the Board of Directors on 12 June 2018. The Supervisory Board duties provided for by Italian Legislative Decree 231/2001 are assigned to the Board of Statutory Auditors. The Bank made this choice in accordance with the guidance given by lawmakers and the Supervisory Authority.
Article 14 of Law 183/2011 specifically permits joint stock companies to assign the duties of the Supervisory Board to the Board of Statutory Auditors in order to streamline their corporate controls. The members of the Board of Statutory Auditors are, therefore, also members of the Supervisory Board, which can also include acting auditors, who are permitted to stand in for statutory auditors - solely for performing the duties of members of the Supervisory Board - in those cases provided for by the Model, when there are causes for the suspension of statutory auditors or statutory auditors are temporarily prevented from attending or their term of office has come to an end. No acting auditor has ever needed to stand in for a statutory auditor to date. The Supervisory Board sends a dedicated report at least every six months to the Board of Directors on the suitability of and compliance with the related Organisational, Management and Control Model. The Supervisory Board held 10 meetings in 2021.

AUDIT

The Audit Department reports directly to the Board of Directors.

BOARD OF DIRECTORS

AUDIT DEPARTMENT

- it is tasked with auditing the proper conduct of operations and processes within the Bank and its subsidiaries, assessing the overall internal audit system and its suitability for ensuring the effectiveness and efficiency of company processes, the protection of the value of assets and protection against loss, the reliability and integrity of accounting and management information, and the compliance of operations both with the policies established by the company's governance bodies and with internal and external regulations;
- it focuses above all on identifying any anomalous or risky behaviour, any breaches of the applicable laws and regulations in Italy and abroad, as well as any failure to respect internal and Group procedures and regulations, formulating recommendations regarding the implementation of the measures required to eliminate any highlighted phenomena;
- it supports the Supervisory Board in monitoring compliance with and the suitability of the rules in the Organisational, Management and Control Model, in accordance with Italian Legislative Decree 231/2001, calling in the competent units required for mitigation actions if any problems are encountered.

FIDEURAM HEAD OFFICE DEPARTMENTS AND SUBSIDIARIES AUDITING

It carries out internal audits of the Bank's central departments (including with respect to ICT processes) and subsidiaries (for which it performs internal auditing activities under outsourcing agreements), as well as for monitoring the proper performance of internal audits.

FINANCIAL ADVISER NETWORKS AUDITING

It plans and carries out audits on the work of the Personal Financial Advisers in the Fideuram, Sanpaolo Invest and IW Bank networks and branches.

DOMESTIC PRIVATE BANKING AUDITING

It performs internal audits of the processes and Branches of Intesa Sanpaolo Private Banking and Siref Fiduciaria, checking the effectiveness of the internal audit system.

INTERNATIONAL PRIVATE BANKING AUDITING

It performs internal audits of the processes of Reyl, checking the effectiveness of the internal audit system.

The audit activities of Fideuram are managed through a unit dedicated to the Private Banking Division of the Area of the Chief Audit Officer of Intesa Sanpaolo. Audit activities are performed on the basis of specific service contracts for Fideuram and its subsidiaries: Sanpaolo Invest, IW Bank, Fideuram Asset Management, Siref, Fideuram Asset Management (Ireland), Fideuram Bank (Luxembourg), Intesa Sanpaolo Private Banking and Reyl. In particular the operational activities of audits of ICT processes are performed in collaboration with the ICT Domestic Network unit of Intesa Sanpaolo.

The Chief Audit Officer of Intesa Sanpaolo holds for the entire Group, and thus also for Fideuram, position of Manager of the Internal Whistleblowing Systems.

The Head of the Audit Department of the Private Banking Division, most recently appointed by the Board of Directors at its meeting on 20 June 2019, enjoys the necessary autonomy and independence from the operating departments and reports directly to the Board of Directors and Board of Statutory Auditors.

The Internal Audit Department takes a third level approach to auditing the overall functionality of the internal control system, informing the Company Bodies of possible improvements, particularly those concerning the Risk Appetite Framework (RAF), the risk management process and the tools for measuring and controlling those risks.

The Department has access to all the activities performed both at the central offices and at the branch locations. When important activities are assigned to third parties for performance of the internal control system (e.g. data processing), the Internal Audit Department has to be able to access the activities performed by those parties as well. The Head of the Audit Department submits an annual report to the Board of Directors and Board of Statutory Auditors on the audits carried out on the important operational functions that have been outsourced.

The Internal Audit Department uses staff possessing adequate professional knowledge and expertise defined by the Institute of Internal Auditors (IIA).

In performing its own duties, the Internal Audit Department uses structured risk assessment methods to identify the existing areas of greatest interest and principal new risk factors. According to the findings of the risk assessment process and resulting priorities, and to any specific requests for more information made by top management or Company Bodies, the Department prepares and submits an Annual Plan of activities to the Board of Statutory Auditors for preliminary review and then to the Board of Directors for approval.

The summary evaluations of the internal control system resulting from the assessments were periodically reported to the Board of Statutory Auditors and the Board of Directors. When any significant issues having financial or reputational impact are found, the Head of the Audit Department promptly notifies them to the Chairman of the Board of Directors, the Chairman of the Board of Statutory Auditors, and Top Management, presenting the related information at the earliest possible meeting of the Board of Statutory Auditors and, where necessary, of the Board of Directors.

The main weaknesses found and their evolution were added to the Tableau de Bord (TdB) Audit, highlighting the current mitigation actions, the relevant persons in charge of them, and the scheduled deadlines, for the purpose of systematic monitoring.

The Head of the Audit Department of the Private Banking Division assured continuing activity and self-evaluation of its own efficiency and effectiveness, consistently with its own internal plan for "quality assurance and improvement" prepared in accordance with the recommendations of international standards for professional audit practice.

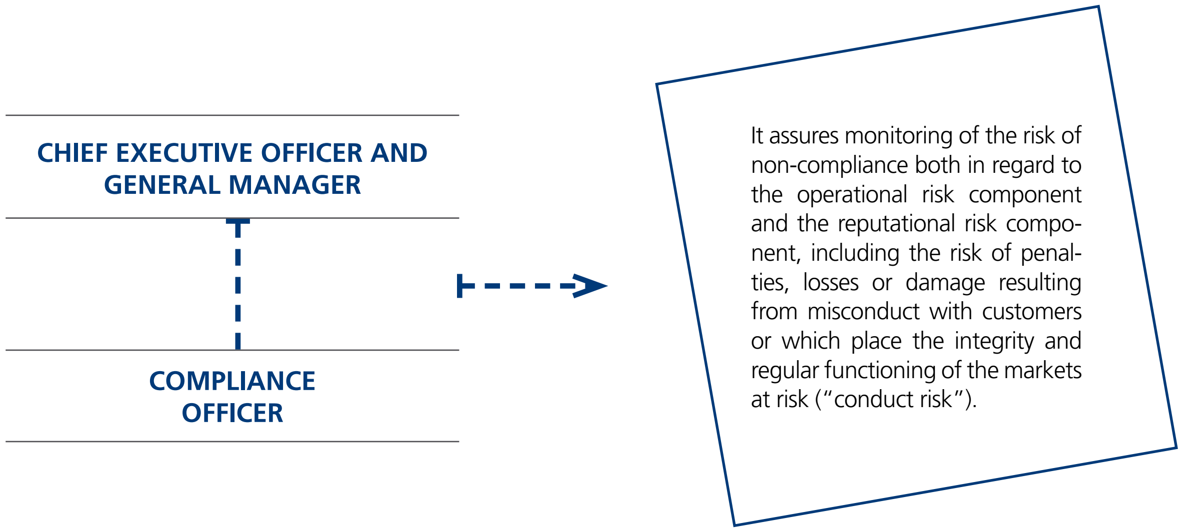
In regard to the Organisational, Management and Control Model compliant with Italian Legislative Decree 231/2001, the Audit Department also provides constant and independent supervision of the proper conduct of the Group's operations and processes, monitoring maintenance of the value of activities, including those connected with ethical commitments and social responsibility. The Head of the Audit Department of the Private Banking Division also reports half-yearly to the Supervisory Board on the results of the actions carried out in this respect.

WHISTLEBLOWING

Since 2016, a system has been in place for staff to report actions or facts that may constitute violations of the rules governing banking activities (whistleblowing). Whistleblowing, which ensures the confidentiality of the whistleblower and excludes the risk of retaliatory, unfair or discriminatory behaviour, encourages staff members (including suppliers and consultants) to report facts or behaviours of which they come to learn of that may constitute a violation of the rules governing the banking business or are connected with or instrumental to it, or other unlawful conduct. The Chief Audit Officer is in charge of ensuring that the process runs smoothly. In 2021 the Fideuram Group received two whistleblowing reports that led to the initiation of specific investigations.

COMPLIANCE

The Compliance Function, which has been outsourced to Intesa Sanpaolo, is performed by the units of the Chief Compliance Officer Governance Area. The Compliance Officer, who is autonomous from the operational units and organisationally and operationally separate from Audit and Risk Management, reports directly to the Chief Executive Officer and General Manager.



The Fideuram Group considers compliance risk management to be of strategic importance, in the conviction that respect for the law and regulations, together with high standards of propriety in all business relations, are essential in banking, which is by its very nature built on trust.

The Compliance Model is governed by the "Group Compliance Guidelines" and the Bank's Implementing Regulation, adopted by the subsidiaries, which specify the reference regulatory frameworks, compliance roles, responsibilities and macro processes with a view to mitigating compliance risk through the combined action of all bank staff.

In particular, the Compliance Department is responsible for determining our compliance risk management guidelines, policies and methodology rules. The Compliance Department is also responsible for identifying and assessing compliance risk, including through coordinating other units and departments, proposing organisational interventions for mitigating compliance risk, ensuring the alignment of the company bonus system, assessing the compliance of innovative projects, transactions and new products and services in advance, providing consultancy and support for management bodies and business units on all matters where compliance risk is significant, monitoring ongoing compliance conditions, and fostering a corporate culture focused on honesty, propriety and respect for the letter and spirit of the law and regulations.

The Compliance Department submits the following periodic reports on the suitability of the compliance management provided to the Company Bodies:

- half-yearly: a report on the audits carried out, the resultant findings, any weaknesses identified and the interventions proposed for eliminating them, and a report on the completeness, suitability, functionality and reliability of the internal audit system in the areas of their competence;
- yearly: a work plan identifying and evaluating the main risks to which the Bank is exposed, and planning the related management interventions. This Work Plan takes into account any deficiencies noted in the audits and any new risks identified.

If any particularly critical issues are identified, a report must be sent promptly to the Bodies.

The activities carried out during the year focused on regulatory alignment and the strengthening of controls with particular reference to the suitability model and the risk management processes connected with new products, services, activities and markets. The monitoring of compliance risk was also assured by holding training courses as necessary and by clearing new products and services. With regard to audits of the Networks, work continued to reinforce both the periodic monitoring activities – through the implementation of new indicators to guarantee the proper performance of investment services – and monitoring customer transactions to prevent any market abuse.

Corruption risk monitoring

The Fideuram Group has for many years deployed dedicated tools for managing and preventing the risk of corruption in its various forms and extortion offences. In addition to what has been mentioned in the Code of Ethical Conduct, the Group Internal Code of Conduct and the Organisational, Management and Control Model pursuant to Italian Legislative Decree 231/2001 on the administrative liability of entities, there is an extensive body of internal regulations, with which all employees must be familiar and comply. These regulations impose detailed rules for the corporate processes that might be instrumental to the commission of those sorts of offences. In particular, the Group Anti-Corruption Guidelines have been adopted. The principles and contents of the Guidelines are set out in the detailed regulatory framework of the Group, among which the Implementing Regulations of the Group Anti-corruption Guidelines, adopted by the Boards of Directors of the Bank and its subsidiaries, are of particular importance. The Corporate Audit units assure that the audit and behavioural guidelines set out in the Organisational, Management and Control Model pursuant to Italian Legislative Decree 231/2001 in regard to corruption are always consistent with the internal regulations in force at any time, while also assuring compliance with those regulations. All employees are required to take a specific training course to ensure the dissemination of knowledge of anti-corruption principles and conduct.

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

Anti-money laundering

In compliance with the regulations issued by the Bank of Italy and in implementation of the Intesa Sanpaolo Guidelines, the Anti-Money Laundering Unit is assigned responsibility for anti-money laundering, combating terrorism financing and embargo management activities. It is independent of the operating units and organisationally and operationally separate from the Audit Department. This function, which has been outsourced to Intesa Sanpaolo, is performed by the Anti-Financial Crime Head Office Department, which is part of the Chief Compliance Officer Governance Area.

The Anti-Money Laundering function is responsible for managing compliance risk where anti-money laundering, terrorism financing and embargo management are concerned, acting as follows:

- formulating the general compliance risk management guidelines;
- continuously monitoring Italian and international reference regulatory developments with the support of the relevant units, verifying the suitability of the corporate processes and procedures in place for ensuring compliance with the applicable laws and regulations, and proposing appropriate organisational and procedural modifications;
- providing consultancy for the units and departments of the Bank and its subsidiaries and developing appropriate training programmes;
- providing appropriate periodic information to the company bodies and Top Management;
- performing the specific compliance actions required for the Bank and its centrally-managed subsidiaries, including in particular enhanced due diligence, controls on the appropriate management of data storage obligations, and the analysis of operating unit reports of suspicious transactions to assess whether or not they require reporting to the Financial Information Unit as well founded.

The "Guidelines for Anti-Money Laundering and Combating Terrorism Financing and Embargo Management" and the Bank's Implementing Regulation govern anti-money laundering, combating terrorism financing and embargo management activities. Those Guidelines identify the reference principles and define the model for management of money laundering, terrorism financing, and embargo infringement risks, outlining the roles and responsibilities of the units involved, the macro-processes used for proper identification, evaluation, and management of those risks, and the governance procedures of the Group. The principles and contents of these Guidelines are elaborated in the detailed regulatory framework of the Group. During the year, alongside ordinary anti-money laundering, combating terrorism financing and embargo management activities, the regulatory and procedural alignment with the 5th Anti-Money Laundering Directive was completed, and the activities to implement the changes to comply with the "Measures for the retention and provision of documents, data and information to combat money laundering and terrorism financing" issued on 24 March 2020 by the Bank of Italy and with the "Measures to send aggregate data" issued on 25 August 2020 by the FIU were completed.

CHIEF RISK OFFICER

Reports directly to the CEO and General Manager:

CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER

CHIEF RISK OFFICER

In line with the strategies, corporate objectives and guidelines of Intesa Sanpaolo, the Chief Risk Officer is tasked with continuously monitoring the suitability of the risk management process and the effectiveness of the measures taken to rectify any deficiencies identified.

Risk Management

The Risk Management Unit acts independently of the operating units, particularly those tasked with the "operational management" of risks, and is separate from the Audit Department and the units reporting to the Chief Compliance Officer. The Chief Risk Officer reports directly to the CEO and General Manager, reporting functionally to the Chief Risk Officer of Intesa Sanpaolo.

The Chief Risk Officer sits on the Risk Committees at Division level and at the main subsidiaries, providing risk management through service contracts and providing functional coordination for those Division companies with their own internal risk management units.

The Chief Risk Officer's responsibilities cover two areas. The first regards the Bank's proprietary risks – financial, credit, operational and reputational risk in particular – which impact on the capital and other regulatory requirements, while the second regards the risks assumed by customers in respect of investment portfolios and other services provided by the Bank, either directly or through the Personal Financial Adviser Networks.

The Chief Risk Officer is responsible for risk management controls, specifying the appropriate methods, criteria and tools for measuring and controlling financial, credit and operational risks in line with the regulatory provisions of the Supervisory Authorities, the guidelines of Intesa Sanpaolo and the instructions of the Bank's Company Bodies. The Chief Risk Officer also ensures that the risks assumed by customers through the purchase of financial products and services from the Networks are assessed and monitored.

The Chief Risk Officer works with Intesa Sanpaolo to develop and implement the Risk Appetite Framework (RAF) and related risk management policies. The Chief Risk Officer is also required to ensure effective current and prospective measurement, management and control of the exposure of the Bank and its subsidiaries to the different types of risk, submitting proposals to Top Management regarding the operating limits structure formulated in line with the Group RAF, and to constantly monitor the actual risk assumed and its alignment with the risk objectives, as well as compliance with the operating limits.

The Chief Risk Officer also ensures that the metrics used by the risk measurement and control systems are aligned with the company activity assessment processes and methods specified by Intesa Sanpaolo, fully implementing Intesa Sanpaolo's Guidelines and Policies, adapted where necessary to the Bank's specific reference context through the issue of company-level Policies and Regulations.

The Chief Risk Officer submits periodic reports to the Company Bodies, as follows:

- a management report on compliance with the limits assigned by the RAF and Internal Policies regarding all the areas of their competence;
- a report on the audits carried out, the resultant findings, any weaknesses identified and the interventions proposed for eliminating them;
- a report on the completeness, suitability, functionality and reliability of the internal audit system in the areas of their competence;
- a report on the investment services offered to customers that complies with the regulatory provisions issued jointly by the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB) and the Bank of Italy;
- a Work Plan identifying and evaluating the main risks to which the Bank is exposed, and planning the related management interventions.

FINANCIAL MANAGEMENT GOVERNANCE

Intesa Sanpaolo has made provision for the position of Manager responsible for the preparation of the company accounts at each Group company. For the activities performed in compliance with legal obligations, the Manager Responsible, a position that is currently held at Fideuram by the Chief Financial Officer, complies with the Guidelines issued by Intesa Sanpaolo and relies on the organisational units under his supervision, including the Financial Management Governance Unit, which assist him in carrying out his duties.

The Manager Responsible has the duty of attesting to the compliance of the financial statements with IAS/IFRS and is in charge of the internal audit system with respect to accounting and financial reporting, in particular to guarantee:

- that the documents and announcements released to the market and relating to accounting disclosures, including interim reports, correspond to the accounting documents, records and books;
- the adequacy and effective application of the administrative and accounting procedures;
- the consistency of the accounting documents with the contents of accounting books and records, their adequacy to give a true and fair view of the financial position and results of the Group.

Fideuram has formulated specific guidelines and coordination rules for its Model of Financial Management Governance (Financial Management Governance Regulations of Fideuram - Intesa Sanpaolo Private Banking), which was developed taking into account international frameworks such as the recommendations of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the Control Objectives for IT and related technology (COBIT).

The Manager Responsible submits the following periodic reports to the Company Bodies:

- half-yearly: a report detailing the analyses performed on procedures sensitive to the accounting and financial reporting of Fideuram and the subsidiaries included in the scope of analysis due to their significance, and the results of monitoring of the progress of the Corrective Action Plans for anomalies identified in prior years. This report is submitted to the Board of Directors and Board of Statutory Auditors;
- yearly: the Audit Plan for Fideuram and the subsidiaries to be audited, identified on the basis of quantitative (individual contribution to the Fideuram Consolidated Financial Statements) and qualitative (specific operating characteristics or risk profiles able to increase the complexity of determining the accounting data) assessments. The Plan is submitted to the Board of Statutory Auditors and approved by the Board of Directors.

The performed audits aim primarily at assessing the quality and degree of structuring of the financial reporting production process, in view of ascertaining the effectiveness of the control arrangements underlying the consistency and substance of the representations made by the Group to the market. The audits carried out in 2021 were conducted on the processes assessed as having the highest potential risk and concerned the main administrative and accounting processes, in particular some areas of the administrative accounting management of financial and insurance products, the management of commissions to the Personal Financial Adviser Networks, risk management, planning and control, tax, control of outsourcers and some business support processes, as well as some of the processes of governance of the technological infrastructure and applications relating to administrative processes.

Upon completion of said activities, the internal audit system monitoring financial reporting by Fideuram - Intesa Sanpaolo Private Banking and its subsidiaries was found to be suitable.

OPERATIONAL AUDIT

Based on the plans drawn up to strengthen audits in the years 2019-2020 and the additional needs to expand the auditing scope, 11 new audits were introduced in 2021.
In particular, 2 new audits were introduced in the anti-money laundering area and 4 in the investment services, joining those already active. The unit was also involved in auditing activities in the privacy area, with the introduction of 5 audits, on the indication and in agreement with the competent Parent Company units.
With regard to the activity performed during 2021, the Fideuram Operational Audit Unit selectively analysed over 7,300 anti-money laundering, banking services and investment services cases. Additionally, as provided for, audits were performed for the quantitative detection of the investigated phenomena and the related analysis for about 330 observations.
With regard to investment services, the positions of about 830 Personal Financial Advisers belonging to the Fideuram and Sanpaolo Invest Networks were evaluated.
Additional audits in the area of investment services and banking services are already planned for 2022. The unit will also expand its current auditing scope to include the customers and the network of financial Advisers of IW Private Investments SIM.

The Operational Audit Unit, which has been organisationally located in the Fideuram Financial Coordination Area, provides services in support of the audits and other system activities to be performed at Intesa Sanpaolo Private Banking.
In addition to monitoring the Network's prompt compliance with line audits, the Unit's operational supervision includes performing remote audits and on-the-spot investigations directly on the Network's operations.
A rating system has been created and is continuously modified through the addition of specific indicators to monitor inherent Branch Network risks and identify the case files to be examined, making it possible to obtain short-form risk assessments of the individual retail outlets so that the Operational Audit Unit can engage in risk-driven planning of its on-the-spot investigations of the Intesa Sanpaolo Private Banking distribution network in a 'risk-driven' perspective.
Network audits are conducted both through on-the-spot investigations and through dedicated audits for different operating areas (Anti-Money Laundering, Investment Services, Insurance Services, Loans and Operations).
Specifically, in 2021 as a result of the Covid-19 pandemic, only 12 on-site inspections were carried out on the Intesa Sanpaolo Private Banking distribution network, focusing in particular on the branches of the former UBI Network (7 operating centres), and more than 54,000 cases were processed relating to 111 audits carried out.

Fideuram - Forlì Office

4.8 Insider information

Pursuant to Italian market abuse law and regulations, the Board of Directors has implemented the Intesa Sanpaolo "Group Regulations for the Management of Inside Information", as amended.

Fideuram - Rome Boncompagni Office

Intesa Sanpaolo Private Banking - Sassari Office

4.9 Shareholders' meetings

The practice adopted to date by the Board of Directors has always been as follows:

- to ensure the shareholder is provided with information on the Bank at Shareholders' Meetings;
- to encourage the participation of all the Directors in Shareholders' Meetings.

Shareholders' Meetings are called in accordance with the By-Laws, giving written notice delivered at least eight days in advance by registered mail with return receipt to all shareholders in the list of shareholders, sent to their respective places of domicile or, if a shareholder has specifically requested it for this purpose, to their fax number or e-mail address. In the reporting period 2021, the Fideuram Shareholders' Meeting was held on three occasions in ordinary format and three times in extraordinary format, as follows:

- on 5 March, in extraordinary format, to approve the partial demerger of Unione di Banche Italiane S.p.A. in favour of Fideuram - Intesa Sanpaolo Private Banking S.p.A. and Intesa Sanpaolo Private Banking S.p.A.;
- on 16 April, for the approval of the financial statements, as well as for the determination of the number of members of the Board of Directors, the appointment of the Directors, its Chairperson, one or more Deputy Chairpersons and the determination of their remuneration;
- on 4 May, for the approval of Intesa Sanpaolo's Remuneration Report for 2021, Fideuram - Intesa Sanpaolo Private Banking's Remuneration and Incentive Policies for 2021, Fideuram - Intesa Sanpaolo Private Banking's 2021 Annual Incentive System based on Intesa Sanpaolo's financial instruments, as well as for the approval of the update of the 2018-2021 POP Long-Term Incentive Plan for Risk Takers of the Intesa Sanpaolo Group. In addition, the extension of the increase in the incidence of non-recurring remuneration on recurring remuneration as part of the recruitment offer intended for new Financial Advisers joining the Fideuram Group was approved and the purchase and disposal of ordinary shares of Intesa Sanpaolo S.p.A. to service the Incentive Schemes was authorised. Finally, the same Shareholders' Meeting received ex ante information on the integration of the criteria for determining the remuneration to be granted in the event of early termination of employment or early departure from office and ex post information on any amounts granted in the event of early severance of employment or early termination of office;
- on 15 October, in extraordinary format, to approve the simplified cross-border merger of Financière Fideuram S.A. into Fideuram - Intesa Sanpaolo Private Banking S.p.A.;
- on 2 December, in extraordinary format, to approve the demerger of IW Bank S.p.A. (which will take the name IW Private Investments Società di Intermediazione Mobiliare S.p.A.) in favour of Fideuram - Intesa Sanpaolo Private Banking S.p.A. and of Fideuram - Intesa Sanpaolo Private Banking S.p.A. in favour of Intesa Sanpaolo S.p.A. and related and consequent resolutions;
- on 16 December, for approval of the proposed distribution to the Sole Shareholder of available "Reserves".

6

meetings
in 2021

4.10 Board of Statutory Auditors

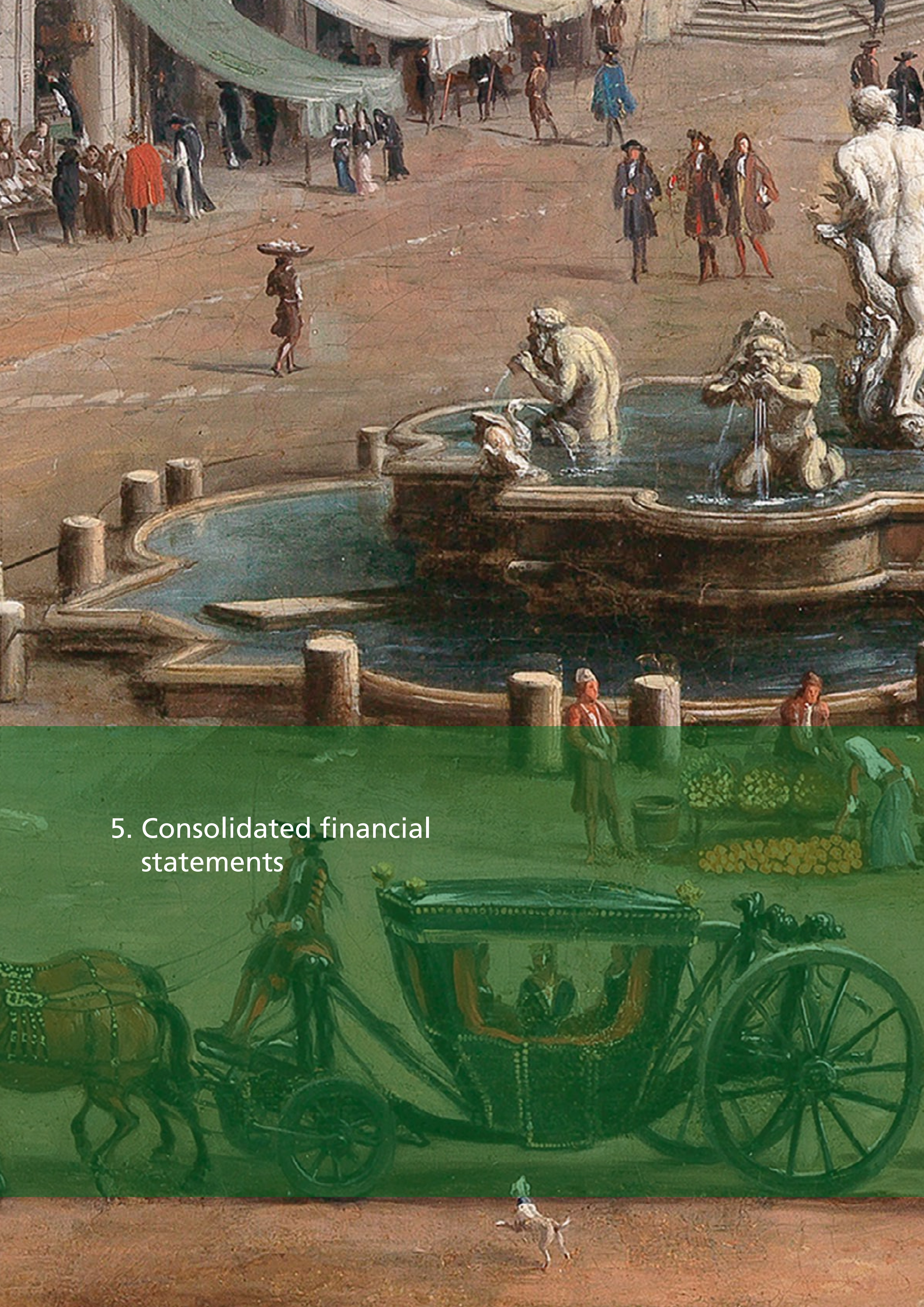
The Board of Statutory Auditors of the Bank, appointed by the Ordinary Shareholders' Meeting on 30 March 2020, also performs the duties of a Supervisory Board pursuant to Italian Legislative Decree 231/2001.

In consideration of these additional duties, the Board of Statutory Auditors receives all the information sent to the Board of Directors as well as that specifically sent to the Board of Statutory Auditors itself. The Board of Statutory Auditors receives adequate flows of periodic information from the other Company Bodies and Departments, including audit functions, regarding risk management and control, in order to perform its duties.

The Board of Statutory Auditors, which has autonomous powers of initiative and supervision, takes part in every meeting of the Board of Directors and is therefore continuously informed about the Bank's operations. In accordance with the combined provisions of article 2381 of the Italian Civil Code and article 19 of the By-Laws, and to ensure that the Board of Statutory Auditors possesses every information necessary to perform its duties effectively, the Directors report to the Board of Statutory Auditors at least quarterly on the work they have carried out and on the most significant economic, financial and asset-related activities of the Bank and its subsidiaries, as well as, in particular, on the transactions in which they have a direct or indirect interest, or which have been influenced by the party that plays a management and coordinating role. In accordance with Italian Legislative Decree 39/2010 (the italian Auditing Consolidation Act - Testo Unico della Revisione), the Board of Statutory Auditors performs the supervisory duties provided for by the auditing regulations regarding, inter alia, the financial reporting process, the effectiveness of the control, internal auditing and risk management systems, and the annual audit. In addition, the Board of Statutory Auditors is required to examine the Independent Auditors' proposals, submitted with the aim of gaining appointment and presenting them in turn to the Shareholders' Meeting. In addition, the Board of Statutory Auditors evaluates the work plan prepared for the audit and the findings set out in the report and letter of comments.

12
meetings
in 2021

The Board of Directors
28 February 2022



5. Consolidated financial statements

Consolidated balance sheet

(€m)

	31.12.2021	31.12.2020
ASSETS		
10. Cash and cash equivalents	3,707	2,445
20. Financial assets measured at fair value through profit or loss	552	422
a) financial assets held for trading	17	47
b) financial assets measured at fair value	-	-
c) other financial assets mandatorily measured at fair value	535	375
30. Financial assets measured at fair value through other comprehensive income	2,908	2,805
40. Financial assets measured at amortised cost	54,943	43,025
a) loans and advances to banks	38,888	30,792
b) loans and advances to customers	16,055	12,233
50. Hedging derivatives	32	16
60. Adjustments to financial assets subject to macro-hedging (+/-)	8	24
70. Equity investments	238	184
80. Reinsurers' share of technical reserves	-	-
90. Property and equipment	393	354
100. Intangible assets	706	229
of which: goodwill	356	140
110. Tax assets	191	163
a) current	11	21
b) deferred	180	142
120. Non-current assets held for sale and discontinued operations	-	1,065
130. Other assets	1,598	1,295
TOTAL ASSETS	**65,276**	**52,027**

Chairman of the Board of Directors
Paolo Molesini

Managing Director
Tommaso Corcos

Chief Financial Officer
Domenico Sfalanga

Consolidated balance sheet

(€m)

	31.12.2021	31.12.2020
LIABILITIES AND SHAREHOLDERS' EQUITY		
10. Financial liabilities measured at amortised cost	58,607	45,025
a) due to banks	3,988	3,615
b) due to customers	54,619	41,410
c) debt on issue	-	-
20. Financial liabilities held for trading	28	53
30. Financial liabilities measured at fair value	-	-
40. Hedging derivatives	730	954
50. Adjustments to financial liabilities subject to macro-hedging (+/-)	(4)	-
60. Tax liabilities	204	74
a) current	50	5
b) deferred	154	69
70. Liabilities associated with non-current assets held for sale and discontinued operations	-	1,065
80. Other liabilities	1,668	1,098
90. Provision for employment termination indemnities	47	43
100. Provisions for risks and charges:	648	568
a) commitments and guarantees	2	3
b) pensions and other commitments	42	30
c) other provisions for risks and charges	604	535
110. Technical reserves	-	-
120. Valuation reserves	62	41
130. Redeemable shares	-	-
140. Equity instruments	24	-
150. Reserves	1,626	1,783
160. Share premium reserve	206	206
170. Share capital	300	300
180. Treasury shares (-)	-	-
190. Equity attributable to non-controlling interests (+/-)	29	-
200. Net profit (loss) for the year (+/-)	1,101	817
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**65,276**	**52,027**

Chairman of the Board of Directors
Paolo Molesini

Managing Director
Tommaso Corcos

Chief Financial Officer
Domenico Sfalanga

Consolidated income statement

(€m)

	2021	2020
10. Interest income and similar income	283	281
of which: interest income calculated with the effective interest method	*356*	*362*
20. Interest expense and similar expense	(104)	(84)
30. Net interest income	**179**	**197**
40. Fee and commission income	3,069	2,564
50. Fee and commission expense	(1,033)	(847)
60. Net fee and commission income	**2,036**	**1,717**
70. Dividends and similar income	2	-
80. Net profit (loss) on trading activities	30	18
90. Net profit (loss) on hedging derivatives	(1)	4
100. Profit (loss) on sale or repurchase of:	3	6
a) financial assets measured at amortised cost	(3)	1
b) financial assets measured at fair value through other comprehensive income	6	5
c) financial liabilities	-	-
110. Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	34	13
a) financial assets and liabilities measured at fair value	-	-
b) other financial assets mandatorily measured at fair value	34	13
120. Total net interest and trading income	**2,283**	**1,955**
130. Net impairment for credit risk related to:	6	(7)
a) financial assets measured at amortised cost	4	(6)
b) financial assets measured at fair value through other comprehensive income	2	(1)
140. Gains/losses on contractual changes without cancellation	-	-
150. Operating income	**2,289**	**1,948**
160. Net insurance premiums	-	-
170. Other income/expense from insurance activities	-	-
180. Operating income from financing and insurance activities	**2,289**	**1,948**
190. Administrative expenses:	(1,127)	(897)
a) personnel expenses	(462)	(392)
b) other administrative expenses	(665)	(505)
200. Net provisions for risks and charges	(62)	(78)
a) commitments and guarantees	1	(1)
b) other net provisions	(63)	(77)
210. Depreciation of property and equipment	(54)	(48)
220. Amortisation of intangible assets	(37)	(35)
230. Other income/expense	334	256
240. Operating expenses	**(946)**	**(802)**
250. Profit (loss) on equity investments	15	10
260. Net fair value gains (losses) on property and equipment and intangible assets	-	-
270. Goodwill impairment	-	-
280. Gain (loss) on disposal of investments	219	-
290. Profit (loss) before tax from continuing operations	**1,577**	**1,156**
300. Income taxes for the year on continuing operations	(456)	(340)
310. Profit (loss) after tax from continuing operations	**1,121**	**816**
320. Profit (loss) after tax from discontinued operations	-	-
330. Net profit (loss) for the year	**1,121**	**816**
340. Net profit (loss) for the year attributable to non-controlling interests	(20)	1
350. Parent company interest in net profit (loss) for the year	**1,101**	**817**

Chairman of the Board of Directors
Paolo Molesini

Managing Director
Tommaso Corcos

Chief Financial Officer
Domenico Sfalanga

Consolidated statement of comprehensive income

(€m)

	2021	2020
10. Net profit (Loss) for the year	**1,121**	**816**
Other comprehensive income after tax not transferred to the income statement	**17**	**(6)**
20. Equity instruments measured at fair value through other comprehensive income	4	-
30. Financial liabilities measured at fair value through profit or loss (changes in own credit rating)	-	-
40. Hedging of equity instruments measured at fair value through other comprehensive income	-	-
50. Property and equipment	-	(1)
60. Intangible assets	-	-
70. Defined-benefit plans	13	(5)
80. Non-current assets held for sale and discontinued operations	-	-
90. Valuation reserves related to investments carried at equity	-	-
Other comprehensive income after tax that may be transferred to the income statement	**4**	**14**
100. Hedging of net investments in foreign operations	-	-
110. Exchange rate differences	25	-
120. Cash flow hedges	(10)	5
130. Hedging instruments (undesignated elements)	-	-
140. Financial assets (other than equity instruments) measured at fair value through other comprehensive income	(8)	4
150. Non-current assets held for sale and discontinued operations	-	-
160. Valuation reserves related to investments carried at equity	(3)	5
170. Total other comprehensive income after tax	**21**	**8**
180. Total comprehensive income	**1,142**	**824**
190. Total comprehensive income attributable to non-controlling interests	20	(1)
200. Total comprehensive income attributable to parent company	1,122	825

Chairman of the Board of Directors
Paolo Molesini

Managing Director
Tommaso Corcos

Chief Financial Officer
Domenico Sfalanga

Statement of changes in consolidated shareholders' equity

(€m)

	BALANCE AT 31.12.2020	CHANGE IN OPENING BALANCES	BALANCE AT 1.1.2021	ALLOCATION OF INCOME FOR THE PREVIOUS YEAR		CHANGES IN THE YEAR									SHAREHOLDERS' EQUITY AT 31.12.2021	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY AT 31.12.2021	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS AT 31.12.2021
							TRANSACTIONS INVOLVING SHAREHOLDERS' EQUITY										
				RESERVES	DIVIDENDS AND OTHER	CHANGES IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	DISTRIBUTION OF EXTRAORDINARY DIVIDENDS	CHANGE IN EQUITY INSTRUMENTS	DERIVATIVES BASED ON TREASURY SHARES	STOCK OPTIONS	CHANGES IN EQUITY INVESTMENTS	TOTAL COMPREHENSIVE INCOME 2021			
Share capital:	**300**	**-**	**300**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5**	**-**	**305**	**300**	**5**
- ordinary shares	300	-	300	-	-	-	-	-	-	-	-	-	5	-	305	300	5
- other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	**206**	**-**	**206**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6**	**-**	**212**	**206**	**6**
Reserves:	**1,784**	**-**	**1,784**	**315**	**-**	**14**	**-**	**-**	**(377)**	**-**	**-**	**-**	**(112)**	**-**	**1,624**	**1,626**	**(2)**
- From net income	1,680	-	1,680	315	-	-	-	-	(377)	-	-	-	(319)	-	1,299	1,301	(2)
- Other	104	-	104	-	-	14	-	-	-	-	-	-	207	-	325	325	-
Valuation reserves	**41**	**-**	**41**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**21**	**62**	**62**	**-**
Equity instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**24**	**-**	**-**	**-**	**-**	**24**	**24**	**-**
Treasury shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net profit (loss) for the year	**816**	**-**	**816**	**(315)**	**(501)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,121**	**1,121**	**1,101**	**20**
Shareholders' equity	**3,147**	**-**	**3,147**	**-**	**(501)**	**14**	**-**	**-**	**(377)**	**24**	**-**	**-**	**(101)**	**1,142**	**3,348**	**3,319**	**29**
Equity attributable to owners of the parent company	**3,147**	**-**	**3,147**	**-**	**(501)**	**7**	**-**	**-**	**(377)**	**24**	**-**	**-**	**(103)**	**1,122**	**3,319**		
Equity attributable to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**7**	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**20**	**29**		

Chairman of the Board of Directors
Paolo Molesini

Managing Director
Tommaso Corcos

Chief Financial Officer
Domenico Sfalanga

Statement of changes in consolidated shareholders' equity

(€m)

	BALANCE AT 31.12.2019	CHANGE IN OPENING BALANCES	BALANCE AT 1.1.2020	ALLOCATION OF INCOME FOR THE PREVIOUS YEAR		CHANGES IN THE YEAR									SHAREHOLDERS' EQUITY AT 31.12.2020	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY AT 31.12.2020	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS AT 31.12.2020
							TRANSACTIONS INVOLVING SHAREHOLDERS' EQUITY										
				RESERVES	DIVIDENDS AND OTHER	CHANGES IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	DISTRIBUTION OF EXTRAORDINARY DIVIDENDS	CHANGE IN EQUITY INSTRUMENTS	DERIVATIVES BASED ON TREASURY SHARES	STOCK OPTIONS	CHANGES IN EQUITY INVESTMENTS	TOTAL COMPREHENSIVE INCOME 2020			
Share capital:	**300**	**-**	**300**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**300**	**300**	**-**
- ordinary shares	300	-	300	-	-	-	-	-	-	-	-	-	-	-	300	300	-
- other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	**206**	**-**	**206**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**206**	**206**	**-**
Reserves:	**1,516**	**-**	**1,516**	**905**	**-**	**13**	**-**	**-**	**(650)**	**-**	**-**	**-**	**-**	**-**	**1,784**	**1,783**	**1**
- From net income	1,425	-	1,425	905	-	-	-	-	(650)	-	-	-	-	-	1,680	1,679	1
- Other	91	-	91	-	-	13	-	-	-	-	-	-	-	-	104	104	-
Valuation reserves	**33**	**-**	**33**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8**	**41**	**41**	**-**
Equity instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Treasury shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net profit (loss) for the year	**905**	**-**	**905**	**(905)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**816**	**816**	**817**	**(1)**
Shareholders' equity	**2,960**	**-**	**2,960**	**-**	**-**	**13**	**-**	**-**	**(650)**	**-**	**-**	**-**	**-**	**824**	**3,147**	**3,147**	**-**
Equity attributable to owners of the parent company	**2,960**	**-**	**2,960**	**-**	**-**	**12**	**-**	**-**	**(650)**	**-**	**-**	**-**	**-**	**825**	**3,147**		
Equity attributable to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**	**-**		

Chairman of the Board of Directors
Paolo Molesini

Managing Director
Tommaso Corcos

Chief Financial Officer
Domenico Sfalanga

Statement of consolidated cash flows
(Indirect method)

(€m)

	2021	2020
A. OPERATING ACTIVITIES		
1. Operations	**1,294**	**1,296**
- profit (loss) for the year (+/-)	1,101	817
- net profit (loss) on financial assets held for trading and on other assets/liabilities measured at fair value through profit or loss (-/+)	(58)	(31)
- net profit (loss) on hedging activities (-/+)	1	(4)
- net impairment for credit risk (+/-)	(6)	7
- net depreciation and amortisation (+/-)	92	83
- net provisions for risks and charges and other expense/income (+/-)	74	119
- uncollected net insurance premiums (-)	-	-
- uncollected other insurance income/expense (-/+)	-	-
- unpaid taxes and tax credits (+/-)	457	340
- net impairment of discontinued operations net of tax effect (-/+)	-	-
- other adjustments (+/-)	(367)	(35)
2. Cash from/used in financing activities	**(3,199)**	**(3,715)**
- financial assets held for trading	80	(8)
- financial assets measured at fair value	-	-
- other assets mandatorily measured at fair value	(126)	(48)
- financial assets measured at fair value through other comprehensive income	(100)	388
- financial assets measured at amortised cost	(3,619)	(3,947)
- other assets	566	(100)
3. Cash from/used in financial liabilities	**4,241**	**2,486**
- financial liabilities measured at amortised cost.	4,908	2,967
- financial liabilities held for trading	(52)	33
- financial liabilities measured at fair value	-	-
- other liabilities	(615)	(514)
Net cash from/used in operating activities	**2,336**	**67**
B. INVESTING ACTIVITIES		
1. Cash from	**220**	**-**
- disposal of equity investments	-	-
- dividend income from equity investments	-	-
- sale of property and equipment	-	-
- sale of intangible assets	-	-
- sale of subsidiaries and company divisions	220	-
2. Cash used in	**(640)**	**(26)**
- acquisition of equity investments	(406)	-
- acquisition of property and equipment	(6)	(2)
- purchase of intangible assets	(51)	(24)
- acquisition of subsidiaries and company divisions	(177)	-
Net cash from/used in operating activities	**(420)**	**(26)**
C. FUNDING ACTIVITIES		
- issue/purchase of treasury shares	-	-
- issue/purchase of equity instruments	24	-
- distribution of dividends and other	(678)	(650)
- sale/purchase of control of others	-	-
Net cash from/used in funding activities	**(654)**	**(650)**
NET CASH GENERATED/USED IN THE YEAR	**1,262**	**(609)**

Reconciliation

	2021	2020
Cash and cash equivalents at the beginning of the year	2,445	3,054
Total net cash generated/used in the year	1,262	(609)
Cash and cash equivalents: effect of changes in exchange rates	-	-
Cash and cash equivalents at the end of the year	3,707	2,445

(*) In relation to the disclosure prescribed in paragraph 44B of IAS 7, we note that the changes in liabilities resulting from financing activities totalled €4,241m (generated liquidity) and reflect the net amount of +€5,494m in cash flows, -€66m in changes in fair value, and -€1,187m in other changes.

Chairman of the Board of Directors
Paolo Molesini

Managing Director
Tommaso Corcos

Chief Financial Officer
Domenico Sfalanga

Notes to the consolidated financial statements

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Section 1 - Consolidated shareholders' equity

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PART A - ACCOUNTING POLICIES

A.1 - GENERAL

SECTION 1 - STATEMENT OF COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS

Pursuant to Italian Legislative Decree No. 38 of 28 February 2005, the Fideuram - Intesa Sanpaolo Private Banking Group's Consolidated Financial Statements have been prepared in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as endorsed by the European Commission up to 31 December 2021, following the procedure provided for by EC Regulation No. 1606/2002. With a view to adopting effective guidelines for the application of these accounting standards, this Report was prepared in accordance with the interpretations provided by the International Financial Reporting Interpretations Committee (IFRIC). There were no derogations from the application of the International Accounting Standards or International Financial Reporting Standards.

The Consolidated Financial Statements at 31 December 2021 have been prepared in accordance with Bank of Italy Circular No. 262 of 22 December 2005 and its subsequent amendments and interpretation guidelines provided by the Bank of Italy. In particular, they take into account the seventh update of 29 October 2021 and the Bank of Italy Notice of 21 December 2021, which amended the measures relating to the impacts of Covid-19 and the economic support measures.

The new International Financial Reporting Standards or modifications to accounting standards already in force and the related European Commission Regulations endorsing them that became effective in 2021 are listed below:

- Commission Regulation (EU) 2097/2020: Amendments to IFRS 4 Insurance Contracts - Extension of temporary exemption from applying IFRS 9.
- Commission Regulation (EU) 25/2021: Interest Rate Benchmark Reform - phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.
- Commission Regulation (EU) 1421/2021: Amendment to IFRS 16 Leases - Rent relief connected with Covid-19 after 30 June 2021.

The amendments made to the accounting standards already in force relating to the IBOR Reform are mandatory and applicable for the first time as from 2021. More specifically, Regulation No. 25/2021 of 13 January 2021 implemented the "Interest Rate Benchmark Reform - Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16", published by the IASB on 27 August 2020, concerning the second phase of the IASB project on the revision of interest rates. This project is related to the developments connected with the revision or substitution of certain benchmarks used to determine interest rates in various jurisdictions, such as LIBOR and, in Europe, EONIA, on the basis of guidance issued by the G20 and Financial Stability Board. The IASB considered the possible accounting impact of the Interest Rate Benchmark Reform with a two-phase project. The first phase concerned specifically the possible accounting impact of hedge accounting during the period preceding the substitution of existing benchmark rates with the new rates (pre-replacement issue) and was completed with the publication of Regulation no. 34/2020.

The second phase of the project, which ended with the publication of Regulation no. 25/2021, concerns the possible accounting impact of the application of the new interest rates (replacement issue). The main amendments introduced concern the accounting of changes to existing contracts and accounting hedges. With regard to the first aspect - in accordance with IFRS 9 as well as pursuant to IFRS 16 to lease contracts and to IFRS 4 for insurance contracts, it is clarified that the modifications following the IBOR Reform relating to the replacement of the existing IBOR rate with the new Risk Free Rate should not constitute a derecognition event, but should be accounted for as a modification. In this respect, a practical expedient is introduced to represent such changes, if made as a direct consequence of the IBOR Reform and on equivalent economic bases, with a forward adjustment of the effective interest rate, with impacts on the interest margin of future periods.

The IASB amendment provides some examples of modifications that give rise to a new base economically equivalent to the previous one:

- replacement of the benchmark with an alternative rate with the addition of a fixed spread to compensate for the difference in the base between the existing benchmark and the alternative rate;
- changes in the recalculation period, recalculation dates, or the number of days between coupon payment dates in order to implement the reform of a benchmark; and
- addition of a fallback clause to the contractual terms of the financial asset or liability to allow for the implementation of one of the modifications to the previous two items.

The guidance prepared by the IASB states that the terms must be substantially similar; therefore, for relief to apply, the interest rate must be substantially the same before and after replacement, although a quantitative demonstration is not required. In general terms, any economically equivalent transaction is defined to ensure an equitable transition to the new alternative rate for both parties to the contract; This is easily demonstrated if the modification is made in accordance with a protocol or methodology accepted by the market, designed for this purpose.

In the area of hedge accounting, certain exceptions to IAS 39 (and to IFRS 9 for those who have adopted it also for hedges) have been introduced that allow discontinuing following the updating of the documentation of the hedging relationship - for the modification of the hedged risk, of the underlying hedged item or of the hedging derivative or of the method of verifying the effectiveness of the hedge - in the case of changes necessary as a direct consequence of IBOR Reform and carried out on an equivalent economic basis. Any effect of ineffectiveness shall, however, be recognised in profit or loss.
No impact on the Group is foreseen for the amendments that have the characteristics foreseen by the standard, in line with the objective of the amendments introduced by the IASB, which aim to avoid distorting effects on the financial statements as a result of the reform.

In relation to the disclosure pursuant to IFRS 7, paragraphs 24 I and 24 J relating to the interest rate benchmark reform (IBOR Reform), as at 31 December 2021 the Group had financial derivatives with a notional value of €55m indexed to the EONIA rate, which have yet to change to an alternative benchmark rate.

Finally, Regulation No. 1421/2021 of 30 August 2021 on "Rent relief connected with Covid-19 after 30 June 2021" is also applicable from 2021, which implements the amendments published by the IASB on 31 March 2021 by which the period of application of the amendment to IFRS 16 Leases issued in May 2020 that provides assistance to lessees in accounting for relief related to Covid-19 is extended by one year. The original amendment was issued to provide a practical expedient for lessees, i.e., the option not to apply the lease modification accounting rules in the case of rent relief as a direct result of the Covid-19 pandemic (such as temporary suspensions or reductions in payments). The relief previously applied to concessions related to rent originally due by 30 June 2021.

In response to requests received from stakeholders and due to the continuing pandemic, the IASB has extended the application of the practical expedient to cover concessions related to rent payments originally due by 30 June 2022, provided that the other conditions for applying the practical expedient are met, i.e., the revised consideration is substantially equal to or less than the original consideration and no other material changes have been made to the terms of the lease. The amendments are effective as from 1 April 2021 for annual periods beginning on or after 1 January 2021.

The Group has chosen not to make use of the practical expedient as from 2020, also in consideration of the non-materiality of the impact; these additional modifications are therefore not relevant for the Group.

The new International Financial Reporting Standards or modifications to accounting standards already in force and the related European Commission Regulations endorsing them that became effective as from 1 January 2022 – for financial statements that coincide with the calendar year – or from a later date and in respect of which the Fideuram Group has not made use of early application:

- Commission Regulation (EU) 1080/2021: Amendments to IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; IAS 41 Agriculture; IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 3 Business Combinations and IFRS 9 Financial Instruments.
- Commission Regulation (EU) 2036/2021: IFRS 17 Insurance Contracts - Amendments to IFRS 17 Insurance Contracts.

With reference to the endorsement regulations implementing amendments to existing or new IAS/IFRS accounting standards, please note in particular the publication in the Official Journal of the EU on 23 November 2021 of Regulation no. 2036/2021 of 19 November 2021, which endorses the new accounting standard IFRS 17 "Insurance Contracts". The standard was published in May 2017 and was subject to amendments published on 25 June 2020, which pushed back the date of first-time adoption of the standard by one year, setting it at 1 January 2023. The new standard will directly affect the associate company Fideuram Vita, for which the project to implement IFRS 17 in the companies of the Intesa Sanpaolo Group's Insurance Division began in June 2019.

SECTION 2 - BASIS OF PREPARATION

The Consolidated Financial Statements comprise the compulsory statements provided for by IAS 1 (namely a balance sheet, income statement, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows) and the Notes to the Consolidated Financial Statements. It is also accompanied by the Directors' Report. The Directors' Report contains certain information - such as, for example, data on quarterly trends and other alternative performance indicators - that is not directly attributable to the financial statements. The information specified as compulsory content for Directors' Reports by Bank of Italy Circular No. 262/2005 is presented in the following sections and paragraphs:

- Section 2. External context and strategies;
- Section 3. Performance (paragraphs 3.1 to 3.4, 3.7, 3.8.1 and 3.9);
- Section 4. Governance (paragraph 4.2).

The Notes to the Consolidated Financial Statements present all the information provided for by the regulations, together with the additional information considered necessary to give a true and fair view of the Group's position. Furthermore, the Notes take into account the documents that interpret and support application of the accounting standards in light of the impact of Covid-19, issued by European regulatory and supervisory bodies and standard setters, which are illustrated in finer detail in Section 5 - Other aspects.

These Consolidated Financial Statements have been prepared on a going concern basis. There is no doubt as to the ability of the Group to remain in business. The compulsory tables and details required by the Bank of Italy are identified separately using the numbering specified by said Supervisory Authority. The Financial Statements use the euro as their presentation currency. The figures in the financial statements and Notes to the Financial Statements are stated in millions of euro unless specified otherwise. The Financial Statements and Notes to the Financial Statements present the data for the period together with the corresponding data at 31 December 2020 for comparative purposes.

In this regard, comparative data were also provided, where relevant, in compliance with the new provisions of the 7th update of Circular no. 262, which provided, as the main changes in presentation of the financial statements, that:

- certain categories of financial assets (on-demand receivables from banks and central banks and purchased or originated impaired loans) are represented as already provided for in the harmonized European financial reporting (FINREP);
- under intangible assets, specific evidence is provided of software that does not constitute an integral part of hardware pursuant to IAS 38;
- commission income and expense are shown in a different schedule;
- contributions to the resolution fund and deposit protection schemes have separate disclosures among the items.

Moreover, in relation to the changes in the scope of consolidation that took place in 2021, – in line with the provisions of the IFRS standards and the provisions of Circular 262 of the Bank of Italy – the balance sheet, income statement and comprehensive income as well as the tables of the notes of the comparison period were not subject to restatement, as they are not immediately comparable.

To facilitate comparison of the figures for different periods and to enable a clearer and more immediate understanding of the Group's financial position and results, the Directors' Report at 31 December 2021 contains a reclassified balance sheet and reclassified income statement. These statements were prepared using appropriate groupings of the items in the official financial statements. Detailed information on the reclassifications is presented in specific reconciliation statements provided in the schedules accompanying these Financial Statements.

The comparative analysis of the accounting balances and operating data of 2021 compared to those of the corresponding comparison periods of 2020 is affected by the impact of the transactions that took place in the period. In the Directors' Report, to allow for a like-for-like comparison and to adequately represent the effects of changes in the scope of consolidation, the operating data and accounting balances presented in the balance sheet and income statement have been restated, where necessary. In preparing the restated financial statements, appropriate adjustments have been made to the historical data to reflect retrospectively, assuming that the corporate transactions took place on or after 1 January 2020, the changes in the scope of consolidation that took place in 2021, without changing the result for the year and shareholders' equity compared to the official financial statements published in previous periods. The net effects of the adjustments were recognised in profit of non-controlling interests in the restated income statement and in minority interests in the restated balance sheet.

SECTION 3 - SCOPE AND METHODS OF CONSOLIDATION

The wholly-owned subsidiaries included in the scope of consolidation at 31 December 2021 are listed below.

1. Equity investments in wholly-owned subsidiaries

COMPANY NAME	OPERATIONAL HEAD OFFICE	REGISTERED OFFICE	TYPE OF OWNERSHIP (*)	OWNERSHIP		% VOTES (**)
				ASSOCIATE COMPANY	% OWNED	
1. Intesa Sanpaolo Private Banking S.p.A. Share capital: EUR 117,497,424 in shares without par value	Milan	Milan	1	Fideuram	100.000%	
2. Sanpaolo Invest SIM S.p.A. Share capital: EUR 15,264,760 in shares of EUR 140 each	Turin	Turin	1	Fideuram	100.000%	
3. Fideuram - Intesa Sanpaolo Private Banking Asset Management SGR S.p.A. Share capital: EUR 25,870,000 in shares without par value	Milan	Milan	1	Fideuram	99.517%	
4. Siref Fiduciaria S.p.A. Share capital: EUR 2,600,000 in shares of EUR 0.52 each	Milan	Milan	1	Fideuram	100.000%	
5. IW Bank Private Investments S.p.A. Share capital: EUR 67,950,000 in shares of EUR 3 each	Milan	Milan	1	Fideuram	100.000%	
6. Fideuram Asset Management (Ireland) dac Share capital: EUR 1,000,000 in shares of EUR 1,000 each	Dublin	Dublin	1	Fideuram	100.000%	
7. Fideuram Bank (Luxembourg) S.A. Share capital: EUR 40,000,000 in shares without par value	Luxembourg	Luxembourg	1	Fideuram	100.000%	
8. RB Participations S.A. Share capital: CHF 100,000 in shares of CHF 1 each	Geneva	Geneva	1	Fideuram	100.000%	
9. REYL & Cie S.A. Share capital: CHF 31,500,001 in shares of CHF 1 each	Geneva	Geneva	1	Fideuram RB Participations	39.000% 30.000%	
10. Intesa Sanpaolo Private Bank (Suisse) Morval S.A. Share capital: CHF 22,217,001 in shares of CHF 100 each	Geneva	Geneva	1	REYL & Cie	100.000%	
11. Intesa Sanpaolo Private Argentina S.A. Share capital: ARS 13,404,506 in shares of ARS 1 each	Buenos Aires	Buenos Aires	1	Intesa Sanpaolo Private Bank (Suisse) Morval Fideuram	95.033% 4.967%	
12. Morval Vonwiller Advisors S.A. Share capital: UYU 110,600,000 in shares of UYU 1 each	Montevideo	Montevideo	1	Intesa Sanpaolo Private Bank (Suisse) Morval	100.000%	
13. Morval Bank & Trust Cayman Ltd in liquidation Share capital: USD 7,850,000 in shares of USD 1 each	George Town	George Town	1	Intesa Sanpaolo Private Bank (Suisse) Morval	100.000%	
14. REYL Overseas S.A. Share capital: CHF 500,000 in shares of CHF 100 each	Zurich	Zurich	1	REYL & Cie	100.000%	
15. REYL Prime Solutions S.A. in liquidation Share capital: CHF 100,000 in shares of CHF 500 each	Geneva	Geneva	1	REYL & Cie	100.000%	
16. Gap ManCo Sàrl Share capital: EUR 12,500 in shares of EUR 125 each	Luxembourg	Luxembourg	1	REYL & Cie	100.000%	
17. REYL Singapore Holding PTE Ltd Share capital: SDG 1,201 in shares of SGD 0.010 each	Singapore	Singapore	1	REYL & Cie	75.000%	
18. REYL Singapore PTE Ltd Share capital: SDG 500,000 in shares of SGD 1 each	Singapore	Singapore	1	REYL & Cie REYL Singapore Holding PTE	76.000% 24.000%	
19. REYL & Co. (Holdings) Ltd Share capital: GPB 3,700,000 in shares of GBP 1 each	London	London	1	REYL & Cie	100.000%	
20. REYL & Co. (UK) LLP Share capital: GPB 3,800,000 in shares of GBP 1 each	London	London	1	REYL & Co. (Holdings)	100.000%	
21. REYL & Cie (Malta) Holding Ltd Share capital: EUR 730,000 in shares of EUR 1 each	Valletta	Valletta	1	REYL & Cie	100.000%	
22. REYL & Cie (Malta) Ltd Share capital: EUR 730,000 in shares of EUR 1 each	Valletta	Valletta	1	REYL & Cie (Malta) Holding	100.000%	
23. REYL Finance (MEA) Ltd Share capital: USD 2,875,000 in shares of EUR 28,750 each	Dubai	Dubai	1	REYL & Cie	100.000%	
24. Portugal Real Estate Opportunities Manager SARL Share capital: EUR 12,500 in shares of EUR 125 each	Luxembourg	Luxembourg	1	REYL Finance (MEA)	100.000%	
25. Iberia Distressed Assets Manager SARL Share capital: EUR 12,500 in shares of EUR 125 each	Luxembourg	Luxembourg	1	REYL Finance (MEA)	100.000%	
26. REYL Private Office Sàrl Share capital: EUR 50,000 in shares of EUR 100 each	Luxembourg	Luxembourg	1	REYL & Cie	100.000%	
27. Inveniam S.A. in liquidation Share capital: CHF 50,000 in shares of CHF 1,000 each	Geneva	Geneva	1	REYL Private Office Sàrl	100.000%	
28. ASTERIA Investment Managers S.A. Share capital: CHF 14,000,000 in shares of CHF 10 each	Geneva	Geneva	1	REYL & Cie	64.000%	
29. IIF SME Manager Ltd Share capital: USD 1,000 in shares of USD 0.01 each	George Town	George Town	1	Asteria Investment Managers	100.000%	
30. Obviam AG Share capital: CHF 500,000 in shares of CHF 10 each	Bern	Bern	1	Asteria Investment Managers	100.000%	

LEGEND

(*) Type of ownership 1 = majority voting rights at general shareholders' meetings.

(**) Voting rights at general shareholders' meetings. Voting rights are only shown when they differ from % capital ownership.

2. Significant judgements and assumptions made in determining scope of consolidation

The Consolidated Financial Statements include Fideuram and its direct and indirect subsidiaries and the companies over which it exercises significant influence. An entity is considered to be controlled by Fideuram when the latter is exposed or has rights to variable returns from its involvement with the entity, while simultaneously having the ability to affect those returns through its power over the entity.

Fideuram is considered to control an entity if and only if the Group has all of the following elements:

- power over the entity to direct the relevant activities;
- exposure to variable returns from its involvement with the investee entity;
- the ability to use its power over the entity to affect the amount of the returns.

Relevant activities are those which significantly affect the returns of the investee company.

Generally speaking, when relevant activities are managed through voting rights, the following factors provide evidence of control:

- the possession, directly or indirectly (through subsidiary companies) of more than half the voting rights of an entity;
- the possession of half (or less than half) the general meeting voting rights, and the practical ability to unilaterally manage the relevant activities through:
  - control of more than half the voting rights through agreement with other investors;
  - the power to determine the financial and operating policies of the investee through by-law or contractual clauses;
  - the power to appoint or remove the majority of the members of the Board of Directors or equivalent company governing body.

Potential principal-agent relationships are also taken into consideration when assessing whether or not the bank controls an entity. The Group takes the following elements into consideration when assessing whether it acts as a principal or as an agent:

- the decision-making rights over the relevant activities of the entity;
- the significance of rights held by other entities;
- the remuneration to which the Group is entitled;
- the exposure to variable returns from the equity investment.

The subsidiaries were consolidated line-by-line, except the entities which, due to their limited significance (less than €10m in total assets carried on the books), are consolidated with the equity method, in accordance with Group accounting policies.

In the line-by-line consolidation process, aggregate amounts from the balance sheet and income statement of the subsidiaries are used line-by-line.

After allocation to the non-controlling interests of their share of the equity and net profit, the book value of these subsidiaries is written off – against the assets and liabilities of the subsidiaries – by the corresponding share of shareholders' equity held by the Group. The differences resulting from said write-off at the date of initial consolidation are, if positive, recognised as intangible assets under the item goodwill or other intangible assets, following the allocation of any components to the assets and liabilities of the subsidiaries. If negative, they are recognised as negative goodwill in profit or loss. Goodwill is subject to a periodic test on the appropriateness of its book value. If the recoverable value of goodwill is less than its book value, the difference is recognised in profit or loss. All relations with respect to assets and liabilities, and all income and expenses between consolidated companies are eliminated.

The financial statements used for the line-by-line consolidation were those at 31 December 2021, as approved by the competent bodies of the subsidiaries, adjusted where necessary to align them with Group accounting policies.

The financial statement data of companies operating outside the European Monetary Union Area were translated to euro applying the year-end exchange rates to balance sheet items and the average exchange rates for the period to profit or loss items. The exchange rate differences arising from translations at said exchange rates are recognised in the valuation reserve. All exchange differences are recognised in profit or loss in the period in which the equity investment is disposed of.

Compared to 31 December 2020, the line-by-line consolidation has changed as follows:

- IW Bank joined the Group following the partial demerger of UBI Banca in favour of Fideuram;
- Reyl & Cie, RB Participations and Asteria joined the Group the purchase by Fideuram of a 69% stake in the share capital of Reyl & Cie and the simultaneous contribution to Reyl of the entire stake held in Intesa Sanpaolo Private Bank (Suisse) Morval;
- Morval Bank & Trust Cayman in liquidation, which was consolidated using the equity method due to the negligible materiality and significance of the interest held, left the Group.

In relation to transactions under common control, which have no impact at consolidated level, Financière Fideuram is no longer included in the scope of consolidation following its merger into Fideuram.

Finally, starting from 1 January 2021, the company Fideuram Investimenti changed its name to Fideuram - Intesa Sanpaolo Private Banking Asset Management SGR S.p.A.
A company is considered to be an associate company if it is subject to significant influence, which is to say if Fideuram holds 20% of the voting rights (including potential voting rights) directly or indirectly, or if it is able to participate in determining the company's financial and management policies by virtue of special legal ties even though it has fewer voting rights.

Associate companies are consolidated using the equity method. This method involves initially recognising the equity investment at cost and subsequently adjusting the value in relation to the Group interest in the subsidiary's shareholders' equity. The difference between the book value of the equity investment and the interest in the subsidiary's shareholders' equity is recognised as an increase or decrease in the book value of the equity investment. The Group interest in the subsidiary's profit is recognised in a separate item of the consolidated profit or loss.

Fideuram Vita S.p.A. (an insurance company in which Fideuram holds a 19.99% equity interest) and 1875 Finance Holding AG (a finance company in which Reyl & Cie holds a 40% equity interest) are considered to be associate companies. Considering the decision made by the Intesa Sanpaolo Group to adopt the "Deferral Approach" for insurance companies, the financial assets and liabilities of Fideuram Vita continue to be recognised in the balance sheet pursuant to IAS 39, in anticipation of the effective date of the new IFRS 17 on insurance agreements, expected to be in 2023.

3. Equity investments in wholly-owned subsidiaries with significant non-controlling interests

3.1 Non-controlling interests, voting rights of non-controlling interests and dividends distributed to non-controlling interests

COMPANY NAMES	NON-CONTROLLING INTERESTS %	VOTING RIGHTS OF NON-CONTROLLING INTERESTS % (*)	DIVIDENDS DISTRIBUTED TO NON-CONTROLLING INTERESTS
1. REYL & Cie S.A.	31.00%	31.00%	
2. Asteria Investment Managers S.A.	36.00%	36.00%	
3. REYL Singapore Holding PTE Ltd	25.00%	25.00%	

(*) Voting rights at general shareholders' meetings.

3.2 Equity investments with significant non-controlling interests: accounting information

COMPANY NAMES	TOTAL ASSETS	CASH AND CASH EQUIVALENTS	FINANCIAL ASSETS	PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS	FINANCIAL LIABILITIES	SHAREHOLDERS' EQUITY	NET INTEREST INCOME	NET INTEREST AND TRADING INCOME	OPERATING COSTS	PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	PROFIT (LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS	PROFIT (LOSS) FOR THE YEAR (1)	OTHER COMPREHENSIVE INCOME AFTER TAX (2)	COMPREHENSIVE INCOME (3)=(1)+(2)
REYL & Cie S.A.	2,317	564	1,719	21	2,014	243	10	50	(45)	5	4	-	4	-	4
Asteria Investment Managers S.A.	34	8	24	-	-	24	-	-	(2)	(2)	(2)	-	(2)	-	(2)

SECTION 4 - EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period requiring any changes to be made to the consolidated financial statements at 31 December 2021.
Please note that the military conflict between Russia and Ukraine, which broke out on 24 February 2022, is an event after the reporting date that does not require adjustments to the financial statements. The evolution of the political situation, due to the limited size of the business in the two countries, is not likely to affect the Group's economic, financial and asset outlook. Any decisions that may be taken at EU and international level, and their possible repercussions on the Group's operations, which cannot be forecast at present, will be carefully monitored.
For a description of the most important significant events that occurred after the end of the year, reference is made to the specific part of the Directors' Report.

SECTION 5 - OTHER ASPECTS

RISKS, UNCERTAINTIES AND IMPACT OF THE COVID-19 PANDEMIC

The year 2021 was characterised by the launch of massive vaccination campaigns in the advanced countries, achieving a high level of coverage and effectiveness in curbing hospitalisations and deaths and thus avoiding, even in the face of new variants of the virus, the reintroduction of the stringent restrictions that had characterised 2020.

The Italian scenario is showing signs of cautious optimism in view of the success of the national vaccination campaign and the plans for huge public and private investments in place, although the return to normalcy is still characterised by uncertainties and possible obstacles, mainly related to risks and unexpected events on the health front.

In the communication of 15 December 2020, later updated on 21 December 2021, concerning the "Impact of Covid-19 and measures to support the economy and amendments to IAS/IFRS," the Bank of Italy supplemented the provisions governing banks' financial statements contained in Circular No. 262, "Bank Financial Statements: schedules and rules for preparation" in order to provide the market with information on the effects that Covid-19 and the measures to support the economy have had on the strategies, objectives and policies of risk management, as well as on the economic and financial situation of intermediaries. In making the amendments, the Bank of Italy took into account, where applicable, the documents published in 2020 and 2021 by European regulatory and supervisory bodies and by standard setters aimed at clarifying the methods for applying IFRS standards in the current scenario, with particular reference to IFRS 9, as well as the planned disclosure for the amendment to IFRS 16 on rent relief connected with Covid-19.

During 2020 and to a lesser extent in 2021, there was a series of regulatory measures mainly of an interpretative nature supporting the application of accounting standards in relation to the impacts of the pandemic. The regulatory measures, aimed essentially at clarifying the treatment of moratoria, indicating the minimum prerequisites for clear financial disclosure in this context, uniformly directing the definition of prospective scenarios and allowing flexibility in the definition of credit valuations, have consolidated and adapted to the evolving situation the regulatory framework that had begun to take shape since the early months of 2020 and was substantially confirmed in 2021. The ESMA documents issued in 2021 have not introduced any new substantial indications, but rather provide an overview of the various requirements, clarifying their purpose and application methods, also urging that the various information be arranged in the financial statements in such a manner that it is better highlighted. However, the indications provided by the regulators invite intermediaries to exercise their own expert judgement in making decisions, while being clear that the indications provided do not constitute an easing of the rules but rather the granting of additional discretion, which is necessary in the current context.

For the Financial Statements as at 31 December 2021, the Group has therefore decided to confirm the approaches previously adopted, as reported in detail in Part E, with the appropriate improvements and adjustments deriving from the longer timeframe available for their implementation and to take into account the evolution of the reference health and economic context.

That said, from the very first days of the health and social emergency that hit the country, the Group effectively tackled the challenging situation, constantly ensuring the business continuity of its processes and services, despite significant costs and additional investments. As explained in greater detail in the Directors' Report, the main solutions adopted to deal with the emergency, mitigate the risk and ensure continuity of service concerned smart working, branches, the digitalisation of processes and measures on systemic processes.

The health protection measures and business continuity actions taken largely focused on:

- the prevention of workplace risks, with the adoption of the individual and group protection measures required to respond to developments in public health requirements at the national, local and sectoral levels;
- the large-scale application of flexible work, with associated investments in information technology equipment, development of operational processes, and upgrading of the computer network to enable simultaneous access by a growing number of users;
- the of work to facilitate digital interaction with customers, through the development of distance marketing and the extension of processes for the dematerialisation of contracts and digital signatures, with consequent capital expenditure to upgrade the channels used for remote communication with customers (call centres and digital apps) and to reinforce cybersecurity to reduce the risk of fraud against customers.

As far as safety measures are concerned, the essential precautions to be followed remain unchanged, in line with the following key principles:

- social distancing;
- rigorous personal hygiene and cleaning of premises;
- use of personal protective equipment;
- compliance with technical, organisational and behavioural guidelines;
- clinical monitoring of health.

As of 15 October 2021, it became a legal requirement to hold and present a Covid-19 Green Pass on request for access to workplaces. From that date and until 31 March 2022, the end of the state of emergency, these provisions apply to all Group employees, external collaborators, suppliers and, more generally, to all individuals who, for any reason, carry out their work – also on the basis of external contracts – on Group premises. Employees with specifically documented clinical conditions who cannot be given a vaccination or complete the vaccination course, will be granted an exemption certification. A specific internal regulation governs the operational procedures for implementing workplace entry checks in compliance with privacy legislation. In addition, as provided for in Decree Law No. 105 of 23 July 2021, from August 2021 access to canteens, crèches and company transport will also be subject to the Green Pass rules.

From December 2021 onwards, the guidelines for planning attendance at premises were defined according to the pandemic zone colour of regions to take into account the resurgence in infections. For yellow and white zones, there is no longer a minimum attendance requirement at the headquarters/office and return to the office is allowed on a voluntary basis. For red and orange zones, remote working remains preferable for all activities that can be carried out effectively in this way. In all areas, the recommendation not to involve personnel with fragile conditions or belonging to categories most at risk in case of infection in the planning of attendance is still in place.

Although the spread of Covid-19 has not led to the suspension of activities or the disappearance of reference markets, it has contributed to creating a climate of extreme uncertainty, not yet entirely dispelled by the effects of the vaccination campaigns. In this regard, the preparation of financial statements in accordance with IFRS requires – as usual – that the management make estimates and assumptions that affect the amount of assets, liabilities, revenues and expenses recognised during the period, as well as the other components of the comprehensive income statement. As indicated in greater detail in the relevant section of these Notes (Use of estimates and assumptions in the preparation of the financial statements), the estimates made by management are based on historical experience and other assumptions that are deemed to be reasonable. Key areas of estimation uncertainty include credit losses, fair value of financial instruments, income taxes, employee benefits, impairment of non-financial assets, write-off of financial assets and liabilities, and provisions for risks and charges. Covid-19, the first global pandemic in over a century, continues to significantly affect the markets in which the Group operates. Governments around the world have imposed a series of specific measures to contain the epidemic, such as travel restrictions and quarantines, while at the same time they are trying to avoid an economic slowdown and get a rapid recovery going once the health crisis is over.

This situation has caused and is still continuing to cause increased volatility and uncertainty in the financial sector and markets, which has also been reflected in key areas of estimation.

Macroeconomic scenario for the valuation of loans and receivables

As regards the macroeconomic scenario adopted in the models to determine Expected Credit Losses, since March 2020 the Group, following the indications of regulators and standard setters, had anchored its macroeconomic forecasts to the projections published by the central banks. In the light of the scenario described above, in a macro-economic situation which is recovering considerably and considering the lesser uncertainty characterising the process of estimating projections, the Group has deemed it appropriate to return to the use of scenarios produced internally by Intesa Sanpaolo's Research Department as input to the ECL models, thus making it possible to return to having substantial uniformity between the scenarios used in the other valuation processes (impairment tests, budget, etc.).

Valuation of goodwill and intangible assets

In complex market scenarios such as the current one, impairment tests on goodwill and intangible assets are particularly delicate and particular attention has been paid to the impairment tests that IAS 36 requires to be run at least once annually to verify the recoverable value of the intangible assets recorded in the balance sheet. The effects of the pandemic have been carefully considered, in accordance with ESMA instructions which consider the effects resulting from the Covid-19 pandemic as an indicator of impairment and thus require a thorough assessment of the resistance of the carrying amount of the intangible assets. With reference to the last aspect, no critical factors emerged on the accounting of items in the financial statements.

Classification and measurement of loans

The crisis triggered by the spread of the health emergency has had a major impact on the classification of loans, especially for those aspects connected with the moratoria on payments and calculation of the Expected Credit Losses (ECL).

With regard to classification of the credit exposures, the spread of the coronavirus first made it necessary, as agreed by the banking system and institutions, to grant performing customers generalised payment suspension measures (moratoria) with simplified procedures and without penalty on the parties involved, i.e. banks and customers. These measures, partly governed by national regulations and partly decided independently by the banks, have been specifically regulated, as summarised in the specific guidelines issued by the EBA. In short, the concession, in accordance with the aforementioned guidelines, by banks and financial intermediaries of moratoria by law, including private moratoria (provided that they are linked to an objective contextual need that impacts on a number of borrowers and not on the individual loan), does not automatically constitute a default, with consequent classification of the loan as impaired, nor does it constitute a forbearance measure, with transfer of the loan to Stage 2. The EBA shall indicate the conditions for the qualification of general payment moratoria, as well as the terms for granting and the duration of the moratorium and for the applicability of the exemption. However, the cases of moratoria found among Private Banking customers is absolutely limited. As previously remarked, the Fideuram Group did not participate in the offer of credit to customers that featured special guarantees in compliance with the Decree of the President of the Council of Ministers "Cura Italia" and the Liquidity Decree, which is an exclusive prerogative of Intesa Sanpaolo, but it did update its catalogue of products with ad hoc loans, characterised exclusively by subsidised rate conditions and less stringent collateral requirements.

Its liquidity position has always remained sound due to the generous availability of liquid reserves and the high stability of customer deposits.
Overall, the Fideuram Group has maintained its capital adequacy and, also in consequence of the measures adopted to deal with the challenges imposed by the public health emergency, it has not been significantly impacted by the crisis and has not exhibited any sign in its equity and financial structure and in its operational performance that might generate uncertainty over its satisfy the requirements to guarantee its status as a going concern.

CONTRACTUAL AMENDMENTS DERIVING FROM COVID-19

1. Contractual amendments and write-offs (IFRS 9)

In compliance with EBA guidelines, the moratoria granted by the Group have to fulfil the following requirements:

- they must be offered without distinction to a group of (performing) borrowers or on the basis of statutory measures;
- they must not require waiver of contractual interest or principal but only a mere postponement/lengthening of payment terms.

Since those conditions only require a mere postponement/lengthening of the period when the payments are due, the application of moratoria does not entail derecognition of the loan. Moreover, these cases have limited application in the Fideuram Group. Reference is made to Part E of these Notes to the Financial Statements for an analysis of the quantitative data.

2. Amendment of IFRS 16

Regulation (EU) 1434/2020 has introduced modifications to IFRS 16 - Leasing in order to provide a practical, optional and temporary expedient for lessees that benefit from suspensions of payments for leases. The Regulation permits non-application of the rules for lease amendment accounting in the case of forbearance on rents directly affected by the Covid-19 public health emergency. These cases were not applied in the Fideuram Group.

OTHER ASPECTS

Cooperative compliance

Following what Intesa Sanpaolo carried out, Fideuram - Intesa Sanpaolo Private Banking requested and obtained from the Italian Revenue Service to be admitted to the "cooperative compliance" scheme provided for by Legislative Decree no. 128/2015. Adhesion is effective from the tax year 2018. The purpose of this scheme is to further the adoption of enhanced forms of communication and cooperation based on mutual trust between the tax authorities and taxpayers, as well as to foster the prevention and resolution of disputes in tax matters in the common interest. In addition to Intesa Sanpaolo's duty to maintain an adequate system for the detection, measurement and management of tax risk and to act in a collaborative and transparent manner, the scheme provides for the duty of the Italian Revenue Service to promote a relationship based on principles of transparency, collaboration and propriety. In relation to the desire to progressively extend adherence to this regime also to the main Italian subsidiaries, the subsidiaries Intesa Sanpaolo Private Banking, Fideuram Asset Management SGR, Sanpaolo Invest SIM and Siref Fiduciaria also applied and were admitted with effect from 2020.

Audit

The Fideuram - Intesa Sanpaolo Private Banking Group's Consolidated Financial Statements are audited by EY S.p.A.. The table below provides detailed information on the remuneration that the Fideuram Group paid to EY network firms in the 2021 reporting period, in accordance with Article 2427 of the Italian Civil Code and Article 149 duodecies of the Issuers' Regulations (No. 11971) published by the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB).

Type of services

(€m)

	2021	
	FIDEURAM NETWORK	OTHER GROUP COMPANIES
Independent statutory audit (*)	0.4	2.0
Attestation services	0.1	1.0
Total	**0.5**	**3.0**

(*) Including statutory and voluntary audit costs. The net amount does not include the costs for auditing the mutual funds managed by Group companies. These costs are borne directly by the funds and totalled €1.7m in 2021.

All figures are net of VAT and expenses.

A.2 - MAIN FINANCIAL STATEMENT ITEMS

This section sets out the accounting policies adopted to prepare the Consolidated Financial Statements at 31 December 2021.

SECTION 1 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

This category contains the financial assets not classified as Financial assets measured at fair value through other comprehensive income or as Financial assets measured at amortised cost.

In particular, this item includes:

- financial assets held for trading;
- financial assets mandatorily measured at fair value, consisting of financial assets that do not meet the requirements for measurement at amortised cost or at fair value through other comprehensive income. These are financial assets whose contractual terms do not only require repayments of principal and payments of interest on the amount of principal to be repaid, or which are not held for the collection of contractual cash flows (Hold to Collect business model), or whose objective is achieved both through the collection of contractual cash flows and through the sale of financial assets (Hold to Collect and Sell business model);
- financial assets measured at fair value, i.e. financial assets that are defined as such upon initial recognition and when the conditions apply. In relation to this case, an entity may irrevocably designate a financial asset as measured at fair value through profit or loss only if it eliminates or significantly reduces a measurement inconsistency.

Therefore, this item shows:

- the debt securities and loans that are included in an Other/ Trading business model (and thus not associable with a Hold to Collect or Hold to Collect and Sell business model), or that do not pass the test on contractual characteristics (SPPI test);
- equity instruments which cannot be qualified as controlling or associated interests, and for which the option for measurement at fair value through other comprehensive income was not exercised upon initial recognition;
- units in mutual funds.

This item also consists of derivatives, recognised as financial assets held for trading, which are recognised as assets if their fair value is positive.

According to the general rules established by IFRS 9 on the reclassification of financial assets (except for equity instruments, for which no reclassification is permitted), reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for those financial assets.

Initial recognition of financial assets occurs at settlement date for debt securities and equity instruments, at disbursement date for loans and at trade date for derivative contracts. Upon initial recognition, financial assets measured at fair value through profit or loss are recognised at fair value, without considering transaction costs or revenues directly attributable to the instrument.

After initial recognition, the financial assets measured at fair value through profit or loss are carried at fair value. The effects of application of this measurement method are recognised in profit or loss.

Financial assets are derecognised solely if the sale leads to the substantial transfer of all the risks and rewards connected to the assets.

SECTION 2 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This category consists of the financial assets which meet both of the following conditions:

- the financial asset is held under a business model whose objective is pursued both through the collection of contractually required cash flows and through sale (Hold to Collect and Sell business model);
- the contractual terms of the financial asset require cash flows at fixed dates represented solely by payments of principal and interest on the principal to be repaid.

This category also includes equity instruments that are not held for trading and for which at the time of initial recognition the option for designation at fair value through other comprehensive income has been exercised.

In particular, this item includes:

- the debt securities that fall under a Hold to Collect and Sell business model and which have passed the test on contractual characteristics (SPPI test);
- the equity interests that do not qualify as controlling or associated, which are not held for trading, and for which the option of designation at fair value through other comprehensive income has been exercised.

No reclassifications to other categories of financial assets are allowed, except when the entity modifies its own business model for the management of financial assets.

These financial assets are initially recognised at the settlement date for debt securities and equities. The assets are recognised at fair value upon initial recognition, inclusive of the transaction costs or income directly attributable to the instrument itself.

After initial recognition, the Assets classified at fair value through other comprehensive income, other than equity instruments, are measured at fair value, with the recognition in profit or loss of the impact resulting from the application of the amortised cost, the impairment effects and any exchange rate effect, whereas the other gains and losses resulting from a change in fair value are recognised in a specific shareholders' equity reserve until the financial asset is derecognised. Upon sale of all or part of the financial asset, the gain or loss accumulated in the valuation reserve are transferred entirely or partially to profit or loss. The equity instruments which were classified in this category are measured at fair value, and the amounts recognised through equity must not be subsequently transferred to profit or loss, not even upon disposal. Dividends are the only component that can be associated with the equity instruments in question and which is recognised in profit or loss.

The Financial assets measured at fair value through other comprehensive income are subject to testing of a significant increase in credit risk (impairment) under IFRS 9, with consequent recognition in profit or loss of an adjustment to cover the expected losses. More specifically, for instruments classified as stage 1 (i.e., financial assets at origination and instruments for which there has not been a significant increase in credit risk since the initial recognition date), a 12-month expected loss is recognised on the initial recognition date and at each subsequent reporting date. For instruments classified as stage 2 (performing exposures for which there has been a significant increase in credit risk since the initial recognition date) and as stage 3 (credit-impaired exposures), a lifetime expected loss for the financial instrument is recognised. Equity instruments are not subject to the impairment process.

Financial assets are derecognised solely if the sale leads to the substantial transfer of all the risks and rewards connected to the assets.

SECTION 3 - FINANCIAL ASSETS MEASURED AT AMORTISED COST

This category includes the financial assets (in particular loans and debt securities) that meet both the following conditions:

- the financial asset is held under a business model whose objective is achieved through the collection of expected contractual cash flows (Hold to Collect business model);
- the contractual terms of the financial asset require cash flows at fixed dates represented solely by payments of principal and interest on the principal to be repaid.

In particular, this item includes:

- loans to banks in the different technical forms that meet the requirements set out in the paragraph above;
- loans to customers in the different technical forms that meet the requirements set out in the paragraph above;
- the debt securities that meet the requirements set out in the paragraph above.

This category also includes the operating receivables connected with the performance of financial activities and services.

No reclassifications to other categories of financial assets are allowed, except when the entity modifies its own business model for the management of financial assets.

Initial recognition of the financial asset occurs at settlement date for debt securities and at disbursement date for loans. The assets are recognised at fair value upon initial recognition, inclusive of the transaction costs or income directly attributable to the instrument itself.

In particular, for loans, the disbursement date is usually the same as the date of signing of the contract. Should this not be the case, a commitment to disburse funds is made along the subscription of the contract, which will cease to exist upon disbursement of the loan. The loan is recognised on the basis of its fair value, which is equal to the amount disbursed plus the costs/income which can be directly linked with the individual loan.

After initial recognition, the financial assets examined here are measured at amortised cost using the effective interest rate method. This method is not used for assets measured at historic cost, whose short duration minimises the effect of discounting, for those without a definite maturity date and for revocable loans.

The accounting policies are strictly connected with inclusion of the instruments examined here in one of the three stages of credit risk envisaged in IFRS 9. The last of these (stage 3) covers non-performing financial assets and the remainder (stages 1 and 2) performing financial assets.

With regard to the accounting representation of the above measurement effects, the value adjustments for this type of asset are recognised in profit or loss:

- upon initial recognition, for an amount equal to the expected loss at 12 months;
- on subsequent measurement of the asset, when the credit risk has not increased significantly since initial recognition, in relation to changes in the amount of adjustments for the 12-month expected credit losses;
- upon subsequent measurement of the asset, if the credit risk has significantly increased from its initial recognition, according to the recognition of adjustments for expected losses over the entire remaining contractually envisaged life of the asset;
- on subsequent measurement of the asset, where – after a significant increase in credit risk has occurred since initial recognition – the increase is no longer "significant" due to the alignment of the cumulative value adjustments to take account of the change from a lifetime expected credit loss to a 12-month expected credit loss for the instrument.

If the analysed financial assets are performing, they are assessed to determine the adjustments to be recognised in the financial statements for each individual loan (or "tranche" of securities), according to the risk parameters represented by Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD). If, in addition to a significant increase in credit risk, there is also objective evidence of impairment, the amount of the loss is measured as the difference between the book value of the asset – classified as non-performing, like all the other relationships with the same counterparty – and the present value of the estimated future cash flows, discounted using the original effective interest rate. The amount of the loss to be recognised in profit or loss shall be defined according to an analytical measurement process or determined according to uniform categories and then analytically attributed to each position. Non-performing assets include financial assets classified as doubtful, unlikely-to-pay or past due by over ninety days according to the rules issued by the Bank of Italy, in line with the IAS/IFRS and EU Supervisory Regulations.

The expected cash flows take into account the expected recovery times and the estimated realisable value of any guarantees. The original effective rate of each asset remains unchanged over time even if the relationship has been restructured with a variation of the contractual interest rate and even if the relationship, in practice, no longer bears contractual interest. If the reasons for any impairment cease to apply as a result of events subsequent to the recognition of an impairment loss, the reversal of the impairment loss is recognised in profit or loss. The reversals may not exceed the amortised cost that the financial instrument would have had if it had not previously been written down. Recoveries on impairment with time value effects are recognised in net interest income. In some cases, during the lifetime of these financial assets, and of loans in particular, the original contractual conditions may be subsequently modified by the parties to the contract. When the contractual clauses are subject to change during the lifetime of an instrument, it is necessary to verify whether the original asset should continue to be recognised in the balance sheet or whether, instead, the original instrument needs to be derecognised and a new financial instrument needs to be recognised. In general, changes to a financial asset lead to it being derecognised and the recognition of a new asset when those changes are substantial. The extent of the change has to be assessed by considering both qualitative and quantitative elements.

The analyses aimed at defining the substantial nature of contractual changes made to a financial asset must therefore consider:

- the reasons why the changes were made, for example, renegotiation for commercial reasons and concessions due to financial difficulties of the counterparty:
  - the former, aimed at "retaining" the customer, involve a borrower that is not in financial difficulty. This category includes all renegotiations aimed at aligning the cost of the debt to market conditions. These operations involve a change in the original conditions of the contract, usually requested by the borrower and relating to aspects concerning the cost of the debt, with a consequent economic benefit for the borrower. In general, whenever the bank carries out a renegotiation to avoid losing its customer, that renegotiation should be considered as substantial because, if it were not carried out, the customer could borrow from another intermediary and the bank would incur a decrease in expected future revenues;
  - the latter, carried out for reasons of credit risk (forbearance measures), relate to the bank's attempt to maximise the recovery of the cash flows of the original loan. The underlying risks and rewards, following the changes, are not normally substantially transferred and, consequently, the accounting representation that provides the most relevant information for the readers of the financial statements is "modification accounting" – which involves the recognition through profit or loss of the difference between the book value and the present value of the modified cash flows discounted at the original interest rate – rather than derecognition;
- the presence of specific objective elements ("triggers") that influence the characteristics and/or contractual flows of the financial instrument (e.g. the change of currency or change in the type of risk exposure) which are believed to involve derecognition in light of their significant impact on the original contractual flows.

Financial assets are derecognised solely if the sale leads to the substantial transfer of all the risks and rewards connected to the assets.

SECTION 4 - HEDGING TRANSACTIONS

The Group exercises the option allowed upon the introduction of IFRS 9 to continue applying all the provisions of IAS 39 relating to hedge accounting (in the carved out version endorsed by the European Commission) for all types of hedges.

The purpose of hedging transactions is to neutralise contingent losses attributable to a specific risk and recognisable on a specific element or group of elements if that specific risk should actually materialise.

The following types of hedges are used:

- fair value hedge: its purpose is to hedge the exposure to changes in fair value (attributable to the different types of risk) of assets and liabilities or portions thereof carried on the balance sheet, groups of assets/liabilities, irrevocable commitments and portfolios of financial assets and liabilities. The purpose of macro hedges is to reduce fluctuations in the fair value of an amount of money that are attributable to interest rate risk and stemming from a portfolio of financial assets or liabilities. Net amounts resulting from the netting of assets and liabilities cannot be covered by macro hedges;
- cash flow hedge: its purpose is to hedge the exposure to changes in future cash flows attributable to specific risks associated with financial statement items. This type of hedge is essentially used to stabilise the interest flows of floating rate loans.

Only the financial instruments involving a counterparty outside the Group may be designated as hedging instruments.

The hedging derivatives are, like all derivatives, initially recognised and subsequently measured at fair value. In particular, where fair value hedges are concerned, the change in fair value of the hedged instrument is offset by the change in fair value of the hedging instrument. This offsetting is carried out by recording the changes in value of the hedged item (where changes generated by the underlying risk factor are concerned) and of the hedging instrument in profit or loss. Any difference, indicating the extent to which the hedge is only partially effective, is the net financial effect. In the case of macro hedge transactions, the changes in fair value referring to the hedged risk of the hedged assets and liabilities are recognised in the balance sheet at item 60. "Adjustments to financial assets subject to macro-hedging" or at item 50. "Adjustments to financial liabilities subject to macro-hedging". In the case of cash flow hedges, changes in the fair value of the derivative are allocated to shareholders' equity for the effective portion of the hedge, and are recognised in profit or loss only when, with reference to the hedged item, there is a change in the cash flows to be offset or if the hedge is ineffective.

The relationship between the hedging instruments and items hedged is documented formally and the effectiveness of the hedging verified at regular intervals. A hedge is considered to be effective when the fluctuations in the fair value of the hedged item are completely offset by the fluctuations in the fair value of the hedging instrument, keeping the ratio of these changes between 80% and 125%. If hedging effectiveness tests find that the hedges are not effective, accounting of the hedging transactions is suspended from the date of the last effectiveness test that had a positive result. The hedging derivative contract is transferred to financial instruments and the hedged financial instrument is measured using the method applicable to its classification in the financial statements.

SECTION 5 - EQUITY INVESTMENTS

This item includes interests in companies over which the Group exercises significant influence.

A company is considered to be subject to significant influence when the Group is able to participate in deciding its financial policies and management choices by virtue of legal and de facto ties. Significant influence is presumed to be the case when the Group holds 20% or more of the voting rights.

The equity investments are recognised at acquisition cost and subsequently measured using the equity method. The equity method involves adjusting the book value of the equity investment in relation to the Group interest in the subsidiary's shareholders' equity. The difference between the value of the equity investment and the interest in the subsidiary's shareholders' equity is included in the book value of the equity investment. The Group interest in the subsidiary's operating profit is recognised in consolidated profit or loss. If there is evidence of the impairment of an equity investment, the recoverable value of the equity investment is estimated. If the recoverable amount is less than the book value, the difference is recognised in profit or loss. If the reasons for any impairment cease to apply as a result of events subsequent to the recognition of an impairment loss, the reversal of the impairment loss is recognised in profit or loss.

SECTION 6 - PROPERTY AND EQUIPMENT

Property and equipment includes land, non-investment property, technical plant and equipment, furniture and furnishings, machinery, equipment and valuable art assets.

The property and equipment held for use in the production or supply of goods and services are classified as assets used in operations in accordance with IAS 16. Non-investment property is defined as buildings owned (or leased under lease contracts) that are used for the production and supply of services or for administrative purposes, and which have a useful life that is longer than one year. Finally, the rights of use acquired under leases and relating to the use of an item of property and equipment (for the lessee companies) and the assets granted under operating leases (for the lessor companies) are included.

Property and equipment are initially recognised at cost, with the latter understood to mean both the purchase price and any related direct charges incurred for the purchase or commissioning of the asset. The special maintenance costs that increase the future economic benefits of assets are allocated as increases in the value of the assets, while other ordinary maintenance costs are recognised in profit or loss.

After initial recognition, property and equipment are measured at cost, deducting depreciation and any impairment, with the exception of property used in operations and valuable art assets, which are measured according to the value recalculation method.

For property and equipment subject to measurement according to the revaluation method:

- if the book value of the asset is increased after its value is recalculated, the increase has to be recognised in the statement of comprehensive income and accumulated in shareholders' equity under valuation reserves. Instead, when impairment of the same asset that was previously recognised in profit or loss is reversed, income has to be recognised;
- if the book value of an asset is reduced after its value is recalculated, the reduction has to be recognised in the statement of comprehensive income as an excess revaluation to the extent that there are any net amounts credited in the revaluation reserve referring to that asset; otherwise that reduction has to be recognised in profit or loss.

The depreciable value is distributed systematically over the useful life of the asset on a straight-line basis with the exception of for the following:

- land, which has an indefinite useful life and is not, therefore, depreciable. The value of land is, moreover, also accounted for separately from the value of buildings, even when they are purchased together. This splitting of the value of land and the value of buildings is performed on the basis of a survey by independent experts solely for buildings held on a "ground-to-roof" basis;
- works of art, since their useful life cannot be estimated and their value is not normally likely to decline over time.

The useful life of property and equipment subject to depreciation is verified periodically. If the initial estimates require adjustment, the related depreciation rates are also changed. In addition, at every reporting date, the bank also evaluates whether there is any evidence of an asset having been impaired. In such cases the book value and recoverable value of the asset are compared. Any adjustments required are recorded in profit or loss. Should the reasons for the impairment cease to apply, a recovery is recognised that cannot, however, exceed the value the asset would have had, net of any depreciation calculated, had there not been any previous impairment.

Property and equipment represented by the right-of use of leased assets

Pursuant to IFRS 16, a lease is a contract, or a part of a contract, that, in exchange for a consideration, transfers the right-of-use of an asset (the underlying asset) for a period of time.

Under IFRS 16, leases are accounted for on the basis of the right-of-use model according to which, on the commencement date, the lessee has a financial obligation to make lease payments to the lessor for its right to use the underlying asset during the lease term. When the asset is made available for use by the lessee (commencement date), the lessee recognises a liability as well as an asset consisting of the right-of-use. In particular, the right-of-use acquired with the lease is recognised as the sum of the present value of the future lease instalments to be paid over the duration of the lease, of the lease payments paid at the date or before commencement of the lease, of any incentives received, of the initial direct costs and of any estimated costs for dismantlement or restoration of the underlying asset of the lease. The recognised financial liability corresponds to the discounted value of the payments owed on the lease.

With regard to the discounting rate, in accordance with IFRS 16 requirements, the Group uses the implicit interest rate for each lease contract, when available. As for the lease contracts from the lessee's point of view, in certain cases, for example with reference to the lease contracts, the implicit interest rate cannot always be readily determined without recourse to estimates and assumptions (the lessee does not have enough information about the unsecured residual value of the leased asset). In these cases, the Group has developed a method to define the incremental interest rate alternative to the implicit interest rate and has decided to adopt the funds Internal Transfer Rate (ITR). This involves an unsecured and amortising rate curve, with the lease contract prescribing the instalments, which are typically constant, over the duration of the contract, and not a single balloon payment upon expiration. This rate takes into account the lessee's credit rating, the duration of the lease, and the economic environment in which the transaction took place, and thus is compliant with the requirements of the financial reporting standard.

The duration of the lease is determined by taking into account:

- periods covered by a lease extension option, when it is reasonably certain that it will be exercised;
- periods covered by a lease cancelation option, when it is reasonably certain that it will be exercised.

While the lease contract is in effect, the lessee must:

- ecognise the right-of-use at cost, net of accumulated depreciation and the accumulated impairments calculated and recognised in accordance with the provisions of IAS 36 - Impairment of assets, adjusted to account for any recalculation of the lease liability;
- increase the liability resulting from the lease transaction after the accrual of interest expenses calculated at the implicit interest rate of the lease or, alternatively, at the marginal financing rate and reduce it for the instalment payments of principal and interest.

In the event of modifications in the payments owed on the lease, the liability must be recalculated. The impact of the recalculation of the liability is recognised as an asset contra entry consisting in the right-of-use.

An item of property and equipment is eliminated from the balance sheet upon disposal or when an asset is permanently withdrawn from use and no future economic benefits are expected from its disposal.

SECTION 7 - INTANGIBLE ASSETS

Intangible assets are identifiable non-monetary assets without physical substance that originate in legal or contractual rights. They include software developed in-house or purchased from third parties, goodwill and the intangible assets connected with customers recognised on the balance sheet after business combinations.

Intangible assets are recognised at cost, adjusted for any related expenses only if the future economic benefits attributable to the assets are likely to be obtained and the cost of the assets themselves can be calculated reliably. When this is not the case, the cost of the intangible asset is recognised in profit or loss for the year in which it was borne. The cost of assets with a finite useful life is amortised on a straight-line basis, calculated in relation to the anticipated flow of the economic benefits of the asset. Conversely, assets with an indefinite useful life are not subject to systematic amortisation, but to a periodic test to verify the appropriateness of their book value. If there is evidence of the impairment of an asset, the asset's recoverable value is estimated. The impairment is recognised in profit or loss as the difference between the asset's book value and recoverable value.

In particular, intangible assets include:

- intangible assets based on technology, such as application software, which are amortised according to their expected technological obsolescence and, regardless, over no more than seven years; expenses related to the in-house development of software are recognised in the financial statements as intangible assets following verification of the technical feasibility of completion and their ability to generate future economic benefits. During the development phase, these assets are valued at cost, complete with any related direct expenses, including expenses for the personnel involved in the projects. If the verification has a negative outcome, the expenses are recognised in profit or loss;
- intangible assets connected with customers represented by measurement of the value in business combinations of the client asset management relationships and non-financial assets connected with the provision of services. These definite life assets are originally recognised at a value measured through discounting, with use of a rate representing the time value of money and the specific risks of the asset, the flows representing the profit margins over a period equal to the residual, contractual, or estimated life of the relationships existing when the combination is executed. They are amortised on a straight-line basis over the period of the expected flow economic benefits;
- goodwill.

In business combinations, goodwill can be recognised when the positive difference between the consideration transferred and the fair value (if applicable) of the non-controlling interest and the fair value of the equity interest acquired is representative of the equity investment's future income-generating capacity (goodwill). If this difference is negative (badwill) or if the goodwill is not justified by the future income-generating capacity of the company in which the investment is held, the difference is recognised directly in profit or loss. A test is conducted at yearly intervals (or whenever there is evidence of impairment) to verify the appropriateness of the goodwill valuation. The cash-generating unit to which the goodwill is attributable is identified for this purpose. Impairment is measured as the difference between the book value of the goodwill and its recoverable value, if lower. The recoverable value of the cash-generating unit is the higher of its fair value, less any costs to sell, and its value in use. The resulting adjustments are recorded in profit or loss.

An intangible asset is eliminated from the balance sheet upon disposal or when future economic benefits are no longer expected.

SECTION 8 - NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets or groups of assets/liabilities for which the sale process has been initiated and their sale is deemed highly probable are classified at asset item 120 "Non-current assets held for sale and discontinued operations" and at item 70 in liabilities as "Liabilities associated with assets held for sale". These assets/liabilities are recognised at the lesser between their book value and their fair value net of transaction costs, except for certain types of assets (e.g. financial assets covered by IFRS 9), for which IFRS 5 specifically requires that the measurement methods of the applicable accounting standard have to be applied. Income and expenses (net of tax) attributable to discontinued operations or recognised as such during the year are shown in a separate item in profit or loss.

SECTION 9 - CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES

Income taxes, calculated in accordance with national tax legislation, are recognised as costs on an accrual basis, in line with the accounting treatment of the costs and income that generated them. They therefore represent the balance of current and deferred tax assets and liabilities for the year.
Current tax assets and liabilities are the net balance of the Group companies' tax positions with the tax authorities in and outside Italy. More specifically, they are the net balance of the current tax liabilities for the year, calculated on the basis of a cautious forecast of the tax burden due for the year, determined on the basis of current tax legislation, and current tax assets represented by advance tax payments or other tax credits from prior years which Group companies have requested be offset against taxes for subsequent years. Current tax assets also include tax credits for which Group companies have requested rebates from the competent tax authorities.

The Italian companies in the Fideuram Group availed themselves of the Italian tax consolidation regime as subsidiaries of Intesa Sanpaolo.
This tax consolidation regime provides for the aggregation of the taxable income of all the subsidiaries and a single payment of IRES corporate income tax by Parent Company Intesa Sanpaolo.

Deferred tax assets and liabilities are calculated using the balance sheet liability method, which takes into account the tax effect of the timing differences between the book values of the assets and liabilities and their tax values which result in taxable or tax-deductible amounts arising in future periods. To this end, "taxable timing differences" are taken to be differences that result in taxable amounts arising in future periods, and "deductible timing differences" are taken to be differences that result in tax-deductible amounts arising in future financial years.

Deferred tax assets and liabilities are calculated applying the tax rates specified by current tax legislation, for each consolidated company, to the taxable timing differences for which it is probable that taxes will have to be paid, and to the deductible timing differences for which there is reasonable certainty of recovery. When the deferred tax assets and liabilities refer to components recognised in profit or loss, they are recorded in a balancing entry under income taxes. On the other hand, when the deferred tax assets and liabilities regard transactions that have had a direct effect on shareholders' equity without impacting the profit or loss, they are recorded as a balancing entry under shareholders' equity, in respect of the related reserves, if any.

SECTION 10 - PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges to cover commitments and guarantees
This item contains the provisions for credit risk recognised for loan commitments and guarantees given that come under the scope of the IFRS 9 impairment rules. The same rules for allocation among the credit risk stages and for calculation have been adopted for these cases to calculate the expected loss shown in reference to the financial assets measured at amortised cost or at fair value through comprehensive income.

Pensions and similar obligations
Pension funds are established in accordance with company agreements as defined-benefit schemes. The liability in respect of these schemes and the related pension cost of current employees are calculated using the Projected Unit Credit method, which discounts at a market interest rate the future outflows estimated on the basis of statistical historical analyses and demographic data. The contributions paid in each year are considered as separate units, recognised and measured individually to determine the final obligation. The discount rate used is set in relation to the market yields of primary corporate bonds at the measurement dates, taking the average residual maturity of the liability into account. The present value of the obligation at the accounting reference date is in addition adjusted to take into account the fair value of any assets serving the scheme. Any actuarial gains and losses (which is to say any changes in the present value of the obligation resulting from changes in the actuarial criteria and from adjustments on the basis of past experience) are recognised in the statement of comprehensive income.

Other
The other provisions for risks and charges are provisions for legal liabilities connected with employment relationships or litigation, including tax litigation, whose amount or due date is uncertain and which are recognised in the financial statements for the following reasons because:

- there is a present obligation (legal or implicit) arising from a past event;
- it is probable that financial resources will have to be disbursed to fulfil the obligation;
- it is possible to make a reliable estimate of the probable future disbursement.

When the effect of deferring the estimated expense becomes a significant factor, the Group calculates the provisions as amounting to the present value of the expenses it is envisaged will be required to discharge the obligations. In those cases where the provisions are discounted, the total amount of the provisions recorded in the financial statements increases in each financial year to reflect the passing of time. The provisions set aside are reassessed at every accounting reference date and adjusted to reflect the best current estimate.

The provision is reversed when it becomes unlikely that resources will be invested in sufficient quantity to produce economic benefits and fulfil the obligation or when the obligation is extinguished.

This item also includes long-term employee benefits, whose expenses are determined by using the same actuarial methods described for pension funds. Actuarial gains and losses are all recognised immediately in profit or loss.

SECTION 11 - FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

The items Due to banks and Due to customers cover all the technical forms of borrowing from said counterparties. This item also includes the debts recognised by the bank in the capacity of lessee within the scope of leases.

These financial liabilities are initially recognised in the balance sheet at fair value, which is usually the amount collected, increased by any transaction costs directly attributable to the individual borrowing transaction. Debts for leases are recognised at the present value of the future lease payments, which are discounted using the implicit interest rate of the transaction or, if it cannot be determined, through the marginal loan rate.

The debts, with the exception of on-demand and short-term items which continue to be recognised at collection value, are subsequently measured at amortised cost using the effective interest rate method, with the related effect being recognised in profit or loss. Debts for leases are revalued when there is a lease modification (i.e. a change in the contract that is not recognised as a separate contract). The effect of the revaluation must be recognised as a balancing entry for the right-of-use asset. Financial liabilities are derecognised when they mature or are settled.

SECTION 12 - FINANCIAL LIABILITIES HELD FOR TRADING

Financial liabilities held for trading are recognised on the subscription date or issue date at a value equal to the fair value of the instrument, without considering any transaction costs or income directly attributable to the tools themselves. This category includes derivative contracts held for trading with a negative fair value and liabilities regarding technical short positions generated by dealing in securities. All trading liabilities are measured at fair value with allocation of the result of valuation in profit or loss. The financial trading liabilities are derecognised when the contractual rights to the associated cash flows expire or when the financial liability is sold with substantial transfer of all the risks and benefits deriving from ownership thereof.

SECTION 14 - FOREIGN EXCHANGE TRANSACTIONS

Foreign exchange transactions are recognised in the functional currency upon initial recognition, applying the exchange rate at the transaction date.

Items in foreign currencies are measured as follows at each reporting date:

- monetary items are converted using the exchange rate at the reporting date;
- non-monetary items measured at historical cost are converted using the exchange rate at the date of the transaction;
- non-monetary items measured at fair value are converted using the exchange rate at the reporting date.

Exchange differences arising from the settlement of monetary items or from the conversion of monetary items at a different rate from the initial conversion or previous financial statements are recognised in profit or loss for the period in which they arise.

When a profit or loss relating to a non-monetary item is recognised in shareholders' equity (other comprehensive income), the exchange difference of this item is likewise recognised in other comprehensive income. On the contrary, when a profit or loss is recognised in the profit or loss, the related exchange rate difference is also recognised in profit or loss.

SECTION 16 - OTHER INFORMATION

Provision for employment termination indemnities

The Provision for employment termination indemnities constitutes a "post-employment benefit" classified as:

- a "defined contribution scheme" for the employment termination indemnity contributions accrued from 1 January 2007 (the date when the complementary social security reform provided for by Italian Decree Law No. 252/2005 came into force), irrespective of whether the employee opts for complementary social security or for the contributions to be paid to the Treasury fund managed by Italy's Department of Social Security (INPS). The value of these contributions, which is recorded under personnel expenses, is calculated on the basis of the contributions due without applying actuarial calculation methods;
- a "defined benefit scheme" and therefore recognised on the basis of its actuarial value calculated using the Projected Unit Credit method for the employment termination indemnity contributions accrued up until 31 December 2006. These contributions are recognised on the basis of their actuarial value without pro-rating for length of service since the current service cost of the Provision for employment termination indemnities has almost been accrued in full, and it is considered that its revaluation for future years would not generate significant benefits for the employees.

The discount rate used is set with reference to market yield, taking into account the average residual maturity of the liability, weighted in relation to the percentage of the amount paid and advanced, for each maturity, with respect to the total amount to be paid and advanced for the entire obligation to be discharged in full. The service costs of the scheme are recognised under personnel expenses and the actuarial gains and losses are recognised in the valuation reserves, with the effects for the year being recorded in the statement of comprehensive income.

Securities lending transactions

The securities lending service is an ancillary banking service. Under securities lending agreements, customers transfer ownership of a certain number of securities of a given type (i.e. the securities in their portfolio with the exception of significant equity investments, mutual funds and SICAVs). The Group is required to return them and pay a fee for their loan. The transactions always have a maximum duration of 1 day. The customer retains full control over the loaned securities (in the case of both sale and transfer) and receives the coupon and/or dividend payments in the form of income.
The securities lending agreement entails the transfer of shares or bonds against an undertaking that the transferee will return them by the agreed term. Ownership of the securities is therefore transferred from the transferor to the transferee. From a legal standpoint the transaction is subject to the regulations governing loan contracts.

Securities lending agreements can be entered into on the following basis:

- with no collateral provided by the transferee to the transferor;
- with cash collateral provided by the transferee to the transferor;
- with collateral provided by the transferee to the transferor in the form of other securities.

Securities lending transactions secured by cash collateral to which the lender has full rights are recognised as repurchase agreements in the financial statements.
In the financial statements, in case of securities lending transactions without collateral, or with collateral in the form of other securities, the loaned security and the security provided as collateral continue to be recognised under assets in the balance sheet of the lender and borrower respectively. If the borrower sells the loaned security, it is recorded as a debt to the lender under liabilities in the balance sheet. On the contrary, if the security is used in repurchase lending agreements, the borrower records a debt to the counterparty to the agreement. The lender recognises the fees they receive for the transaction at item 40. Fee and commission income in profit or loss. Conversely, the borrower is required to record the cost of the transaction at item 50. Fees and commission expense in profit or loss.
The securities lending transactions in question involve two separate components of remuneration, which are, from the borrower's standpoint:

- a positive component for the remuneration of the balance in hand paid to the lender, normally remunerated at the EONIA rate, in line with market practice;
- a negative component for the service received in the form of a lending fee.

The aforementioned income components are recognised in profit or loss as follows:

- at item 20. Interest expense and similar expense and item 40. Fee and commission income, respectively, from the lender;
- at item 10. Interest income and similar income and item 50. Fee and commission expense, respectively, from the borrower.

Accrued expenses and deferred income

Accrued expenses and deferred income, which consist of expense and income accrued on assets and liabilities in the year, are recorded in the financial statements as adjustments to the related assets and liabilities. In particular, the items include the prepaid expenses regarding the bonuses for meeting net inflow targets, linked to the duration of contractual relationships with customers.

Leasehold improvements

The costs incurred in renovating leasehold property are capitalised in consideration of the fact that the Group has control of the assets for the term of the lease and can derive future economic benefits from them. These costs are recognised as Other assets and depreciated over a period not exceeding the lease term.

Share-based payments

Share-based payments, settled in cash, refer to the remuneration and incentive schemes for the Group's management and employees.

The remuneration and incentive schemes for management provide for the acquisition of Intesa Sanpaolo shares under the schemes, which are recorded under financial assets measured at fair value through profit or loss. The amounts due to personnel under the schemes are recorded under other liabilities as a balancing entry in personnel expenses and adjusted for any fluctuations in the fair value of the shares until the liability is settled.

The share-based remuneration plans for employees are recognised in profit or loss, with a corresponding increase in shareholders' equity, on the basis of the fair value of the financial instruments assigned at the grant date, by dividing the cost over the expected period of the plan.

Financial Guarantees

The financial guarantee contracts the Group uses to cover counterparty risk provide for the reimbursement of any loss incurred regarding the asset covered as a result of the default of the debtor/issuer, upon payment of commission that is systematically recognised in profit or loss during the term of the contract.

Recognition of income and costs

Income consists of gross flows of economic benefits deriving from the performance of ordinary activity and is recognised in profit or loss at the time control of the assets or services is transferred to the customer, for an amount representing the amount of the consideration which is deemed to be owed. In particular, income is recognised through the application of a model that has to meet the following criteria:

- identification of the contract, defined as an agreement in which the parties promise to fulfil their mutual obligations;
- specification of the individual performance obligations contained in the agreement;
- determination of the transaction price, i.e. the consideration expected for transfer of the assets or services to the customer;

- allocation of the price of the transaction to each performance obligation on the basis of the sale prices of the individual obligation;
- recognition of income when (or gradually as) the performance obligation is satisfied with transfer to the customer of the promised asset or service.

The transaction price represents the amount of the consideration to which the seller believes it is entitled in exchange for transfer of the promised goods and services to the customer. This may include fixed or variable amounts or both types. The income comprised of variable consideration is recognised in profit or loss if it can be reliably estimated and only if it is highly likely that consideration will not have to be reversed from profit or loss in future years. When factors of uncertainty tied to the nature of the consideration strongly prevail, the consideration shall be recognised only when such uncertainty is resolved.

Revenue may be recognised:

- at a precise time, when the entity fulfils its performance obligation by transferring the promised asset or service to the customer, or
- over time, as the entity gradually fulfils its performance obligation by transferring the promised asset or service to the customer.

The asset is transferred when, or over the period during which, the customer acquires control over it. Specifically:

- interest income is recognised on an accrual basis applying the contractual interest rate or the effective interest rate when the amortised cost method is being used. The item interest income (or interest expense) also includes the gains (or losses) accrued on financial derivatives contracts at the accounting reference date;
- default interest is recognised in profit or loss only at the time of actual collection;
- dividends are recognised in profit or loss when their distribution is decided, unless this date was unknown or the information was not immediately available, in which case it may be recognised at the time of receipt;
- fee and commission income on services is recorded, on the basis of contractual agreements, in the period when the services are provided. The fee and commission income counted in the amortised cost for determining the effective interest rate is recognised as interest;
- profit and loss on trading in financial instruments are recognised in profit or loss when the sale is completed, as the difference between the amount paid or collected and the book value of the instruments;
- the income deriving from the sale of non-financial assets is recognised at the time their sale is completed, or when the performance obligation towards the customer is satisfied.

Costs are recognised in profit or loss according to the accrual method. The costs for obtaining and performing agreements with customers are recognised in profit or loss in the periods in which the related income is recognised.

Purchases and sales of financial assets

The Group recognises purchases and sales of financial assets at their settlement date, taking said purchases and sales to be those conducted on the basis of contracts that require the asset to be delivered within a period of time that is in accordance with market regulations or conventions, with the exception of that specified for derivatives.

Derecognition policy

Financial assets are derecognised when the contractual rights to the cash flows deriving from said assets expire or when the financial assets are sold, largely transferring all the risks/benefits connected with them. Financial liabilities are derecognised when they mature or are settled.

Business combinations

The transfer of control of a company (or of an integrated group of businesses and assets that is run and managed jointly) constitutes a business combination transaction.

IFRS 3 is the reference accounting standard for business combinations. This standard requires an acquirer to be identified for all business combination transactions. The acquirer is normally identified as the entity obtaining control of another entity or group of assets. The acquisition and therefore the initial consolidation of the acquired entity is recognised at the date when the acquirer effectively obtains control of the entity or assets acquired.

The cost of a business combination transaction is calculated as the sum of the following:

- the fair value at the transaction date of the assets acquired, of the liabilities assumed, including any contingent liabilities, and of the equity instruments issued by the acquirer in exchange for control;
- any additional charges directly attributable to the business combination.

Business combination transactions are recorded using the purchase method, which involves recognising:

- the assets, liabilities and contingent liabilities of the acquired entity at their respective fair values at the acquisition date, including any intangible assets identifiable not already recognised in the financial statements of the acquired entity;
- non-controlling interests in the acquired entity in proportion to the related interest in the net fair values;
- the goodwill held by the Group, calculated as the difference between the cost of the business combination and the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Any positive difference between the Group's interest in the net fair value of the assets, liabilities and contingent liabilities acquired and the cost of the business combination is recognised in profit or loss.

The fair value of the assets, liabilities and contingent liabilities of the acquired entity may be calculated on a provisional basis before the end of the financial year in which the business combination takes place and must be finalised within twelve months of the acquisition date.

Transactions for the purposes of reorganisation between two or more entities or businesses which are already members of the Fideuram Group, or which belong to the Intesa Sanpaolo Group, and do not involve changes in the control structures irrespective of the percentage of non-controlling interests before and after the transaction (referred to as business combinations of entities subject to joint control) do not constitute business combinations, being excluded from the scope of IFRS 3. Such transactions are considered to have no economic substance unless they result in a significant change in cash flows. Hence, in the absence of any specific IAS/IFRS Standard or Interpretation, and in accordance with IAS 8 – which requires a company, in the absence of any specific Standard or Interpretation, to use its own judgment in applying an accounting policy which provides relevant, reliable and cautious information that reflects the economic substance of the transaction – these transactions are recognised maintaining continuity between the values stated by the acquired entity and the values stated in the financial statements of the acquiring entity. In accordance with this policy, the same values are recorded in the balance sheet as if the companies (or company divisions) involved in the business combination had always been combined. The businesses acquired are stated in the financial statements of the acquiring company at the same values that they had in the financial statements of the transferor company. Any difference between the price paid/received and the net book value of the businesses transferred is recorded directly as a balancing entry in shareholder's equity net of any deferred tax assets and liabilities (if necessary).

However, in certain cases of corporate reorganization transactions, as described below, Group policy requires continuity of values with respect to the consolidated financial statements of the parent company, when this approach ensures better accounting representation of the business combination under common control.

In particular, continuity of values with respect to the consolidated financial statements of the parent company generally ensures better accounting representation of the business combination under common control in cases where the latter meets the following conditions:

- it is functionally related to a previous business combination carried out with third parties and therefore recorded in the Group consolidated financial statements in accordance with IFRS 3;
- it is carried out in close temporal proximity, i.e., within the next 24 months, to the business combination recorded in accordance with IFRS 3;
- it involves subsidiaries without significant non-controlling interests and/or publicly traded debt securities.

It is very likely that in close temporal proximity to a business combination with third parties, the purchaser will carry out a series of extraordinary transactions aimed at rationalising the structure of the new group resulting from aggregation. These business combinations, though carried out within the Group, are to be considered as a natural extension of the main business combination carried out with third parties, representing its necessary complement and falling, with it, within a comprehensive strategic design; in such cases, the application of the principle of continuity in the variant that gives relevance to the consolidated financial statements of the common parent company makes it possible to ensure uniform representation to all the reorganisation transactions consequent to the business combination from which they derive and to preserve consistency within the Group with respect to the business combination to which these transactions under common control are functionally related.

Moreover, the application of the principle of continuity with respect to the consolidated financial statements of the common parent company, for aggregations under common control carried out in temporal proximity to the business combination recorded pursuant to IFRS 3, means that the assets and liabilities subject to the business combination under common control are recognised in the financial statements of the subsidiary that acquires them at values close to their respective current values, i.e., the fair values recorded in the Group's consolidated financial statements as part of the Purchase Price Allocation (PPA) process provided for by IFRS 3 for business combinations carried out with third parties, thereby providing more relevant information for the purposes of the overall representation of the business being transferred between companies under common control.

Use of estimates and assumptions in the preparation of the financial statements

The preparation of financial statements may also require the use of estimates and assumptions that can have significant effects on the amounts stated in the balance sheet and income statement, and on the information on assets and contingent liabilities provided in the financial statements. These estimates are made using the information available and adopting subjective valuations, which are also based on historical experience, to formulate reasonable assumptions for reporting operating performance. The estimates and assumptions used may by their nature vary from year to year, so that one cannot rule out the possibility of the values recognised in the financial statements varying, even significantly, in subsequent years as a result of changes in the subjective valuations used.

Subjective valuations by company directors are mainly required for:

- quantifying impairment losses on loans, equity investments and, as a rule, other financial assets;
- the valuation models used for the fair value measurement of financial instruments not listed on active markets;
- assessing the fairness of the value of goodwill and other intangible assets;
- quantifying the fair value of real estate and valuable art assets;
- making estimates and assumptions regarding the recoverability of deferred tax assets;
- quantification of staff provisions and provisions for risks and charges;
- calculating the prepaid expenses regarding the Personal Financial Adviser Network bonuses and incentives linked to specified inflow targets. In this case, in order to provide a more consistent representation of the correlation between the costs incurred and the related expected revenues, as of 31 December 2021 the cost of the remuneration packages granted to newly hired Personal

Financial Advisers was recorded in profit or loss, by reversing the related prepaid expenses. This change, applied prospectively pursuant to IAS 8, produced an effect of €24.4m on profit or loss.

Classification criteria for financial assets
The classification of financial assets in the three categories envisaged by IFRS 9 is based on two classification criteria, or drivers:

- the business model used for management of the financial instruments;
- the contractual characteristics of the cash flows of the financial assets (or SPPI test).

The classification of the financial assets derives from the combined effect of the two drivers mentioned above as described below:

- financial assets measured at amortised cost - Loans and advances to customers: assets that pass the test on contractual characteristics (SPPI test) and fall in the Hold to Collect (HTC) business model;
- financial assets measured at fair value through other comprehensive income (FVOCI): assets that pass the SPPI test and fall in the Hold to Collect and Sell (HTCS) business model;
- financial assets measured at fair value through profit or loss (FVTPL): this is a residual category, which includes financial instruments that cannot be classified in the previous categories based on the results of the business model or the test of the contractual cash flow characteristics (SPPI test not passed).

SPPI test
For a financial asset to be classified as at amortised cost or at FVOCI – in addition to the analysis of the business model – the contractual terms of the asset must also provide, on specified dates, for cash flows consisting of solely payments of principal and interest (SPPI). This analysis must be carried out for loans and debt securities in particular.
The SPPI test must be carried out on every single financial instrument when it is recognised in the financial statements. After initial recognition and as long as it is carried on the balance sheet, the asset is no longer subject to new measurements for the purposes of the SPPI test.
If the test shows that the contractual cash flows are significantly different from the cash flows of a benchmark instrument, the contractual cash flows cannot be considered compliant with the definition of SPPI. The presence of contractual clauses that may change the frequency or amount of the contractual cash flows must also be considered to determine whether those cash flows meet the requirements to be considered as SPPIs.

Business model
With regard to the business models, IFRS 9 identifies three cases relating to the way in which cash flows and sales of financial assets are managed:

- Hold to Collect (HTC): this is a business model whose objective is achieved by collecting the contractual cash flows of the financial assets included in the portfolios associated to it. The inclusion of the portfolio of financial assets in this business model does not necessarily result in the inability to sell the instruments, but the frequency, value and timing of sales in prior periods, the reasons for the sales, and the expectations about future sales, need to be considered;
- Hold to Collect and Sell (HTCS): this is a mixed business model whose objective is achieved by collecting the contractual cash flows of the financial assets in portfolio and also through the sale of the financial assets, which is an integral part of the strategy. Both activities (collection of contractual flows and sale) are indispensable for achieving the business model's objective. Accordingly, sales are more frequent and significant than for an HTC business model and are an integral part of the strategies pursued;
- Other/Trading: this is a residual category that includes both financial assets held for trading and financial assets managed with a business model that does not come under the previous categories (Hold to Collect and Hold to Collect and Sell). In general, this classification applies to a portfolio of financial assets whose management and performance are measured based on fair value.

The business model reflects the way in which financial assets are managed to generate cash flows for the benefit of the entity and is defined by top management with the appropriate involvement of the business structures. It is observed by considering the way in which financial assets are managed and, as a consequence, the extent to which the portfolio's cash flows derive from the collection of contractual flows, from the sale of the financial assets, or from both.
The business model does not depend on management intentions regarding an individual financial instrument but refers to the ways in which groups of financial assets are managed to achieve a specific business objective.

In summary, the business model:

- reflects the way in which financial assets are managed to generate cash flows;
- is defined by top management with the participation of business units as appropriate;
- must be observable by considering the way the financial assets are managed.

Amortised cost measurements
The amortised cost of a financial asset or liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation, calculated using the effective interest method, of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

The effective interest rate is the rate that discounts the contractual future cash payments or receipts up to maturity or the next repricing date to the present value of a financial asset or liability. The present value is calculated by applying the effective interest rate to the future receipts or payments throughout the useful life of the financial asset or financial liability or for a shorter period in certain conditions (e.g. a change in market interest rates).

Subsequent to the initial recognition, the amortised cost allows one to add income and subtract costs from the value of the financial instrument throughout its useful life using the process of amortisation. The manner in which amortised cost is calculated differs depending on whether a fixed or floating rate financial asset or liability is concerned, and – for floating-rate financial instruments – on whether the interest rate variability is known in advance or not. For instruments with a fixed rate or which have a fixed rate for given periods of time, the future cash flows are quantified using the known interest rate (single or multiple) over the life of the instrument. For floating-rate financial assets and liabilities where the variability is not known in advance (e.g. index-linked), the cash flows are calculated using the last known interest rate. Whenever the interest rate changes, the amortisation schedule and effective rate of return are recalculated for the whole of the useful life of the instrument, which is to say to maturity. The adjustment is recognised as cost or income in profit or loss.

Amortised cost measurements are used for financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income, as well as financial liabilities measured at amortised cost.

Financial assets and liabilities traded in arm's-length transactions are initially recognised at fair value, which is normally the amount received or paid, including – for instruments valued at amortised cost – any directly related transaction costs, commission and fees.

As set out in IFRS 9, in some cases, a financial asset is considered impaired at the time of initial recognition because the credit risk is very high and, if purchased, it is acquired at large discounts (compared to the initial disbursement value). In the event that the financial assets in question, based on the application of the classification drivers (i.e., SPPI test and Business model), are classified among the assets valued at amortised cost or fair value with impact on comprehensive income, they are classified as "Purchased or Originated Credit Impaired Assets" (in short, "POCI"). In addition, on financial assets that qualify as POCI, a credit-adjusted effective interest rate is calculated at the date of initial recognition, for the identification of which it is necessary to include initial expected losses in cash flow estimates. Therefore, for the application of amortised cost, and the consequent calculation of interest, this credit-adjusted effective interest rate is applied.

With regard to impaired loans resulting from business combinations, the difference between the initial recognition value (the fair value determined at the time of PPA) of the POCI and the previous carrying amount at the acquired entity is divided into two components: one linked to the lower recoverable flows estimated when determining the fair value, which therefore discount the expected credit losses throughout the residual duration, and the other linked to the discounting of these lower recoverable flows. The reversal effect of discounting (relating to the estimated recoverable flows attributed to the impaired receivables at the time of PPA) is recorded on an accrual basis under interest income so as to supplement the contractual interest rate with the higher yield deriving from the lower value attributed to the recoverable flows, which, as mentioned above, take into account the losses expected throughout the residual duration of the POCI assets.

Amortised cost measurements are not used for financial assets and liabilities with maturities so short that the financial impact of discounting may be deemed negligible or for loans without a specified maturity or for revocable loans.

Impairment measurements

Impairment of financial assets

At every reporting date, the financial assets other than those measured at fair value through profit or loss are tested to determine whether there is evidence that might justify considering that the book value of those assets cannot be fully recovered. A similar analysis is also performed for the commitments to disburse funds and for the guarantees that fall within the scope of impairment under IFRS 9.
If such evidence exists ("evidence of impairment"), the financial assets in question shall be considered doubtful and placed in stage 3. Adjustments equal to the expected losses for their entire remaining lifetime have to be recognised for these exposures, which are represented by the financial assets classified – pursuant to the provisions of Bank of Italy Circular 262/2005 – in the categories of doubtful loan, unlikely to pay, and past due for more than ninety days categories.

For financial assets for which there is no evidence of impairment (performing financial instruments), on the other hand it is necessary to check whether there are indicators that the credit risk of the individual transaction has increased significantly since initial recognition. This check, in terms of classification (or, more precisely, staging) and measurement, has the following consequences:

- When those indicators exist, the financial asset is classified in stage 2. Measurement in that case, even in the absence of manifest impairment, requires the recognition of adjustments equal to the losses expected over the entire residual lifetime of the financial instrument. These adjustments are subject to revision at each subsequent reporting date, both to periodically check their consistency with the continuously updated loss estimates and to take account – if the indicators of "significantly increased" credit risk are no longer present – of the change in the forecast period for the calculation of the expected credit loss;
- when those indicators do not exist, the financial asset is classified in stage 1. In that case, even if there is no manifest impairment, the measurement must recognise the expected losses for the specific financial instrument over the following 12 months. These adjustments are subject to revision at each subsequent reporting date both to periodically check their consistency with the continuously updated loss estimates and to take into account – if there are indicators that the credit risk has "significantly increased" – the change in the forecast period for the calculation of the expected loss.

The following elements have to be considered for measurement of the financial assets and, in particular, identification of the "significant increase" in credit risk (a necessary and sufficient condition for classification of the measured asset in stage 2):

- the variation of the lifetime probabilities of default compared to the time of initial recognition of the financial instrument. This is therefore an assessment made on a relative basis, which constitutes the main driver;
- any presence of payments that are at least 30 days past due. In that case, the credit risk of the exposure is considered to be presumably and "significantly increased" and consequently the asset is moved to stage 2;

- any presence of forbearance measures that entail classifying the exposures among those whose credit risk has increased significantly since initial recognition.

Once the allocation of the exposures to the various credit risk stages has been established, the expected credit losses (ECL) are determined at individual transaction or securities tranche level, using the IRB/Business models, based on the parameters of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD), to which appropriate corrections are made to ensure compliance with the requirements of IFRS 9.

The following definitions apply to PD, LGD, and EAD:
- PD (Probability of Default): likelihood of being moved from the status of performing to that of non-performing loan over a one-year time horizon; in the models consistent with supervisory provisions, the PD factor is typically quantified through the rating;
- LGD (Loss Given Default): percentage of loss in the event of default. In the models that are consistent with supervisory regulations, it is quantified through the historic experience of recoveries discounted on the loans that have been reclassified as non-performing;
- EAD (Exposure At Default) or credit equivalent: amount of exposure at the time of default.

Non-performing loans are represented by doubtful loans, unlikely to pay, and past due and/or overdue loans by over 90 days. Non-performing loans classified as doubtful loans are subject to the following valuation methods:
- analytical-statistical valuation, which is adopted for exposures of less than €2m. It is based on the application of special LGD assessments, in combination with an Add-On to account for forward-looking information, especially the information referring to the impact of future macroeconomic scenarios;
- specific analytical valuation, which is adopted for customers having exposures of more than €2m. It is based on the impairment percentages assigned by the manager after carrying out appropriate analysis and valuation processes, in combination with an Add-On to account for forward-looking information, especially the information referring to the impact of future macroeconomic scenarios (except for the doubtful loans secured by mortgages, for which the impacts of future scenarios are included through determination of the haircut to the value of the property posted as collateral).

The unlikely to pay loans are also measured according to different methods:
- analytical-statistical valuation, which is adopted for exposures of less than €2m. It is based on the application of special LGD statistical assessments, in combination with an Add-On to account for the impact of future macroeconomic scenarios and continuation of its doubtful status, with the aim of penalising those positions that have greater seniority or that do not show any movements and/or recoveries for a specific period of time;
- specific analytical valuation, adopted for on-balance sheet exposures exceeding €2m, based on the impairment percentages assigned by the manager, in combination with an Add-On to account for the impact of future macroeconomic scenarios and continuation of its doubtful status in this case too.

The non-performing loans classified as overdue/past due loans are measured analytically on a statistical basis, independently of the amount of the exposure. However, even in this case, the adjustment determined on the basis of the LGD statistical assessments is complemented to reflect the Add-On ascribable to the effect of future macroeconomic scenarios.

The credit exposures must continue to be recognised as non-performing until at least three months have passed since they ceased to meet the conditions for classification as such ("probation period"). Until the conditions are met for their removal from the non-performing category, those exposures are kept in the respective risk classes and measured on an analytical-statistical or specific analytical basis according to their lower riskiness.

Impairment of non-financial assets
Property and equipment and Intangible assets with a finite useful life undergo impairment tests if there is evidence that the book value can no longer be recovered. The recoverable value is calculated in relation to the fair value of the property, equipment or intangible asset less the costs of disposal, or in relation to its value in use if this is determinable and exceeds its fair value.

The fair value of properties is determined on the basis of an appraisal prepared by an independent appraiser.
For other property and equipment and intangible assets (other than those recognised following business combination transactions), the book value is normally taken to be the value in use, since the latter is estimated using an amortisation process based on the value that the asset actually contributes to the production process, whereas determination of the fair value would be extremely subjective. The two values diverge, causing impairment, in the event of damage, exit from the production process, or other similar and non-recurrent circumstances.

The Group measures its property used in operations and valuable art assets according to the revaluation model. In this case, any impairment loss of a revalued asset must be treated as a reduction of part or all of the revaluation. After that point, any difference is charged to profit or loss. In more detail, the non-investment property undergoes an annual scenario analysis of the real estate market trend to determine whether there are any significant variations in the value of the assets. If particularly large changes are found (+ or -10%), an updated appraisal is prepared to adjust the fair value of the asset to real estate market values.

The intangible assets recognised after acquisitions and in application of IFRS 3 at every reporting date are subject to an impairment test to determine whether there is any objective evidence that the asset might have lost value.

Definite life intangible assets, as represented by the value of the asset management portfolio, are subject to a new measurement process to verify the recoverability of the amounts recognised in the financial statements when impairment indicators exist. The recoverable value is determined on the basis of its value in use, or its present value, which is estimated by using a rate representing the time value of money and the specific risks of the asset, the profit margins generated by the relationships existing at the measurement date over a time horizon equal to their expected residual duration.

Since indefinite life intangible assets, represented by goodwill, do not feature independent cash flows, they are annually tested for the adequacy of the value recognised in the assets referring to the Cash Generating Unit (CGU) to which the values were assigned upon business combinations.

Impairment is measured as the difference between the book value of the CGU and its recoverable value, represented as the greater between the fair value, net of any transaction costs, and its value in use. The book value of the CGUs must be determined consistently with the method used to determine their recoverable value.

A.4 - FAIR VALUE DISCLOSURES

QUALITATIVE INFORMATION

Fair value measurements

IFRS 13, which harmonises the measurement rules and their disclosure, defines the fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e. not a forced liquidation or below-cost sale) at the measurement date. Fair value is a market-based measurement and not an entity-specific measurement. The concept of fair value implicitly assumes that the entity is engaged in normal business operations and has no intention of liquidating its assets, of significantly reducing its assets or of entering into transactions with unfavourable conditions.

When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or liability, assuming that these market participants act in their best economic interests. Fair value measurement assumes that the sale of an asset or transfer of a liability took place;

- in the principal market for that asset or liability;
- in the absence of a principal market, in the most advantageous active market for the asset or liability.

A market is considered to be active when the transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. An instrument is considered to be quoted in an active market when the price quotations representing effective, standard market transactions that have occurred are readily and regularly available through stock exchanges, dealers, brokers, principal-to-principal markets, pricing services or authorised bodies. In cases where there is a significant reduction in the volume or level of transactions compared with normal business for the asset or liability (or for similar assets or liabilities) shown by a number of indicators (number of transactions, limited significance of market prices, significant increase in liquidity risk premiums, widening or narrowing bid-ask spread, fall or total lull in market for new issues, lack of information in the public domain), an analysis must be carried out on the transactions or quoted prices. A fall in the volume or level of business on its own does not indicate that the transaction price or quoted price does not represent the fair value or that the transaction in that market is not an ordinary transaction. If it is established that a transaction or quoted price does not represent the fair value (e.g. non-ordinary transactions), then it is necessary to make an adjustment to the transaction prices or quoted prices if those prices are being used as the fair value measurement basis and this adjustment may be significant with respect to the overall fair value measurement.

The fair value of financial instruments

The best indication of fair value is a quoted price in an active market. These quoted prices are therefore given precedence for the measurement of financial assets and liabilities.

Fair value hierarchy

IFRS 13 sets out a fair value hierarchy that categorises the inputs of the valuation techniques used to measure fair value into three levels. This hierarchy assigns the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the least importance to unobservable inputs (Level 3 inputs). Specifically:

- fair value level 1 is when the instrument is measured directly from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- fair value level 2 is when a quoted price in an active market cannot be obtained and the measurement uses a valuation technique based on parameters that are observable on the market, or unobservable parameters that are however supported and corroborated by market data, such as prices, spreads or other outputs (Comparable approach);
- fair value level 3 is when the measurement uses different inputs, not all of which are obtained from parameters that are directly observable in the market and therefore involve estimates and assumptions by the valuer.

Level 1 financial instruments are priced using the current "bid" price for financial assets and the current "ask" price for financial liabilities in the entity's principal market at the end of the reporting period.

If the financial instruments have a negligible bid-ask spread or the characteristics of the financial assets and liabilities create positions that offset market risk, the Group uses the average market price (at the last day in the reporting period as above) instead of the bid price or ask price. The following are classified as Level 1 instruments: quoted bonds (i.e. bonds traded on the EuroMTS platform, or for which the major international pricing services have continuously provided executable quotes), quoted shares (i.e. shares traded on the reference official market), quoted UCITS mutual funds, foreign exchange spot transactions and derivatives quoted in an active market (e.g. futures and exchange-traded options). Conversely, any financial instruments which do not belong to the above categories cannot be considered Level 1 instruments.

If the instrument is not quoted in an active market or if the market is not operating normally, which is to say when there is an insufficient number of continuous transactions and the bid-ask spread and volatility are not sufficiently low, the fair value of the financial instruments is mainly determined using valuation techniques that aim to establish the price at which the asset would be sold or the liability transferred in an orderly transaction between market participants at the measurement date under current market conditions. These techniques include:

- the use of market values that can be indirectly linked to the financial instrument being measured and can be obtained from products with similar risk characteristics (Level 2 inputs);
- measurements based even only partially on inputs that are not obtained from observable market parameters, using estimates and assumptions formulated by the valuer (Level 3 inputs).

In the case of Level 2 instruments, the measurement is based on the prices or credit spreads obtained from the quoted prices of instruments that are broadly similar in terms of risk, using a given valuation model. This approach consists in researching transactions in active markets in instruments which are comparable in risk with the instrument being valued. The Level 2 valuation methods allow one to use the prices of financial instruments quoted in active markets (model calibration) without including subjective parameters – which is to say parameters the value of which cannot be obtained from the prices of financial instruments quoted in active markets or cannot be set at levels replicating quoted prices on active markets – able to substantially impact the final measurement price. These are measured adopting valuation models that use Level 2 inputs:

- unquoted bonds the fair value of which is measured using an appropriate credit spread, identified from quoted and liquid financial instruments with similar characteristics;
- derivatives measured using special valuation models fed by input parameters observed in the market, such as interest rate, exchange rate and volatility curves;
- asset-backed securities for which significant prices are not available, the fair value of which is measured using valuation techniques based on market inputs;
- equities measured using direct transactions, which is to say significant transactions in the equity recorded at constant market conditions and over a sufficiently short time frame in relation to the measurement date to allow relative valuation models based on multiples to be used.

The fair value measurement of Level 3 financial instruments requires the use of valuation models that use input parameters which cannot be observed directly on the market and accordingly involve estimates and assumptions by the valuer. For short-term assets and liabilities, the book value is considered to equate reasonably well to the fair value.

Foreign exchange derivatives that are not traded on regulated markets are referred to as being traded Over the Counter (OTC), which is to say traded bilaterally with market counterparties, and are measured using special pricing models fed by input parameters (such as interest rate, exchange rate and volatility curves) observed in the market.

In addition, non-performance risk is also taken into account to determine the fair value. This risk includes both changes in the credit risk of the counterparty and changes in the credit risk of the issuer (own credit risk).

The Bilateral Credit Value Adjustment (BCVA) model fully measures the effects of changes in the credit risk of the counterparty and of changes in own credit risk. The BCVA is in fact the sum of the following two addends calculated to express the default potential of both counterparties:

- the CVA (Credit Value Adjustment), which is a negative value that takes into consideration scenarios in which the counterparty defaults first and the Group has a positive exposure to the counterparty. In these scenarios, the Group suffers a loss equal to the cost of replacing the derivative;
- the DVA (Debt Value Adjustment), which is a positive value that takes into consideration scenarios in which the Group defaults before the counterparty and has a negative exposure to the counterparty. In these scenarios, the Group benefits from a gain equal to the cost of replacing the derivative.

The BCVA depends on the exposure, the probability of default and the Loss Given Default of the counterparties. Lastly, the

BCVA needs to be calculated taking any counterparty risk mitigation agreements into consideration, and collateral and netting agreements for each individual counterparty in particular. If netting agreements are in place with a given counterparty, the BCVA is calculated taking into account the portfolio containing all the netting transactions with that counterparty.

The measurement method adopted for a given financial instrument is maintained over time and only changed if there are substantial changes in market conditions or subjective changes regarding the issuer of the financial instrument. The fair value disclosures incorporated in the notes to the financial statements use this fair value measurement hierarchy to provide analyses of the financial assets and liabilities by fair value level.

A.4.1 - Fair value levels 2 and 3: measurement techniques and inputs used

The Group has developed a pricing methodology for the measurement of financial instruments which implements the provisions of the IAS/IFRS.

The Group consistently calculates the fair value of financial instruments directly from their market value. Wherever possible, the official prices in an active market are always adopted as this market value, otherwise the value is obtained using pricing models based on the values of comparable securities and on market parameters.
In the absence of an active market, the fair value is determined using measurement techniques which ultimately aim to establish the price that the financial instrument would have had on the measurement date in an arm's-length exchange motivated by normal business considerations.

These techniques include:

- reference to market values that can be indirectly linked to the financial instrument being valued and that can be obtained from products with similar risk characteristics (Comparable Approach);
- valuations performed using – even only partially – inputs that are not obtained from observable market parameters, using estimates and assumptions formulated by the valuer (Mark-to-Model Approach).

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

The portfolio of Level 2 Financial assets measured at fair value consisted of the insurance policies that the Group took out to guarantee market yields to the Personal Financial Adviser Networks' Loyalty Schemes. The fair value of Class I policies is determined using a prospective actuarial method based on the principle of the initial equivalence between the average present values of the contractual commitments of the insurer and the average present values of the contractual commitments of the policyholder/ contracting party. The fair value of Class III policies is calculated as the value of the units at the reporting date plus any pure premiums not yet invested at the valuation date.

An approach based on the fair value calculated with the discounted cash flow method is used for the valuation of derivatives and is fed by market data providers and based on commonly-accepted valuation processes. Hedging and treasury derivatives taken out in ordinary investment activities (interest and exchange rate derivatives in particular) that are not traded on regulated markets, but traded bilaterally with market counterparties, are known as Over The Counter (OTC) instruments and valued using special pricing models to determine their fair value, which is based on observable market parameters or, for more complex instruments, on internal pricing models, since a market quotation is not available.

After the financial crisis in 2008, which was marked by a major widening in the spread between Euribor and the Eonia rate (historically, that difference was limited and very stable), the consensus of market operators focused increasingly on use of the Eonia curve, which became the benchmark rate and curve for transactions supported by the Credit Support Annex – CSA (practically all of them now), while for the others, Euribor remains the benchmark rate and curve (incorporating a larger counterparty risk).

After the Interest Rate Benchmark Reform in the monetary market, introduced by Regulation (EU) No. 2016/1011 (Benchmark Regulation, BMR) and still underway, the range of market benchmarks has been expanded with the new overnight Euro Short Term Rate (€STR). This is an uncollateralised daily rate calculated on the basis of the transactions executed on the European monetary market, which will gradually replace the Eonia rate in the indexing of financial instruments and contracts. The publication of the new overnight €STR rate (risk-free rate for the eurozone) commenced in October 2019, and the transition period will continue until 31 December 2021, giving all benchmark providers the possibility to adopt the new standards. The reform has also affected Euribor, prescribing a hybrid calculation method for it. Its transition, handled by the European Money Markets Institute (EMMI), was completed at the end of November 2019. At least in the intentions of lawmakers, the new standards will render the Euribor benchmark more reliable, so as to avoid the fluctuations caused by any alterations as has occurred in the past.

The derivatives in the banking book consisted principally of Interest Rate Swaps. The Group as a rule uses hedge derivatives to protect its assets. These hedge derivatives may be specific (micro fair value hedges) to cover fixed rate bonds, or generic (macro fair value hedges) to cover fixed rate loans, where both types seek to reduce its exposure to the risk of adverse fair value movements ascribable to the interest rate. Finally, hedges were adopted to mitigate the risk of exposure to changes in future expected cash flows attributable to adverse movements of the interest rate curve (so-called Cash Flow Hedge), covering floating rate bonds of Intesa Sanpaolo. The Risk Management Unit is responsible for assessing hedge effectiveness, carrying out prior assessments of the conditions that make hedge accounting applicable and formally documenting each hedging relationship. These assessments use the "initial prospective tests", which is performed at the hedge designation date, followed by ongoing retrospective and prospective tests at monthly intervals until maturity or the premature termination of the hedge. The process of testing macro fair value hedges entails not only retrospective and prospective accounting tests, but also sensitivity and fair value tests as a preliminary check before the previously mentioned accounting tests, which is necessary due to the failure to identify exactly the individual underlying hedged assets.

QUANTITATIVE INFORMATION

A.4.5 Fair value hierarchy

A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: analysis by fair value level

FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	31.12.2021			31.12.2020		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Financial assets measured at fair value through profit or loss	33	519	-	37	385	-
a) financial assets held for trading	-	17	-	-	47	-
b) financial assets measured at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	33	502	-	37	338	-
2. Financial assets measured at fair value through other comprehensive income	2,882	26	-	2,805	-	-
3. Hedging derivatives	-	32	-	-	16	-
4. Property and equipment	-	-	61	-	-	61
5. Intangible assets	-	-	-	-	-	-
Total	**2,915**	**577**	**61**	**2,842**	**401**	**61**
1. Financial liabilities held for trading	-	28	-	-	53	-
2. Financial liabilities measured at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	730	-	-	954	-
Total	**-**	**758**	**-**	**-**	**1,007**	**-**

A.4.5.2 Annual changes in assets measured at fair value on a recurring basis (Level 3)

	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS				FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	HEDGING DERIVATIVES	PROPERTY AND EQUIPMENT	INTANGIBLE ASSETS
	TOTAL	OF WHICH: A) FINANCIAL ASSETS HELD FOR TRADING	OF WHICH: B) FINANCIAL ASSETS MEASURED AT FAIR VALUE	OF WHICH: C) OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE				
1. Opening balance	**-**	**-**	**-**	**-**	**-**	**-**	**61**	**-**
2. Increases	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**-**
2.1 Purchases	-	-	-	-	-	-	-	-
2.2 Profits recognised under:	-	-	-	-	-	-	-	-
2.2.1 Income statement	-	-	-	-	-	-	-	-
- including capital gains	-	-	-	-	-	-	-	-
2.2.2 Shareholders' equity	-	X	X	X	-	-	-	-
2.3 Transfers from other levels	-	-	-	-	-	-	-	-
2.4 Other increases	-	-	-	-	-	-	1	-
3. Decreases	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**-**
3.1 Sales	-	-	-	-	-	-	-	-
3.2 Redemptions	-	-	-	-	-	-	-	-
3.3 Losses recognised under:	-	-	-	-	-	-	1	-
3.3.1 Income statement	-	-	-	-	-	-	1	-
- including losses	-	-	-	-	-	-	-	-
3.3.2 Shareholders' equity	-	X	X	X	-	-	-	-
3.4 Transfers to other levels	-	-	-	-	-	-	-	-
3.5 Other decreases	-	-	-	-	-	-	-	-
4. Closing balance	**-**	**-**	**-**	**-**	**-**	**-**	**61**	**-**

A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: analysis by fair value level

	31.12.2021				31.12.2020			
ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED AT FAIR VALUE ON A NON-RECURRING BASIS	**BOOK VALUE**	**LEVEL 1**	**LEVEL 2**	**LEVEL 3**	**BOOK VALUE**	**LEVEL 1**	**LEVEL 2**	**LEVEL 3**
1. Financial assets measured at amortised cost	54,943	-	31,491	23,523	43,025	360	23,903	18,862
2. Investment property and equipment	-	-	-	-	-	-	-	-
3. Non-current assets held for sale and discontinued operations	-	-	-	-	1,065	-	-	1,065
Total	**54,943**	**-**	**31,491**	**23,523**	**44,090**	**360**	**23,903**	**19,927**
1. Financial liabilities measured at amortised cost	58,607	-	48,226	10,385	45,025	-	38,757	6,268
2. Liabilities associated with non-current assets held for sale and discontinued operations	-	-	-	-	1,065	-	1,065	-
Total	**58,607**	**-**	**48,226**	**10,385**	**46,090**	**-**	**39,822**	**6,268**

The figures as at 31 December 2020 have been restated, where necessary, in order to adapt them to the provisions introduced with the 7th update of Circular no. 262/2005 “Bank Financial Statements: schedules and rules for preparation”, issued by the Bank of Italy on 29 October 2021 and applicable from reporting periods closed or in progress as at 31 December 2021.

PART B - NOTES TO THE CONSOLIDATED BALANCE SHEET

ASSETS

SECTION 1 - CASH AND CASH EQUIVALENTS - ITEM 10

1.1 Cash and cash equivalents: analysis

	31.12.2021	31.12.2020
a) Cash	67	68
b) Current accounts and sight deposits with Central Banks	533	220
c) Current accounts and sight deposits with banks	3,107	2,157
Total	**3,707**	**2,445**

The figures as at 31 December 2020 have been restated, where necessary, in order to adapt them to the provisions introduced with the 7th update of Circular no. 262/2005 "Bank Financial Statements: schedules and rules for preparation", issued by the Bank of Italy on 29 October 2021 and applicable from reporting periods closed or in progress as at 31 December 2021.

SECTION 2 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - ITEM 20

2.1 Financial assets held for trading: analysis

	31.12.2021			31.12.2020		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
A. Cash assets						
1. Debt securities	-	-	-	-	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	-	-	-	-
2. Equities	-	-	-	-	-	-
3. Units in mutual funds	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreement assets	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total A	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivatives						
1. Financial derivatives	-	17	-	-	47	-
1.1 Held for trading	-	17	-	-	47	-
1.2 Connected with fair value option	-	-	-	-	-	-
1.3 Other	-	-	-	-	-	-
2. Credit derivatives	-	-	-	-	-	-
2.1 Held for trading	-	-	-	-	-	-
2.2 Connected with fair value option	-	-	-	-	-	-
2.3 Other	-	-	-	-	-	-
Total B	**-**	**17**	**-**	**-**	**47**	**-**
Total (A+B)	**-**	**17**	**-**	**-**	**47**	**-**

2.2 Financial assets held for trading: analysis by debtor/issuer/counterparty

	31.12.2021	31.12.2020
A. Cash assets		
1. Debt securities	**-**	**-**
a) Central Banks	-	-
b) Public entities	-	-
c) Banks	-	-
d) Other financial institutions	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
2. Equities	**-**	**-**
a) Banks	-	-
b) Other financial institutions	-	-
of which: insurance companies	-	-
c) Non-financial companies	-	-
d) Other issuers	-	-
3. Units in mutual funds	**-**	**-**
4. Loans	**-**	**-**
a) Central Banks	-	-
b) Public entities	-	-
c) Banks	-	-
d) Other financial institutions	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total A	**-**	**-**
B. Derivatives		
a) Central counterparties	-	-
b) Other	17	47
Total B	**17**	**47**
Total (A+B)	**17**	**47**

2.5 Other financial assets mandatorily measured at fair value: analysis

	31.12.2021			31.12.2020		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**-**	**488**	**-**	**-**	**337**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities (*)	-	488	-	-	337	-
2. Equities	**23**	**-**	**-**	**23**	**-**	**-**
3. Units in mutual funds	**10**	**13**	**-**	**14**	**-**	**-**
4. Loans	**-**	**1**	**-**	**-**	**1**	**-**
4.1 Repurchase agreement	-	-	-	-	-	-
4.2 Other	-	1	-	-	1	-
Total	**33**	**502**	**-**	**37**	**338**	**-**

(*) The Level 2 debt securities mainly regard the insurance policies that the Group took out to insure the market yields of the Personal Financial Adviser Networks' Loyalty Schemes.

2.6 Other financial assets mandatorily measured at fair value: analysis by debtor/issuer

	31.12.2021	31.12.2020
1. Equities	**23**	**23**
of which: banks	23	23
of which: other financial institutions	-	-
of which: non-financial companies	-	-
2. Debt securities	**488**	**337**
a) Central Banks	-	-
b) Public entities	-	-
c) Banks	-	-
d) Other financial institutions	488	337
of which: insurance companies	486	337
e) Non-financial companies	-	-
3. Units in mutual funds	**23**	**14**
4. Loans	**1**	**1**
a) Central Banks	-	-
b) Public entities	-	-
c) Banks	1	1
d) Other financial institutions	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	**535**	**375**

SECTION 3 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - ITEM 30

3.1 Financial assets measured at fair value through other comprehensive income: analysis

	31.12.2021			31.12.2020		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**2,880**	**-**	**-**	**2,805**	**-**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	2,880	-	-	2,805	-	-
2. Equities	**2**	**26**	**-**	**-**	**-**	**-**
3. Loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	**2,882**	**26**	**-**	**2,805**	**-**	**-**

3.2 Financial assets measured at fair value through other comprehensive income: analysis by debtor/issuer

	31.12.2021	31.12.2020
1. Debt securities	**2,880**	**2,805**
a) Central Banks	-	-
b) Public entities	855	684
c) Banks	912	1,122
d) Other financial institutions	489	323
of which: insurance companies	11	11
e) Non-financial companies	624	676
2. Equities	**28**	**-**
a) Banks	-	-
b) Other issuers:	28	-
- Other financial institutions	28	-
of which: insurance companies	-	-
- Non-financial companies	-	-
- Other	-	-
3. Loans	**-**	**-**
a) Central Banks	-	-
b) Public entities	-	-
c) Banks	-	-
d) Other financial institutions	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	**2,908**	**2,805**

3.3 Financial assets measured at fair value through other comprehensive income: gross value and total net adjustments

	GROSS VALUE					TOTAL NET ADJUSTMENTS				TOTAL PARTIAL WRITE-OFFS
	FIRST STAGE	OF WHICH: INSTRUMENTS WITH LOW CREDIT RISK	SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED	FIRST STAGE	SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED	
Debt securities	2,840	179	41	-	-	(1)	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-
Total 31.12.2021	**2,840**	**179**	**41**	**-**	**-**	**(1)**	**-**	**-**	**-**	**-**
Total 31.12.2020	**2,575**	**244**	**232**	**-**	**-**	**(1)**	**(1)**	**-**	**-**	**-**

SECTION 4 - FINANCIAL ASSETS MEASURED AT AMORTISED COST - ITEM 40

4.1 Financial assets measured at amortised cost - Loans and advances to banks: analysis

	31.12.2021						31.12.2020					
	BOOK VALUE			FAIR VALUE			BOOK VALUE			FAIR VALUE		
	FIRST AND SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED	LEVEL 1	LEVEL 2	LEVEL 3	FIRST AND SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED	LEVEL 1	LEVEL 2	LEVEL 3
A. Due from Central Banks	**242**	**-**	**-**	**-**	**-**	**242**	**107**	**-**	**-**	**-**	**-**	**107**
1. Term deposits	-	-	-	X	X	X	-	-	-	X	X	X
2. Statutory reserve	242	-	-	X	X	X	107	-	-	X	X	X
3. Repurchase agreement	-	-	-	X	X	X	-	-	-	X	X	X
4. Other	-	-	-	X	X	X	-	-	-	X	X	X
B. Loans and advances to banks	**38,646**	**-**	**-**	**-**	**26,201**	**12,515**	**30,685**	**-**	**-**	**-**	**19,866**	**11,051**
1. Loans	20,092	-	-	-	7,492	12,515	17,090	-	-	-	6,039	11,051
1.1 Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2 Term deposits	18,942	-	-	X	X	X	16,006	-	-	X	X	X
1.3 Other loans:	1,150	-	-	X	X	X	1,084	-	-	X	X	X
- Repurchase agreement assets	-	-	-	X	X	X	-	-	-	X	X	X
- Finance leases	-	-	-	X	X	X	-	-	-	X	X	X
- Other	1,150	-	-	X	X	X	1,084	-	-	X	X	X
2. Debt securities	18,554	-	-	-	18,709	-	13,595	-	-	-	13,827	-
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	18,554	-	-	-	18,709	-	13,595	-	-	-	13,827	-
Total	**38,888**	**-**	**-**	**-**	**26,201**	**12,757**	**30,792**	**-**	**-**	**-**	**19,866**	**11,158**

The figures as at 31 December 2020 have been restated, where necessary, in order to adapt them to the provisions introduced with the 7th update of Circular no. 262/2005 "Bank Financial Statements: schedules and rules for preparation", issued by the Bank of Italy on 29 October 2021 and applicable from reporting periods closed or in progress as at 31 December 2021.

Fair Value - level 3 includes the statutory reserve and term deposits having a term longer than one year.

The sub-item "other loans" includes operating receivables totalling €133m.

4.2 Financial assets measured at amortised cost - Loans and advances to customers: analysis

	31.12.2021						31.12.2020					
	BOOK VALUE			FAIR VALUE			BOOK VALUE			FAIR VALUE		
	FIRST AND SECOND STAGE	THIRD STAGE (*)	IMPAIRED, PURCHASED OR ORIGINATED	LEVEL 1	LEVEL 2	LEVEL 3	FIRST AND SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED	LEVEL 1	LEVEL 2	LEVEL 3
1. Loans	**13,794**	**35**	**4**	**-**	**3,169**	**10,766**	**9,821**	**34**	**-**	**-**	**2,151**	**7,704**
1. Current accounts	9,475	27	1	X	X	X	7,670	30	-	X	X	X
2. Repurchase agreement assets	-	-	-	X	X	X	-	-	-	X	X	X
3. Loans	2,225	7	3	X	X	X	934	4	-	X	X	X
4. Credit cards, personal loans and loans with repayments deducted directly from wages	248	1	-	X	X	X	149	-	-	X	X	X
5. Finance leases	-	-	-	X	X	X	-	-	-	X	X	X
6. Factoring	-	-	-	X	X	X	-	-	-	X	X	X
7. Other transactions	1,846	-	-	X	X	X	1,068	-	-	X	X	X
2. Debt securities	**2,222**	**-**	**-**	**-**	**2,122**	**-**	**2,378**	**-**	**-**	**360**	**1,886**	**-**
1. Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2. Other debt securities	2,222	-	-	-	2,122	-	2,378	-	-	360	1,886	-
Total	**16,016**	**35**	**4**	**-**	**5,291**	**10,766**	**12,199**	**34**	**-**	**360**	**4,037**	**7,704**

Fair Value - level 3 includes current accounts and non-performing loans.

The sub-item "other loans" includes operating receivables totalling €€416m.

4.3 Financial assets measured at amortised cost - Loans and advances to customers: analysis by debtor/issuer

	31.12.2021			31.12.2020		
	FIRST AND SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED	FIRST AND SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED
1. Debt securities	**2,222**	**-**	**-**	**2,378**	**-**	**-**
a) Public entities	2,022	-	-	2,178	-	-
b) Other financial institutions	200	-	-	200	-	-
of which: insurance companies	-	-	-	-	-	-
c) Non-financial companies	-	-	-	-	-	-
2. Loans to:	**13,794**	**35**	**4**	**9,821**	**34**	**-**
a) Public entities	7	-	-	-	-	-
b) Other financial institutions	921	-	-	603	1	-
of which: insurance companies	187	-	-	164	-	-
c) Non-financial companies	2,549	14	1	2,105	13	-
d) Households	10,317	21	3	7,113	20	-
Total	**16,016**	**35**	**4**	**12,199**	**34**	**-**

4.4 Financial assets measured at amortised cost: gross value and total net adjustments

	GROSS VALUE					TOTAL NET ADJUSTMENTS				TOTAL PARTIAL WRITE-OFFS
	FIRST STAGE	OF WHICH: INSTRUMENTS WITH LOW CREDIT RISK	SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED	FIRST STAGE	SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED	
Debt securities	19,110	18,467	1,683	-	-	(7)	(10)	-	-	-
Loans	32,432	19,730	1,719	53	4	(11)	(12)	(18)	-	-
Total 31.12.2021	**51,542**	**38,197**	**3,402**	**53**	**4**	**(18)**	**(22)**	**(18)**	**-**	**-**
Total 31.12.2020	**39,445**	**32,695**	**3,584**	**51**	**-**	**(21)**	**(17)**	**(17)**	**-**	**-**

The figures as at 31 December 2020 have been restated, where necessary, in order to adapt them to the provisions introduced with the 7th update of Circular no. 262/2005 "Bank Financial Statements: schedules and rules for preparation", issued by the Bank of Italy on 29 October 2021 and applicable from reporting periods closed or in progress as at 31 December 2021.

4.4a Loans measured at amortised cost covered by Covid-19 support measures: gross value and total net adjustments

	GROSS VALUE					TOTAL NET ADJUSTMENTS				TOTAL PARTIAL WRITE-OFFS
	FIRST STAGE	OF WHICH: INSTRUMENTS WITH LOW CREDIT RISK	SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED	FIRST STAGE	SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED	
1. Forborne loans compliant with GL	-	-	-	-	-	-	-	-	-	-
2. Loans subject to existing moratorium measures that no longer comply with the GL and are not assessed as having been granted	-	-	1	-	-	-	-	-	-	-
3. Loans covered by other granting measures	-	-	-	-	-	-	-	-	-	-
4. New loans	-	-	-	-	-	-	-	-	-	-
Total 31.12.2021	**-**	**-**	**1**	**-**		**-**	**-**	**-**	**-**	**-**
Total 31.12.2020	**5**	**-**	**2**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

SECTION 5 - HEDGING DERIVATIVES - ITEM 50

5.1 Hedging derivatives: analysis by type of hedge and level

	31.12.2021				31.12.2020			
	FAIR VALUE			NOMINAL VALUE	FAIR VALUE			NOMINAL VALUE
	LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3	
A. Financial derivatives	**-**	**32**	**-**	**2,051**	**-**	**16**	**-**	**1,325**
1. Fair value	-	25	-	1,651	-	-	-	225
2. Financial flows	-	7	-	400	-	16	-	1,100
3. Investments outside Italy	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Fair value	-	-	-	-	-	-	-	-
2. Financial flows	-	-	-	-	-	-	-	-
Total	**-**	**32**	**-**	**2,051**	**-**	**16**	**-**	**1,325**

5.2 Hedging derivatives: analysis by portfolio hedged and type of hedging

	FAIR VALUE							FINANCIAL FLOWS		INVESTMENTS OUTSIDE ITALY
	SPECIFIC						MACRO HEDGING	MICRO HEDGING	MACRO HEDGING	
	DEBT DERIVATIVES AND INTEREST RATES	EQUITY DERIVATIVES AND INDEX DERIVATIVES	CURRENCIES AND GOLD	LENDING	COMMODITIES	OTHER				
1. Financial assets measured at fair value through other comprehensive income	22	-	-	-	X	X	X	-	X	X
2. Financial assets measured at amortised cost	-	X	-	-	X	X	X	7	X	X
3. Portfolio	X	X	X	X	X	X	3	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**22**	**-**	**-**	**-**	**-**	**-**	**3**	**7**	**-**	**-**
1. Financial liabilities	-	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Anticipated transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

SECTION 6 - ADJUSTMENTS TO FINANCIAL ASSETS SUBJECT TO MACRO-HEDGING - ITEM 60

6.1 Adjustments to hedged assets: analysis by portfolio hedged

	31.12.2021	31.12.2020
1. Positive adjustment	**8**	**24**
1.1 of specific portfolios:	8	24
a) financial assets measured at amortised cost	8	24
b) financial assets measured at fair value through other comprehensive income	-	-
1.2 total	-	-
2. Negative adjustment	**-**	**-**
2.1 of specific portfolios:	-	-
a) financial assets measured at amortised cost	-	-
b) financial assets measured at fair value through other comprehensive income	-	-
2.2 total	-	-
Total	**8**	**24**

SECTION 7 - EQUITY INVESTMENTS - ITEM 70

7.1 Equity investments: information on equity relationships

COMPANY	REGISTERED OFFICE	OPERATIONAL HEAD OFFICE	TYPE OF RELATIONSHIP	OWNERSHIP		% VOTES
				ASSOCIATE COMPANY	% OWNED	
B. Companies subject to significant influence						
1. 1875 Finance Holding AG	Sarnen	Sarnen	1	Reyl & Cie	40.000	
2. Fideuram Vita S.p.A.	Rome	Rome	1	Fideuram - Intesa Sanpaolo Private Banking	19.990	
3. Consorzio Studi e Ricerche Fiscali	Rome	Rome	1	Fideuram - Intesa Sanpaolo Private Banking	7.500	

Type of relationship:
1. Companies subject to significant influence.

7.2 Significant equity investments: book value, fair value and dividends received

COMPANY	BOOK VALUE	FAIR VALUE	DIVIDENDS RECEIVED
B. Companies subject to significant influence			
1. Fideuram Vita S.p.A.	195		
2. 1875 Finance Holding AG	21		

COMPANY	BOOK VALUE
Reyl Finance (Mea) Ltd	6
Morval Bank & Trust Cayman Ltd in liquidation	5
Obviam AG	4
Reyl Singapore PTE Ltd	3
Morval Vonwiller Advisors S.A.	2
Intesa Sanpaolo Private Argentina S.A.	1
Reyl & Co (Holdings) Ltd	1

7.3 Significant equity investments: accounting information

COMPANY	CASH AND CASH EQUIVALENTS	FINANCIAL ASSETS	NON-FINANCIAL ASSETS	FINANCIAL LIABILITIES	NON-FINANCIAL LIABILITIES	TOTAL REVENUES	NET INTEREST INCOME	DEPRECIATION AND AMORTISATION	PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	PROFIT (LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS	NET PROFIT (LOSS) FOR THE YEAR (1)	OTHER COMPREHENSIVE INCOME AFTER TAX (2)	TOTAL COMPREHENSIVE INCOME (3)= (1)+(2)
B. Companies subject to significant influence														
1. Fideuram Vita S.p.A.	X	41,004	1,072	40,452	648	2,162	X	X	109	79	-	79	(12)	67
2. 1875 Finance Holding AG	X	17	-	8	-	-	X	X	-	-	-	-	-	-

Reconciliation of financial statement data and book value of the equity investment

COMPANY	TOTAL EQUITY	PRO RATA EQUITY	GOODWILL	OTHER CHANGES	CONSOLIDATED BOOK VALUE
B. Companies subject to significant influence					
1. Fideuram Vita S.p.A.	976	195	-	-	195
2. 1875 Finance Holding AG	9	2	19	-	21

7.5 Equity investments: changes in the year

	31.12.2021	31.12.2020
A. Opening balance	**184**	**170**
B. Increases	**83**	**17**
B.1 Purchases	57	-
of which business combination transactions	36	-
B.2 Write-backs	-	-
B.3 Revaluations	18	11
B.4 Other increases	8	6
C. Decreases	**29**	**3**
C.1 Sales	-	-
C.2 Value adjustments	-	-
C.3 Write-downs	3	1
C.4 Other decreases	26	2
D. Closing balance	**238**	**184**
E. Total revaluations	**-**	**-**
F. Total adjustements	**-**	**-**

The items Revaluations and Write-downs consist of the income and expenses, respectively, that derive from the equity investments carried at equity.

7.6 Significant judgements and assumptions made in determining joint control or significant influence

A company is considered subject to significant influence if the Group holds 20% or more of the voting rights directly or indirectly, or if it is able to participate in determining the company's financial and management policies due to special legal ties, even in the case of holding fewer voting rights.

SECTION 9 - PROPERTY AND EQUIPMENT - ITEM 90

9.1 Property and equipment used in operations: analysis of assets measured at cost

	31.12.2021	31.12.2020
1. Owned assets	**18**	**12**
a) land	-	-
b) buildings	-	-
c) furniture	12	9
d) electronic equipment	4	2
e) other	2	1
2. Assets purchased under financial leasing agreements	**314**	**281**
a) land	-	-
b) buildings	314	281
c) furniture	-	-
d) electronic equipment	-	-
e) other	-	-
Total	**332**	**293**
of which: obtained through execution of received guarantees	-	-

9.3 Property and equipment used in operations: analysis of revalued assets

	31.12.2021			31.12.2020		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Owned assets	**-**	**-**	**61**	**-**	**-**	**61**
a) land (*)	-	-	22	-	-	22
b) buildings (*)	-	-	38	-	-	38
c) furniture (*)	-	-	1	-	-	1
d) electronic equipment	-	-	-	-	-	-
e) other	-	-	-	-	-	-
2. Assets purchased under financial leasing agreements	**-**	**-**	**-**	**-**	**-**	**-**
a) land	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-
c) furniture	-	-	-	-	-	-
d) electronic equipment	-	-	-	-	-	-
e) other	-	-	-	-	-	-
Total	**-**	**-**	**61**	**-**	**-**	**61**
of which: obtained through execution of received guarantees	-	-	-	-	-	-

(*) The property used in operations and valuable art assets are measured according to the revaluation method. For more information see Part A - Accounting Policies.

9.6 Property and equipment used in operations - Owned assets and Rights-of-use acquired under lease: changes in the year

	LAND	BUILDINGS	FURNITURE	ELECTRONIC EQUIPMENT	OTHER	TOTAL
A. Gross opening balance	**22**	**406**	**53**	**50**	**44**	**575**
A.1 Total net adjustments	-	(87)	(43)	(48)	(43)	(221)
A.2 Net opening balance	**22**	**319**	**10**	**2**	**1**	**354**
B. Increases	**-**	**97**	**5**	**4**	**2**	**108**
B.1 Purchases	-	78	5	3	2	88
of which business combination transactions	-	40	2	2	-	44
B.2 Expenditures for capitalised improvements	-	-	-	1	-	1
B.3 Write-backs	-	-	-	-	-	-
B.4 Increases in fair value recognised in	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
B.5 Positive exchange rate differences	-	1	-	-	-	1
B.6 Transfers from investment property	-	-	X	X	X	-
B.7 Other increases	-	18	-	-	-	18
C. Decreases	**-**	**64**	**2**	**2**	**1**	**69**
C.1 Sales	-	1	-	-	-	1
C.2 Amortisation	-	50	2	1	1	54
C.3 Impairment recognised in	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.4 Decreases in fair value recognised in	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.5 Negative exchange rate differences	-	-	-	-	-	-
C.6 Transfer to:	-	-	-	-	-	-
a) investment property and equipment	-	-	X	X	X	-
b) non-current assets held for sale and discontinued operations	-	-	-	-	-	-
C.7 Other decreases	-	13	-	1	-	14
D. Net closing balance	**22**	**352**	**13**	**4**	**2**	**393**
D.1 Total net adjustments	-	137	45	49	44	275
D.2 Gross closing balance	**22**	**489**	**58**	**53**	**46**	**668**
E. Valuation at cost (*)	12	13	1	-	-	26

(*) Valuable art assets, classified under furniture, were measured at their fair value. Their value at cost was €1m.

The depreciation rates applied to property and equipment were as follows (% range):
Buildings: from 3% to 5%
Furniture: 10%
Electronic and miscellaneous equipment: from 10% to 25%
Other: from 7% to 10%

9.6 of which: assets purchased under financial leasing agreements: changes in the year

	LAND	OTHER	TOTAL
A. Gross opening balance	**366**	**1**	**367**
A.1 Total net adjustments	(85)	(1)	(86)
A.2 Net opening balance	**281**	**-**	**281**
B. Increases	**96**	**-**	**96**
B.1 Purchases	78	-	78
of which business combination transactions	40	-	-
B.2 Expenditures for capitalised improvements	-	-	-
B.3 Write-backs	-	-	-
B.4 Increases in fair value recognised in	-	-	-
a) shareholders' equity	-	-	-
b) income statement	-	-	-
B.5 Positive exchange rate differences	-	-	-
B.6 Transfers from investment property	-	X	-
B.7 Other increases	18	-	18
C. Decreases	**63**	**-**	**63**
C.1 Sales	1	-	1
C.2 Amortisation	49	-	49
C.3 Impairment recognised in	-	-	-
a) shareholders' equity	-	-	-
b) income statement	-	-	-
C.4 Decreases in fair value recognised in	-	-	-
a) shareholders' equity	-	-	-
b) income statement	-	-	-
C.5 Negative exchange rate differences	-	-	-
C.6 Transfer to:	-	-	-
a) investment property and equipment	-	X	-
b) non-current assets held for sale and discontinued operations	-	-	-
C.7 Other decreases	13	-	13
D. Net closing balance	**314**	**-**	**314**
D.1 Total net adjustments	134	1	135
D.2 Gross closing balance	**448**	**1**	**449**
E. Valuation at cost	-	-	-

SECTION 10 - INTANGIBLE ASSETS - ITEM 100

10.1 Intangible assets: analysis by type of asset

	31.12.2021		31.12.2020	
	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE
A.1 Goodwill	**X**	**356**	**X**	**140**
A.1.1 Group interests	X	356	X	140
A.1.2 Third party interests	X	-	X	-
A.2 Other intangible assets	**350**	**-**	**89**	**-**
of which: software	100	-	61	-
A.2.1 Assets valued at cost:	350	-	89	-
a) Internally generated intangible assets	63	-	23	-
b) Other assets (*)	287	-	66	-
A.2.2 Assets measured at fair value:	-	-	-	-
a) Internally generated intangible assets	-	-	-	-
b) Other assets	-	-	-	-
Total	**350**	**356**	**89**	**140**

The figures as at 31 December 2020 have been restated, where necessary, in order to adapt them to the provisions introduced with the 7th update of Circular no. 262/2005 "Bank Financial Statements: schedules and rules for preparation", issued by the Bank of Italy on 29 October 2021 and applicable from reporting periods closed or in progress as at 31 December 2021.

(*) Other intangible assets also include intangible assets with a finite useful life relating to the valuation of Assets under Management linked to the acquisition of the UBI Top Private Unit (€80m), IW Bank (€66m), Reyl & Cie (€78m) and Morval Vonwiller (€26m).

10.2 Intangible assets: changes in the year

	GOODWILL	OTHER INTANGIBLE ASSETS: GENERATED INTERNALLY		OTHER INTANGIBLE ASSETS: OTHER		TOTAL
		FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE	
A. Gross opening balance	**140**	**27**	**-**	**177**	**-**	**344**
A.1 Total net adjustments	-	(4)	-	(111)	-	(115)
A.2 Net opening balance	**140**	**23**	**-**	**66**	**-**	**229**
B. Increases	**216**	**46**	**-**	**252**	**-**	**514**
B.1 Purchases	203	46	-	247	-	496
of which business combination transaction	203	-	-	244	-	447
B.2 Increases in internally generated intangible assets	X	-	-	-	-	-
B.3 Write-backs	X	-	-	-	-	-
B.4 Increases in fair value recognised in:	-	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
B.5 Positive exchange rate differences	13	-	-	5	-	18
B.6 Other increases	-	-	-	-	-	-
C. Decreases	**-**	**6**	**-**	**31**	**-**	**37**
C.1 Sales	-	-	-	-	-	-
C.2 Value adjustments	-	6	-	31	-	37
- Depreciation and amortisation	X	6	-	31	-	37
- Write-downs	-	-	-	-	-	-
+ shareholders' equity	X	-	-	-	-	-
+ income statement	-	-	-	-	-	-
C.3 Decreases in fair value recognised in:	-	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
C.4 Transfers to non-current assets held for sale	-	-	-	-	-	-
C.5 Negative exchange rate differences	-	-	-	-	-	-
C.6 Other decreases	-	-	-	-	-	-
D. Net closing balance	**356**	**63**	**-**	**287**	**-**	**706**
D.1 Total net adjustments	-	10	-	142	-	152
E. Gross closing balance	**356**	**73**	**-**	**429**	**-**	**858**
F. Valuation at cost	-	-	-	-	-	-

The software amortisation rate falls in a range between 14.3% and 33%.
The amortisation rate applied to intangible assets with a finite useful life falls in a range between 3.7% and 7.1%.

10.3 Other information

Information on intangible assets and goodwill
The application of the IFRS 3 accounting standard in the accounting treatment of business combinations may lead to the recognition of new intangible assets and goodwill.

In the Fideuram Group, the non-recurring transactions carried out in previous years, as well as those completed in 2021 that saw the acquisition of the Reyl Group, IW Bank and the UBI Top Private business unit, resulted in the recognition in the consolidated financial statements of goodwill and intangible assets with a defined useful life linked to customers and represented by the valuation of asset under management relationships.

As of 31 December 2021, certain goodwill and intangible assets resulting from business combinations and relating to:

- €216m for goodwill related to the acquisition of the Swiss banking group Reyl in the second quarter of 2021;
- €140m for goodwill attributable to Private business units acquired by the subsidiary Intesa Sanpaolo Private Banking in the period 2009-2013;
- €250m for intangible assets with a finite useful life relating to the valuation of assets under management as part of the acquisition of the UBI Top Private business unit (€80m), the Reyl Group (€78m), IW Bank (€66m) and the Morval Vonwiller Group (€26m).

There were a number of non-recurring transactions during 2021 that involved the recognition of both goodwill and intangible assets. These transactions are briefly outlined below, describing their effects on the amount and composition of intangible assets.
As part of the process of strategic consolidation of the Group's foreign transactions, on 28 May 2021 Fideuram acquired a 69% stake in Reyl & Cie S.A., a Swiss private bank that operates internationally.

The acquisition by Fideuram took place through:

- purchase in cash of 100% of the holding company RB Participations, which holds 30% of Reyl & Cie;
- the direct purchase by Fideuram, partly in cash and partly through the transfer of the shareholding in Intesa Sanpaolo Private Bank (Suisse) Morval, of 39% of Reyl & Cie.

In addition to the acquisition of 69% of the share capital, the parties also signed an agreement that provides, inter alia, for specific put&call option mechanisms regarding the remaining 31% of the share capital to be activated in 5 years and 7 years, respectively.

The transaction was recorded in accordance with the acquisition method provided for in IFRS 3. By virtue of the put&call option mechanisms underlying the non-controlling interest, provisional goodwill, amounting to €287m, had been recorded as of the Half-Year Report as at 30 June 2021, and was recognised on 100% of the company using the full goodwill criterion, as the difference between the total acquisition cost and the total IAS/IFRS equity being acquired. In the 2021 Consolidated Financial Statements, the purchase price allocation (PPA) process was definitively completed, recognising a specific intangible related to customer-related assets (assets under management) amounting to 84m Swiss francs (approximately €78m at 31 December 2021), with a useful life set at 14 years from the acquisition date, taking into account the period within which the asset is expected to continue to generate net cash inflows for the company. The residual difference resulting from the comparison between the acquisition cost and the IAS/IFRS equity revalued to fair value amounted to 223m Swiss francs, converted to €203m using the spot exchange rate as at 31 May 2021, which was allocated to goodwill. As goodwill was recorded in foreign currency, it must be converted into euros at the reporting date; for the purposes of the 2021 Financial Statements, compared with the original value, an exchange difference of €13m was recorded, increasing the value to €216m. Goodwill and mass-related intangible assets were allocated to the Swiss Cash Generating Unit established by the Reyl Group as it has been identified as the smallest autonomous organisational unit for cash flow generation purposes.
Other non-recurring completed in 2021, as part of the reorganisation activities of the former UBI Group, include:

- the demerger in favour of Intesa Sanpaolo Private Banking of the UBI Top Private Banking Unit, which is organised for activities and services for high net worth customers and companies. As part of the PPA process, a specific intangible asset with a finite useful life of €80m was recorded;
- the spin-off of the entire stake in IW Bank to Fideuram, which led to the recognition of an intangible asset with defined useful life of €66m.

In accordance with accounting standard IAS 36, intangible assets and goodwill are to be subject to an annual impairment test to verify the recoverability of their value. Its recoverable value is represented as the greater between the value in use and the fair value, net of any transaction costs; value in use essentially represents the present value of future net cash flows deriving from the asset being measured. In this regard, IAS 36 provides that, in order to determine the value in use of intangible assets subject to impairment test, reference should be made to the cash flows relating to the intangible asset in its current conditions (at the impairment test date), without making a distinction between the cash flows relating to the asset originally recognised when applying IFRS 3 and those relating to the assets existing at the time of the impairment test. This concept can also be replicated to determine, for the purpose of the goodwill impairment test, the value in use of the CGUs, whose cash flows are to be considered with reference to all the assets and liabilities included in the CGU and not only for the assets and liabilities against which goodwill was recorded upon application of IFRS 3.
In the case of intangible assets with finite useful life, the impairment test should only be carried out when the presence of impairment indicators is detected; to this end, specific analyses of the recoverable value were carried out and no critical factors were found.
Goodwill, on the other hand, needs to undergo an annual impairment test regardless of the presence of impairment indicators.

Impairment test on goodwill
The consolidated financial statements 2021 include goodwill of €356m, of which €216m relates to the acquisition of the Swiss banking group Reyl in the second quarter of 2021 and €140m is attributable to Private business units acquired by the subsidiary Intesa Sanpaolo Private Banking in the period 2009-2013.
With regard to the goodwill of €216m from the acquisition of the Reyl Group, for the purposes of determining the recoverable value as at 31 December 2021 reference was made to the value in use identified as the present value of future net cash flows deriving from the asset being measured. The estimate of the value in use, for the purpose of carrying out the impairment test, requires the preliminary attribution of goodwill to organisational units that are relatively autonomous in terms of their management profile, capable of generating cash flows that are largely independent of those generated by other business areas, but interdependent within the organisational unit that generates them. To this end, the recoverability of the value of goodwill was verified by applying the Discounted Cash Flow (DCF) model, applied by considering the entire Reyl Group as a Cash Generating Unit (CGU) as it is identified as the smallest autonomous organisational unit for the purposes of generating cash flows. The methodology adopted is based on the determination of value in use, understood as the present value of future cash flows that the Reyl Group is expected to generate in the future. To this end, analytical estimates prepared internally were used, taking into account a base scenario for the period 2022-2026 that does not include certain additional managerial actions to increase revenues and reduce costs. In particular, the cash flows used for the impairment test are based on reasonable and sustainable assumptions that represent management's best estimate, and exclude the effects of any extraordinary restructuring or improvement operations, with the exception of those already initiated at the date of measurement. As part of the financial valuation criteria, such as the one used to determine value in use, the value of a company at the end of the period of analytical forecasting of cash flows (the so-called terminal value) is generally determined by capitalising, at an appropriate "g" rate, the ordinary cash flow achievable when the company is fully operational; specifically, the cash flow as at 2026, the last year of the analytical forecasts, was taken as the basis for the cash flow.

The cash flows thus determined were discounted by determining a discount rate expressing the cost of capital. The rate was determined using the Capital Asset Pricing Model (CAPM) and is net of taxes, in order to be consistent with the cash flows being discounted. Based on this model, the cost of capital is determined as the sum of the return on risk-free investments and a risk premium, which in turn depends on the specific risk of the activity (meaning both the risk of the operating segment and the geographical risk represented by the so-called "country risk"). The rates used to discount cash flows for the purpose of determining the value in use of the Reyl Group are as follows:

- 4.45% for financial flows;
- 4.27% for the terminal value.

The value in use of the Reyl Group to which the goodwill was allocated at 31 December 2021 was higher than the related carrying amount, and therefore the outcome of the impairment test did not result in the need to make adjustments to the goodwill recorded in the consolidated financial statements. Although the initial assumptions are to be considered reasonable and prudent, as provided for by IAS 36, the impact of adverse scenarios on cash flows was assumed. Even in the most extreme case, with a 20% reduction in assets in the first year due to the collapse of the markets and no recovery in subsequent years, a reduction in net inflows and new loans of 10% per year for the entire period and finally a 20% reduction in corporate finance fees, the test would be passed.

With regard to the goodwill of €140m from the acquisition of Private Business Units by Intesa Sanpaolo Private Banking, the value configuration used to determine the recoverable value of the Cash Generating Unit to which the goodwill was allocated is the fair value less cost to sell obtained based on the market multiples method, developed based on the goodwill/client assets (GW/CA) and price/earnings (P/E) multiples recorded in relation to listed companies (stock market multiples) and market transactions (transaction multiples). For the purposes of applying the stock market multiples, a liquidity discount of 25% was taken into account and the transaction multiples were considered with reference to market transactions involving majority interests. Based on the market multiples method, the impairment test was largely passed.

SECTION 11 - TAX ASSETS AND TAX LIABILITIES - ASSETS ITEM 110 AND LIABILITIES ITEM 60

11.1 Deferred tax assets: analysis

Deferred tax assets, which are recognised in reference to temporary deductible differences, totalled €180m and consist of €165m for taxes recognised with a balancing entry in profit or loss and €15m for taxes recognised with a balancing entry in shareholders' equity. The former mainly refer to accruals for future expenses, retained losses, and loan impairment. The deferred tax assets with a balancing entry in shareholders' equity mainly refer to the recognition of actuarial losses on staff provisions, financial flow hedges and taxes on negative valuation reserves relative to financial assets measured at fair value through other comprehensive income.

11.2 Deferred tax liabilities: analysis

Deferred tax liabilities totalled €154m and include €132m for taxes recognised with a balancing entry in profit or loss and €22m for taxes recognised with a balancing entry in shareholders' equity. The former mainly refer to the dividends to be collected and goodwill. The deferred tax liabilities with a balancing entry in shareholders' equity refer to the tax effect recognised for the increased value of property used in operations after the adoption in 2017 of the revaluation method and taxes on the positive valuation reserves relative to financial assets measured at fair value through other comprehensive income.

11.3 Changes in deferred tax assets (balancing entry in income statement)

	31.12.2021	31.12.2020
1. Opening balance	**125**	**112**
2. Increases	**101**	**44**
2.1 Deferred tax liabilities recognised in the year	35	44
a) from prior years	-	-
b) due to changes in accounting policies	-	-
c) write-backs	-	-
d) other	35	44
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	15	-
2.4 Business combination transactions	51	-
3. Decreases	**61**	**31**
3.1 Deferred tax liabilities reversed in the year	61	31
a) reversals	54	21
b) write-downs for uncollectibility	-	-
c) changes in accounting policies	-	-
d) other	7	10
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
a) conversion to tax credits in accordance with Italian law no. 214/2011	-	-
b) other	-	-
4. Closing balance	**165**	**125**

11.4 Changes in deferred tax assets pursuant to law 214/2011

	31.12.2021	31.12.2020
1. Opening balance	**16**	**17**
2. Increases	**24**	**-**
3. Decreases	**3**	**1**
3.1 Reversals	2	1
3.2 Conversion to tax credits	1	-
a) from operating losses	1	-
b) from tax losses	-	-
3.3 Other decreases	-	-
4. Closing balance	**37**	**16**

11.5 Changes in deferred tax liabilities (balancing entry in income statement)

	31.12.2021	31.12.2020
1. Opening balance	**42**	**38**
2. Increases	**133**	**32**
2.1 Deferred tax liabilities recognised in the year	34	26
a) from prior years	-	-
b) due to changes in accounting policies	-	-
c) other	34	26
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	33	6
2.4 Business combination transactions	66	-
3. Decreases	**43**	**28**
3.1 Deferred tax liabilities reversed in the year	18	3
a) reversals	13	-
b) due to changes in accounting policies	-	-
c) other	5	3
3.2 Reductions in tax rates	-	-
3.3 Other decreases	25	25
4. Closing balance	**132**	**42**

11.6 Changes in deferred tax assets (balancing entry in shareholders' equity)

	31.12.2021	31.12.2020
1. Opening balance	**17**	**18**
2. Increases	**7**	**1**
2.1 Deferred tax liabilities recognised in the year	4	1
a) from prior years	-	-
b) due to changes in accounting policies	-	-
c) other	4	1
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
2.4 Business combination transactions	3	-
3. Decreases	**9**	**2**
3.1 Deferred tax liabilities reversed in the year	3	2
a) reversals	1	1
b) write-downs for uncollectibility	-	-
c) due to changes in accounting policies	-	-
d) other	2	1
3.2 Reductions in tax rates	-	-
3.3 Other decreases	6	-
4. Closing balance	**15**	**17**

11.7 Changes in deferred tax liabilities (balancing entry in shareholders' equity)

	31.12.2021	31.12.2020
1. Opening balance	**27**	**26**
2. Increases	**5**	**6**
2.1 Deferred tax liabilities recognised in the year	4	6
a) from prior years	-	-
b) due to changes in accounting policies	-	-
c) other	4	6
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
2.4 Business combination transactions	1	-
3. Decreases	**10**	**5**
3.1 Deferred tax liabilities reversed in the year	8	5
a) reversals	1	2
b) due to changes in accounting policies	-	-
c) other	7	3
3.2 Reductions in tax rates	-	-
3.3 Other decreases	2	-
4. Closing balance	**22**	**27**

11.8 Other information

The Italian companies in the Fideuram Group availed themselves of the "Istituto del Consolidato Fiscale Nazionale" tax consolidation regime as subsidiaries of Intesa Sanpaolo. This tax consolidation regime, which is governed by special regulations, provides for the aggregation of the taxable income of all the Group companies involved, and a single payment of IRES corporate income tax by Intesa Sanpaolo in its role as consolidating company. The check of whether the assumption of the "probability" of recovering deferred tax assets as at 31 December 2021 (the so-called "probability test") subsists is carried out considering the benefits arising from the participation of the Italian companies of the Fideuram Group in the tax consolidation regime as subsidiaries of Intesa Sanpaolo. For these purposes, the tax consolidating company developed the specific recoverability test provided for by IAS 12, confirming the forecast of recovering the aforementioned deferred tax assets as at 31 December 2021 based on the Group's prospective income capacity. With regard to the recoverability of deferred tax assets relating to the IRES surcharge (where applicable) and IRAP, pertaining to the Italian companies of the Fideuram Group, a check was conducted based on the expected income for the reporting periods in which these deferred tax assets are expected to be reversed and it showed that they are fully recoverable. The Group's foreign companies carry out independent checks on the deferred tax assets recorded in their financial statements based on the expected income and these have shown that said assets are recoverable.

SECTION 12 - NON-CURRENT OF ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS AND ASSOCIATED LIABILITIES - ASSETS ITEM 120 AND LIABILITIES ITEM 70

12.1 Non-current assets held for sale and discontinued operations: analysis by type of asset

	31.12.2021	31.12.2020
A. Assets held for sale		
A.1 Financial assets	-	-
A.2 Equity investments	-	-
A.3 Property and equipment	-	-
of which: obtained through execution of received guarantees	-	-
A.4 Intangible assets	-	-
A.5 Other non-current assets	-	1,065
Total A	**-**	**1,065**
of which measured at cost	-	-
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	-	1,065
B. Terminated operating activities		
B.1 Financial assets measured at fair value through profit or loss	-	-
- financial assets held for trading	-	-
- financial assets measured at fair value	-	-
- other financial assets mandatorily measured at fair value	-	-
B.2 Financial assets measured at fair value through other comprehensive income	-	-
B.3 Financial assets measured at amortised cost	-	-
B.4 Equity investments	-	-
B.5 Property and equipment	-	-
of which: obtained through execution of received guarantees	-	-
B.6 Intangible assets	-	-
B.7 Other assets	-	-
Total B	**-**	**-**
of which measured at cost	-	-
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	-	-
C. Liabilities associated with assets held for sale		
C.1 Debts	-	-
C.2 Securities	-	-
C.3 Other liabilities	-	1,065
Total C	**-**	**1,065**
of which measured at cost	-	-
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	1,065
of which measured at fair value level 3	-	-
D. Liabilities associated with discontinued operations		
D.1 Financial liabilities measured at amortised cost	-	-
D.2 Financial liabilities held for trading	-	-
D.3 Financial liabilities measured at fair value	-	-
D.4 Provisions	-	-
D.5 Other liabilities	-	-
Total D	**-**	**-**
of which measured at cost	-	-
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	-	-

SECTION 13 - OTHER ASSETS - ITEM 130

13.1 Other assets: analysis

	31.12.2021	31.12.2020
Prepaid expenses relating to Network incentives (*)	478	402
Due from tax authorities (**)	458	342
Due from Personal Financial Advisers (***)	311	276
Loans and advances to customers for stamp duty	147	124
Clearing accounts and other receivables	95	63
Leasehold improvements	15	15
Due from Intesa Sanpaolo under Italy's tax consolidation regime	11	11
Other accrued income and prepaid expenses	10	10
Other receivables	73	52
Total	**1,598**	**1,295**

(*) The item refers to the prepaid expenses regarding the bonuses for meeting net inflow targets, linked to the duration of contractual relationships with customers.

(**) The item includes €211m for prepayments of the stamp duty on non-managed financial products in accordance with Art. 13, paragraph 2-ter, of the table of rates annexed to Italian Presidential Decree No. 642/72.

(***) Mainly advances on bonuses already accrued but subject to verification of continued attainment of inflow targets. Also includes advances on indemnities, loyalty schemes and other lesser items.

LIABILITIES

SECTION 1 - FINANCIAL LIABILITIES MEASURED AT AMORTISED COST - ITEM 10

1.1 Financial liabilities measured at amortised cost - Due to banks: analysis

	31.12.2021				31.12.2020			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
1. Due to Central Banks	**-**	**X**	**X**	**X**	**-**	**X**	**X**	**X**
2. Due to banks	**3,988**	**X**	**X**	**X**	**3,615**	**X**	**X**	**X**
2.1 Current accounts and demand deposits	439	X	X	X	542	X	X	X
2.2 Term deposits	400	X	X	X	743	X	X	X
2.3 Loans	3,057	X	X	X	2,272	X	X	X
2.3.1 Repurchase agreement liabilities (*)	2,818	X	X	X	2,186	X	X	X
2.3.2 Other	239	X	X	X	86	X	X	X
2.4 Debts from commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
2.5 Debt for leases	47	X	X	X	21	X	X	X
2.6 Other debts	45	X	X	X	37	X	X	X
Total	**3,988**	**-**	**793**	**3,195**	**3,615**	**-**	**2,938**	**677**

(*) The item mainly includes repurchase agreements with Intesa Sanpaolo.

Fair Value - level 3 mainly includes repurchase agreements maturing in more than one year.

1.2 Financial liabilities measured at amortised cost: Due to customers: analysis

	31.12.2021				31.12.2020			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
1. Current accounts and demand deposits	49,810	X	X	X	34,823	X	X	X
2. Term deposits	4,286	X	X	X	6,187	X	X	X
3. Loans	27	X	X	X	24	X	X	X
3.1 Repurchase agreement liabilities	21	X	X	X	24	X	X	X
3.2 Other	6	X	X	X	-	X	X	X
4. Debts from commitments to repurchase own equity instruments	-	X	X	X	5	X	X	X
5. Debt for leases	270	X	X	X	260	X	X	X
6. Other debts	226	X	X	X	111	X	X	X
Total	**54,619**	**-**	**47,433**	**7,190**	**41,410**	**-**	**35,819**	**5,591**

Fair Value - level 3 mainly includes term deposits maturing in more than one year.

1.6 Debts for leases

Analysis of debts for leases by remaining contractual term

	NOT LATER THAN ONE YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	31.12.2021
Debts to banks for leases	11	32	4	47
Debts to customers for leases	37	131	102	270

The cash outflows during the period to cover debts for leases totalled €52m.

SECTION 2 - FINANCIAL LIABILITIES HELD FOR TRADING - ITEM 20

2.1 Financial liabilities held for trading: analysis

	31.12.2021					31.12.2020				
	NOMINAL VALUE	FAIR VALUE			FV*	NOMINAL VALUE	FAIR VALUE			FV*
		LEVEL 1	LEVEL 2	LEVEL 3			LEVEL 1	LEVEL 2	LEVEL 3	
A. Cash Liabilities										
1. Due to banks	-	-	-	-	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-	-	-	-	-
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-	-	-	-	-	-	-
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total A	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivatives										
1. Financial derivatives	-	-	28	-	-	-	-	53	-	-
1.1 Held for trading	X	-	28	-	X	X	-	53	-	X
1.2 Connected with fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	-	-	X	X	-	-	-	X
2. Credit derivatives	-	-	-	-	-	-	-	-	-	-
2.1 Held for trading	X	-	-	-	X	X	-	-	-	X
2.2 Connected with fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total B	**X**	**-**	**28**	**-**	**X**	**X**	**-**	**53**	**-**	**X**
Total (A+B)	**X**	**-**	**28**	**-**	**X**	**X**	**-**	**53**	**-**	**X**

FV*: fair value calculated excluding any changes in value due to changes in the credit rating of the issuer with respect to the issue date.

SECTION 4 - HEDGING DERIVATIVES - ITEM 40

4.1 Hedging derivatives: analysis by type of hedge and level

	31.12.2021				31.12.2020			
	FAIR VALUE			NOMINAL VALUE	FAIR VALUE			NOMINAL VALUE
	LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3	
A. Financial derivatives	**-**	**730**	**-**	**5,375**	**-**	**954**	**-**	**4,338**
1) Fair value	-	725	-	4,495	-	954	-	4,338
2) Financial flows	-	5	-	880	-	-	-	-
3) Investments outside Italy	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Financial flows	-	-	-	-	-	-	-	-
Total	**-**	**730**	**-**	**5,375**	**-**	**954**	**-**	**4,338**

4.2 Hedging derivatives: analysis by portfolio hedged and type of hedging

	FAIR VALUE							FINANCIAL FLOWS		INVESTMENTS OUTSIDE ITALY
	MICRO-HEDGING						MACRO-HEDGING	MICRO-HEDGING	MACRO-HEDGING	
	DEBT DERIVATIVES AND INTEREST RATES	EQUITY DERIVATIVES AND INDEX DERIVATIVES	CURRENCIES AND GOLD	LENDING	COMMODITIES	OTHER				
1. Financial assets measured at fair value through other comprehensive income	18	-	16	-	X	X	X	-	X	X
2. Financial assets measured at amortised cost	678	X	-	-	X	X	X	5	X	X
3. Portfolio	X	X	X	X	X	X	9	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**696**	**-**	**16**	**-**	**-**	**-**	**9**	**5**	**-**	**-**
1. Financial liabilities	-	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	4	X	-	X
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**4**	**-**	**-**	**-**
1. Anticipated transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

SECTION 5 - ADJUSTMENTS TO FINANCIAL LIABILITIES SUBJECT TO MACRO-HEDGING - ITEM 50

5.1 Adjustments to hedged financial liabilities

	31.12.2021	31.12.2020
1. Positive adjustment of financial liabilities	-	-
2. Negative adjustment of financial liabilities	(4)	-
Total	**(4)**	**-**

SECTION 6 - TAX LIABILITIES - ITEM 60

Please see section 11 of the assets.

SECTION 8 - OTHER LIABILITIES - ITEM 80

8.1 Other liabilities: analysis

	31.12.2021	31.12.2020
Due to Personal Financial Advisers	641	535
Clearing accounts and other payables	251	144
Due to Intesa Sanpaolo under Italy's tax consolidation regime	236	20
Due to suppliers	186	130
Due to tax authorities	132	58
Due under past Loyalty Schemes	82	80
Payroll and social security payables	32	20
Due to pension and social security institutions	21	19
Amounts to be collected by customers	15	72
Other debts	72	20
Total	**1,668**	**1,098**

SECTION 9 - PROVISION FOR EMPLOYMENT TERMINATION INDEMNITIES - ITEM 90

9.1 Provision for employment termination indemnities: changes in the year

	31.12.2021	31.12.2020
A. Opening balance	**43**	**48**
B. Increases	**10**	**2**
B.1 Provisions for the year	-	1
B.2 Other increases	10	1
of which business combination transactions	6	-
C. Decreases	**6**	**7**
C.1 Indemnities paid	4	5
C.2 Other decreases	2	2
D. Closing balance	**47**	**43**

The main actuarial criteria and reference rates used to determine the provision for employment termination indemnities were as follows:
- Discount rate: 0.35%
- Anticipated rate of increase in remuneration: 2.9%
- Annual inflation rate: 2.2%

SECTION 10 - PROVISIONS FOR RISKS AND CHARGES - ITEM 100

10.1 Provisions for risks and losses: analysis

	31.12.2021	31.12.2020
1. Provisions for credit risk associated with commitments and financial guarantees issued	2	3
2. Provisions for other commitments and guarantees issued	-	-
3. Company pension funds	42	30
4.Other provisions for risks and charges	604	535
4.1 Lawsuits and tax disputes	85	78
4.2 Personnel expenses	140	109
4.3 Other	379	348
Total	**648**	**568**

10.2 Provisions for risks and losses: changes in the year

	PROVISIONS FOR OTHER COMMITMENTS AND GUARANTEES ISSUED	PENSION FUNDS	OTHER PROVISIONS FOR RISKS AND CHARGES	TOTAL
A. Opening balance	**-**	**30**	**535**	**565**
B. Increases	**-**	**22**	**182**	**204**
B.1 Provisions for the year	-	5	148	153
B.2 Changes due to the passage of time	-	-	-	-
B.3 Changes due to fluctuations in the discount rate	-	-	-	-
B.4 Other increases	-	17	34	51
of which business combination transactions	-	15	32	47
C. Decreases	**-**	**10**	**113**	**123**
C.1 Utilisation in the year	-	3	102	105
C.2 Changes due to fluctuations in the discount rate	-	-	-	-
C.3 Other decreases	-	7	11	18
D. Closing balance	**-**	**42**	**604**	**646**

10.3 Provisions for credit risk associated with commitments and financial guarantees issued

	PROVISIONS FOR CREDIT RISK ASSOCIATED WITH COMMITMENTS AND FINANCIAL GUARANTEES ISSUED				
	FIRST STAGE	SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED AND/OR ORIGINATED	TOTAL
Commitments to grant finance	1	1	-	-	2
Financial guarantees issued	-	-	-	-	-
Total	**1**	**1**	**-**	**-**	**2**

10.5 Defined-benefit company pension funds

With reference to supplementary defined-benefit pension funds, the determination of the actuarial values required by the application of IAS 19 "Employee Benefits" is carried out by an independent actuary, using the "projected unit credit method". The balance of €42m comprises the funds of Intesa Sanpaolo Private Bank (Suisse) Morval (€22m), Reyl & Cie (€17m), Intesa Sanpaolo Private Banking (€2m) and Asteria (€1m) and includes:

- the Defined Benefit Pension Fund of the Intesa Sanpaolo Group (an entity with legal personality and autonomous asset management);
- the CR Firenze Fund (entity with legal personality and autonomous asset management);
- a pension plan for employees of Intesa Sanpaolo Private Bank (Suisse) Morval: the plan guarantees a supplementary provision when the pension requirements are met in accordance with the local pension regulations (LPP) or in the event of an unfavourable event (disability and death); the obligations are covered by dedicated assets, managed through a contractual relationship between the company and AXA Occupational Pension Foundation, Winterthur;
- a pension plan for the employees of Reyl & Cie and Asteria Investment Managers: the plan guarantees a supplementary provision when the pension requirements accrue in accordance with the local pension regulations (LPP) or in the event of an unfavourable event (disability and death); the obligations are backed by dedicated assets, managed through a contractual relationship between the company and La Collective de Prévoyance - Copré, Geneva.

For the purposes of actuarial valuations in accordance with IAS 19, the Group uses the Eur Composite AA rate curve as the discount rate for Italian companies, which refers to a basket of securities issued by "investment grade" corporate issuers in the "AA" rating class resident in the euro area and belonging to different sectors. For Swiss companies, the yield curve of the Swiss bond market with maturities between 10 and 25 years at the reference date is used.
More information on external funds and activities serving pension plans can be found in the annual financial statements of the companies concerned.

10.6 Provisions for risks and charges - Other provisions

Other provisions for risks and charges comprised the following:

- Lawsuits and tax disputes: these provisions include the accruals for lawsuits against the company, tax disputes, clawback actions, and provisions for defaulted corporate bonds.
- Personnel expenses: this includes the variable component of the remuneration of employees, the provisions for voluntary redundancy expenses and the provisions set aside to pay seniority bonuses.
- Provision for the termination of Personal Financial Adviser agency agreements: this provision comprises the estimated amount of costs for the contractual indemnities to be paid to Group Personal Financial Advisers. The total amount of the provision was determined using actuarial valuations that take the indemnities actually accrued into account, together with the composition of the Network and the indemnities paid.
- Network Loyalty Schemes: this provision, calculated on the basis of actuarial methods, comprises the estimate of costs connected with the Retention Plans of the Group Personal Financial Advisers.
- Other provisions: these consist of the accrual of costs covering integration of the UBI Top Private Unit, and the restructuring charges of Intesa Sanpaolo Private Bank (Suisse) Morval and Fideuram Bank (Luxembourg).

Other provisions for risks and charges: changes in the year

	LAWSUITS AND TAX DISPUTES	PERSONNEL EXPENSES	RESERVE FOR THE TERMINATION OF PERSONAL FINANCIAL ADVISER AGENCY AGREEMENTS	NETWORK LOYALTY SCHEMES	OTHER PROVISIONS	TOTAL
A. Opening balance	**78**	**109**	**261**	**68**	**19**	**535**
B. Increases	**23**	**84**	**34**	**41**	**-**	**182**
B.1 Provisions for the year	10	77	29	32	-	148
B.2 Changes due to the passage of time	-	-	-	-	-	-
B.3 Changes due to fluctuations in the discount rate	-	-	-	-	-	-
B.4 Other increases	13	7	5	9	-	34
of which business combination transactions	11	7	5	9	-	32
C. Decreases	**16**	**53**	**22**	**7**	**15**	**113**
C.1 Utilisation in the year	13	50	19	5	15	102
C.2 Changes due to fluctuations in the discount rate	-	-	-	-	-	-
C.3 Other decreases	3	3	3	2	-	11
D. Closing balance	**85**	**140**	**273**	**102**	**4**	**604**

SECTION 13 - EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY - ITEMS 120, 130, 140, 150, 160, 170 AND 180

13.1 "Share capital" and "Treasury shares": analysis

The share capital and share premium reserve were the same as the amounts for the corresponding items in the shareholders' equity of Fideuram - Intesa Sanpaolo Private Banking S.p.A..

At 31 December 2021, the share capital totalled €300,000,000 divided into 1,500,000,000 ordinary shares with no par value. The Group did not hold any treasury shares at 31 December 2021.

13.2 Share capital – Parent Company's number of shares: changes in the year

	ORDINARY	OTHER
A. Shares at beginning of financial year	**1,500,000,000**	**-**
- full paid-up	1,500,000,000	-
- partially paid-up	-	-
A.1 Treasury shares (-)	-	-
A.2 Outstanding shares: opening balance	**1,500,000,000**	**-**
B. Increases	**-**	**-**
B.1. New issues	-	-
- Cash issues	-	-
- business combination transactions	-	-
- conversion of bonds	-	-
- exercise of warrants	-	-
- other	-	-
- Free issues	-	-
- for employees	-	-
- for directors	-	-
- other	-	-
B.2 Sale of treasury shares	-	-
B.3 Other increases	-	-
C. Decreases	**-**	**-**
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	-	-
C.3 Company sale transactions	-	-
C.4 Other decreases	-	-
D. Outstanding shares: closing balance	**1,500,000,000**	**-**
D.1 Treasury shares (+)	-	-
D.2 Shares at end of financial year	1,500,000,000	-
- full paid-up	1,500,000,000	-
- partially paid-up	-	-

13.5 Equity instruments: analysis and changes in the year

GRANTING ISSUER	INTEREST RATE	ISSUE DATE	MATURITY	EARLY REPAYMENT FROM	CURRENCY	ORIGINAL AMOUNT IN CURRENCY UNITS	BALANCE SHEET VALUE €M
Reyl & Cie S.A.	4.75% fixed	30.11.2018	indeterminate	30.11.2023	CHF	12,000,000	11
Reyl & Cie S.A.	4.75% fixed	30.11.2019	indeterminate	30.11.2024	CHF	13,110,000	13

13.6 Other information

The reserves totalled €1,626m and include Fideuram's legal reserve and other reserves. The legal reserve, established in accordance with the law, is required to total at least one fifth of the share capital. In the past it was made up of retained annual net profit in the amount of one twentieth. The item other reserves comprises Fideuram's remaining reserves and Group changes in the shareholders' equity of the companies included in the consolidation.
The Group valuation reserves total a positive €62m, and include:

- the valuation reserve of financial assets measured at fair value through other comprehensive income, positive at €19m;
- the revaluation reserve related to recalculation of the value of property used in operations totalling €14m;
- the valuation reserve for cash flow hedges, which was negative by €3m;
- the foreign exchange difference valuation reserve, which was positive at €30m;
- the valuation reserve for actuarial gains and losses on defined benefit plans, which was negative at €13m;
- the reserves stemming from special revaluation laws, positive at €6m;
- the portion of valuation reserves related to investments consolidated using the equity method, which was positive at €9m.

SECTION 14 - EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS - ITEM 190

14.1 Detail of item 210 "Equity attributable to non-controlling interests"

	31.12.2021	31.12.2020
Equity investments in consolidated companies with significant non-controlling interests	**9**	**-**
1. Asteria Investment Managers S.A.	8	-
2. REYL & Cie S.A.	1	-
Other equity investments	**20**	**-**
Total	**29**	**-**

OTHER INFORMATION

1. Commitments and financial guarantees issued

	NOMINAL VALUE OF COMMITMENTS AND FINANCIAL GUARANTEES ISSUED				31.12.2021	31.12.2020
	FIRST STAGE	SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED AND/OR ORIGINATED		
1. Commitments to grant finance	**5,844**	**732**	**6**	**-**	**6,582**	**4,488**
a) Central Banks	-	-	-	-	-	-
b) Public entities	-	-	-	-	-	-
c) Banks	573	-	-	-	573	89
d) Other financial institutions	196	94	-	-	290	120
e) Non-financial companies	900	454	1	-	1,355	1,042
f) Households	4,175	184	5	-	4,364	3,237
2. Financial guarantees issued	**347**	**64**	**-**	**-**	**411**	**319**
a) Central Banks	-	-	-	-	-	-
b) Public entities	-	-	-	-	-	-
c) Banks	91	-	-	-	91	47
d) Other financial institutions	7	9	-	-	16	13
e) Non-financial companies	46	40	-	-	86	82
f) Households	203	15	-	-	218	177

2. Other commitments and guarantees issued

	NOMINAL VALUE	
	31.12.2021	31.12.2020
1. Other guarantees issued	**-**	**-**
of which: non-performing credit exposures	-	-
a) Central Banks	-	-
b) Public entities	-	-
c) Banks	-	-
d) Other financial institutions	-	-
e) Non-financial companies	-	-
f) Households	-	-
2. Other commitments	**51**	**5**
of which: non-performing credit exposures	-	-
a) Central Banks	-	-
b) Public entities	-	-
c) Banks	-	-
d) Other financial institutions	-	-
e) Non-financial companies	-	-
f) Households	51	5

3. Assets pledged as security for own liabilities and commitments

	31.12.2021	31.12.2020
1. Financial assets measured at fair value through profit or loss	-	-
2. Financial assets measured at fair value through other comprehensive income	700	1,337
3. Financial assets measured at amortised cost	2,721	4,523
4. Property and equipment	-	-
of which: property and equipment constituting inventory	-	-

5. Administration and trading on behalf of third parties

	31.12.2021
1. Execution of customer instructions	**32,289**
a) purchases	16,041
1. settled	16,041
2. not settled	-
b) sales	16,248
1. settled	16,248
2. not settled	-
2. Portfolio management	**110,809**
a) individual	67,846
b) collective	42,963
3. Custody and administration of securities	
a) third-party securities held on deposit: connected with activities as depositary bank (excluding portfolio management)	39,536
1. securities issued by companies included in the consolidation	-
2. other securities	39,536
b) third-party securities held on deposit (excluding portfolio management): other	41,430
1. securities issued by companies included in the consolidation	-
2. other securities	41,430
c) third-party securities deposited with third parties	41,245
d) portfolio securities deposited with third parties	23,523
4. Other transactions	**277,914**

6. Financial assets subject to offsetting, master netting arrangements or similar agreements

	GROSS FINANCIAL ASSETS	FINANCIAL LIABILITIES SET OFF IN THE FINANCIAL STATEMENTS	NET FINANCIAL ASSETS RECOGNISED IN THE FINANCIAL STATEMENTS	RELATED AMOUNTS NOT SET OFF IN THE FINANCIAL STATEMENTS		NET AMOUNT AT 31.12.2021	NET AMOUNT AT 31.12.2020
				FINANCIAL INSTRUMENTS	CASH DEPOSITS HELD AS COLLATERAL		
1. Derivatives	34	-	34	32	1	1	9
2. Repurchase agreement	-	-	-	-	-	-	-
3. Securities lending	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-
TOTAL 31.12.2021	**34**	**-**	**34**	**32**	**1**	**1**	**X**
TOTAL 31.12.2020	**63**	**-**	**63**	**23**	**31**	**X**	**9**

7. Financial liabilities subject to offsetting, master netting arrangements or similar agreements

	GROSS FINANCIAL LIABILITIES	FINANCIAL ASSETS SET OFF IN THE FINANCIAL STATEMENTS	NET FINANCIAL LIABILITIES SET OFF IN THE FINANCIAL STATEMENTS	RELATED AMOUNTS NOT SET OFF IN THE FINANCIAL STATEMENTS		NET AMOUNT AT 31.12.2021	NET AMOUNT AT 31.12.2020
				FINANCIAL INSTRUMENTS	CASH DEPOSITS PLEDGED AS COLLATERAL		
1. Derivatives	736	-	736	106	629	1	63
2. Repurchase agreement	2,312	-	2,312	2,312	-	-	-
3. Securities lending	-	-	-	-	-	-	-
4. Other transactions	-	-	-	-	-	-	-
TOTAL 31.12.2021	**3,048**	**-**	**3,048**	**2,418**	**629**	**1**	**X**
TOTAL 31.12.2020	**2,269**	**-**	**2,269**	**1,331**	**875**	**X**	**63**

The Group subordinates Over The Counter (OTC) derivatives transactions and most of its repurchase and reverse repurchase agreement transactions to ISDA Master Agreements and Global Master Repurchase Agreements (GMRA) respectively.

These agreements enable the Group to reduce counterparty risk using what are known as close-out netting clauses under which the agreement is terminated and the net amount owing is settled. Pursuant to these clauses, when certain termination events occur – including non-performance of the contract, failure to deliver collateral and the insolvency of one of the parties – the contractual obligations arising from the individual transactions are terminated and replaced by a single obligation to pay the creditor the global net amount resulting from offsetting the current market values of the previous obligations, with which the parties settle their mutual accounts.

The Group enters into financial guarantee agreements in accordance with the ISDA Credit Support Annex (CSA) standard for OTC derivatives and in accordance with the GMRA standard for repurchase and reverse repurchase agreement transactions, which provide for the bilateral exchange of collateral in the form of cash and/or government securities. In accordance with the terms of the CSA and GMRA, the Group is able to make use of the assets held as collateral, including thorough disposal and transfers to third parties as collateral.
Information on the measurement criteria adopted for the above financial assets and liabilities is provided in Part A - Accounting Policies.

Schedule 6 presents the financial derivatives subject to netting agreements recognised in balance sheet assets.
Schedule 7 presents the financial derivatives recognised in balance sheet liabilities and the repurchase agreements recognised in Due to banks subject to netting agreements.

8. Securities lending transactions

An optional bank service for securities lending transactions is offered mainly by Intesa Sanpaolo Private Banking and IW Bank to their customers (individuals, legal entities and commercial entities). The agreement entails the transfer of ownership of a certain quantity of securities of a given kind with the obligation to return them, in exchange for a consideration as remuneration for use of those securities.

PART C - NOTES TO THE CONSOLIDATED INCOME STATEMENT

SECTION 1 - INTEREST - ITEMS 10 AND 20

1.1 Interest income and similar income analysis

	DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	2021	2020
1. Financial assets measured at fair value through profit or loss	-	-	-	-	-
1.1 Financial assets held for trading	-	-	-	-	-
1.2 Financial assets measured at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily measured at fair value	-	-	-	-	-
2. Financial assets measured at fair value through other comprehensive income	21	-	X	21	25
3. Financial assets measured at amortised cost	181	154	-	335	337
3.1 Loans and advances to banks	113	60	X	173	180
3.2 Loans and advances to customers	68	94	X	162	157
4. Hedging derivatives	X	X	(91)	(91)	(90)
5. Other assets	X	X	1	1	1
6. Financial liabilities	X	X	X	17	8
Total	**202**	**154**	**(90)**	**283**	**281**
of which: interest income on impaired financial assets	-	1	-	1	1
of which: interest income on finance leases	X	-	X	-	-

1.2 Interest income and similar income: other information

1.2.1 Interest income on financial assets denominated in foreign currencies

	2021	2020
Financial assets denominated in foreign currencies	11	8

1.3 Interest expense and similar expense: analysis

	DEBTS	SECURITIES	OTHER TRANSACTIONS	2021	2020
1. Financial liabilities measured at amortised cost	68	-	-	68	62
1.1 Due to Central Banks	-	X	X	-	-
1.2 Due to banks	16	X	X	16	15
1.3 Due to customers	52	X	X	52	47
1.4 Debt on issue	X	-	X	-	-
2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities measured at fair value	-	-	-	-	-
4. Other liabilities and provisions	X	X	-	-	-
5. Hedging derivatives	X	X	-	-	-
6. Financial assets	X	X	X	36	22
Total	**68**	**-**	**-**	**104**	**84**
of which: interest expense on debts for leases	4	X	X	4	4

1.4 Interest expense and similar expense: other information

1.4.1 Interest expenses on liabilities denominated in foreign

	2021	2020
Financial liabilities denominated in foreign currencies	4	6

1.5 Hedging gains and losses

	2021	2020
A. Hedging gains	16	57
B. Hedging losses	107	147
C. Net gains / losses (A-B)	**(91)**	**(90)**

SECTION 2 - FEE AND COMMISSION INCOME AND EXPENSE - ITEMS 40 AND 50

2.1 Fee and commission income: analysis

	2021	2020
a) Financial instruments	**869**	**667**
1. Securities placement	133	103
1.1 On a firm and/or irrevocable commitment basis	-	-
1.2 Without irrevocable commitment	133	103
2. Receiving and transmitting orders and executing orders on behalf of customers	62	51
2.1 Receiving and transmitting orders for one or more financial instruments	52	44
2.2 Executing orders on behalf of customers	10	7
3. Other fees and commissions related to financial instrument activities	674	513
of which: proprietary trading	-	-
of which: individual portfolio management	674	513
b) Corporate Finance	**21**	**-**
1. Advice on mergers and acquisitions	21	-
2. Treasury services	-	-
3. Other fees and commission related to corporate finance services	-	-
c) Investment advisory activities	**119**	**110**
d) Clearing and settlement	**-**	**-**
e) Collective portfolio management	**695**	**649**
f) Custody and administration	**46**	**40**
1. Depository bank	3	21
2. Other fees and commission related to custody and administration activities	43	19
g) Central administrative services for collective portfolio management	**-**	**-**
h) Trust activity	**10**	**9**
i) Payment Services	**30**	**22**
1. Current accounts	9	7
2. Credit Cards	13	7
3. Debit cards and other payment cards	1	-
4. Bank transfers and other payment orders	4	2
5. Other fees and commission related to payment services	3	6
j) Distribution of third-party services	**1,252**	**1,038**
1. Collective portfolio management	530	418
2. Insurance products	705	608
3. Other products	17	12
of which: individual portfolio management	10	6
k) Structured finance	**-**	**-**
l) Servicing activities for securitisation transactions	**-**	**-**
m) Commitments to grant finance	**-**	**-**
n) Financial guarantees issued	**2**	**1**
of which: credit derivatives	-	-
o) Financing transactions	**2**	**3**
of which: for factoring transactions	-	-
p) Currency trading	**3**	**3**
q) Commodities	**-**	**-**
r) Other fees and commission income	**12**	**11**
of which: for management activities of multilateral trading systems	-	-
of which: for management activities of organised trading systems	-	-
s) Securities lending transactions	**8**	**11**
Total	**3,069**	**2,564**

The figures for 2020 have been restated, where necessary, in order to adapt them to the provisions introduced with the 7th update of Circular no. 262/2005 “Bank Financial Statements: schedules and rules for preparation”, issued by the Bank of Italy on 29 October 2021 and applicable from reporting periods closed or in progress as at 31 December 2021.

For further information on the breakdown of revenues from customer contracts, please refer to the information in the Directors’ Report - Results by Business Segment.

2.2 Fee and commission expense: analysis

	2021	2020
a) Financial instruments	**7**	**3**
of which: trading in financial instruments	7	3
of which: placement of financial instruments	-	-
of which: individual portfolio management	-	-
- Proprietary	-	-
- Delegated to third parties	-	-
b) Clearing and Settlement	**-**	**-**
c) Collective portfolio management	**50**	**78**
1. Proprietary	10	9
2. Delegated to third parties	40	69
d) Custody and administration	**28**	**15**
e) Collection and payment services	**18**	**13**
of which: credit cards, debit cards and other payment cards	12	8
f) Servicing activities for securitisation transactions	**-**	**-**
g) Commitments to receive funds	**-**	**-**
h) Financial guarantees received	**8**	**8**
of which: credit derivatives	-	-
i) Off-premises offer of financial instruments, products and services	**885**	**714**
j) Currency trading	**-**	**-**
k) Other fees and commission expenses	**32**	**8**
l) Securities lending transactions	**5**	**8**
Total	**1,033**	**847**

The figures for 2020 have been restated, where necessary, in order to adapt them to the provisions introduced with the 7th update of Circular no. 262/2005 "Bank Financial Statements: schedules and rules for preparation", issued by the Bank of Italy on 29 October 2021 and applicable from reporting periods closed or in progress as at 31 December 2021.

It should be noted that commission expenses relating to deferred bonuses to Personal Financial Advisers recognised in the balance sheet as at 31 December 2020 amounted to €45m.

SECTION 3 - DIVIDENDS AND SIMILAR INCOME - ITEM 70

3.1 Dividends and similar income: analysis

	2021		2020	
	DIVIDENDS	SIMILAR INCOME	DIVIDENDS	SIMILAR INCOME
A. Financial assets held for trading	-	-	-	-
B. Financial assets mandatorily measured at fair value	2	-	-	-
C. Financial assets measured at fair value through other comprehensive income	-	-	-	-
D. Equity investments	-	-	-	-
Total	**2**	**-**	**-**	**-**

SECTION 4 - NET PROFIT (LOSS) ON TRADING ACTIVITIES - ITEM 80

4.1 Net profit (loss) on trading activities: analysis

	PROFIT	TRADING PROFITS	LOSS	TRADING LOSSES	NET PROFITS (LOSSES)
1. Financial assets held for trading	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-
1.2 Equities	-	-	-	-	-
1.3 Units in mutual funds	-	-	-	-	-
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Debts	-	-	-	-	-
2.3 Other	-	-	-	-	-
Other financial assets and liabilities: exchange rate differences	**X**	**X**	**X**	**X**	**41**
3. Derivatives	**-**	**4**	**-**	**-**	**(11)**
3.1 Financial derivatives:	-	4	-	-	(11)
- Debt derivatives and interest rate derivatives	-	4	-	-	4
- Equity derivatives and index derivatives	-	-	-	-	-
- Currencies and gold	X	X	X	X	(15)
- Other	-	-		-	-
3.2 Credit derivatives	-	-	-	-	-
of which: natural hedges connected with fair value option	X	X	X	X	-
Total	**-**	**4**	**-**	**-**	**30**

SECTION 5 - NET PROFIT (LOSS) ON HEDGING DERIVATIVES - ITEM 90

5.1 Net profit (loss) on hedging derivatives: analysis

	2021	2020
A. Profit on:		
A.1 Fair value hedge derivatives	233	8
A.2 Hedged financial assets (fair value)	2	88
A.3 Hedged financial liabilities (fair value)	4	-
A.4 Financial derivatives hedging financial flows	-	-
A.5 Assets and liabilities denominated in foreign currencies	-	-
Total profit on hedging derivatives (A)	**239**	**96**
B. Loss on:		
B.1 Fair value hedge derivatives	(5)	(84)
B.2 Hedged financial assets (fair value)	(235)	(8)
B.3 Hedged financial liabilities (fair value)	-	-
B.4 Financial derivatives hedging financial flows	-	-
B.5 Assets and liabilities denominated in foreign currencies	-	-
Total loss on hedging derivatives (B)	**(240)**	**(92)**
C. Net profit (loss) on hedging derivatives (A-B)	**(1)**	**4**
of which: net profit (loss) of hedges on net positions	-	-

SECTION 6 - NET PROFIT (LOSS) ON SALES/REPURCHASES - ITEM 100

6.1 Net profit (loss) on sales/repurchases: analysis

	2021			2020		
	PROFITS	LOSSES	NET PROFITS (LOSSES)	PROFITS	LOSSES	NET PROFITS (LOSSES)
Financial assets						
1. Financial assets measured at amortised cost	1	(4)	(3)	6	(5)	1
1.1 Loans and advances to banks	-	-	-	6	-	6
1.2 Loans and advances to customers	1	(4)	(3)	-	(5)	(5)
2. Financial assets measured at fair value through other comprehensive income	10	(4)	6	8	(3)	5
2.1 Debt securities	10	(4)	6	8	(3)	5
2.2 Loans	-	-	-	-	-	-
Total assets	**11**	**(8)**	**3**	**14**	**(8)**	**6**
Financial liabilities measured at amortised cost						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Debt on issue	-	-	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**

SECTION 7 - NET PROFIT (LOSS) ON OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - ITEM 110

7.2 Net change in the value of other financial assets and liabilities measured at fair value through profit or loss: analysis of the other financial assets mandatorily measured at fair value

	PROFIT	PROFIT ON DISPOSAL	LOSS	LOSS ON DISPOSAL	NET PROFITS (LOSSES)
1. Financial assets	**38**	**2**	**(6)**	**-**	**34**
1.1 Debt securities (*)	32	-	-	-	32
1.2 Equities	3	2	-	-	5
1.3 Units in mutual funds	3	-	(6)	-	(3)
1.4 Loans	-	-	-	-	-
2. Financial assets: exchange rate differences	**X**	**X**	**X**	**X**	**-**
Total	**38**	**2**	**(6)**	**-**	**34**

(*) The gains mainly regarded the insurance policies taken out as part of the Personal Financial Adviser loyalty schemes.

SECTION 8 - NET IMPAIRMENT FOR CREDIT RISK - ITEM 130

8.1 Net impairment for credit risk related to financial assets measured at amortised cost: analysis

	WRITE-DOWNS						WRITE-BACKS				2021	2020
	FIRST STAGE	SECOND STAGE	THIRD STAGE		PURCHASED OR ORIGINATED IMPAIRED		FIRST STAGE	SECOND STAGE	THIRD STAGE	PURCHASED OR ORIGINATED IMPAIRED		
			WRITE-OFF	OTHER	WRITE-OFF	OTHER						
A. Loans and advances to banks	**(5)**	**-**	**-**	**-**	**-**	**-**	**12**	**-**	**-**	**-**	**7**	**(4)**
- Loans	(3)	-	-	-	-	-	8	-	-	-	5	(3)
- Debt securities	(2)	-	-	-	-	-	4	-	-	-	2	(1)
B. Loans and advances to customers	**(4)**	**(8)**	**-**	**(5)**	**-**	**-**	**6**	**3**	**5**	**-**	**(3)**	**(2)**
- Loans	(3)	(6)	-	(5)	-	-	6	3	5	-	-	(7)
- Debt securities	(1)	(2)	-	-	-	-	-	-	-	-	(3)	5
Total	**(9)**	**(8)**	**-**	**(5)**	**-**	**-**	**18**	**3**	**5**	**-**	**4**	**(6)**

8.2 Net impairment for credit risk related to financial assets measured at fair value through other comprehensive income: analysis

	WRITE-DOWNS						WRITE-BACKS				2021	2020
	FIRST STAGE	SECOND STAGE	THIRD STAGE		PURCHASED OR ORIGINATED IMPAIRED		FIRST STAGE	SECOND STAGE	THIRD STAGE	PURCHASED OR ORIGINATED IMPAIRED		
			WRITE-OFF	OTHER	WRITE-OFF	OTHER						
A. Debt securities	-	-	-	-	-	-	2	-	-	-	2	(1)
B. Loans	-	-	-	-	-	-	-	-	-	-	-	-
- Due to customers	-	-	-	-	-	-	-	-	-	-	-	-
- Due to banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**-**	**-**	**-**	**2**	**(1)**

SECTION 12 - ADMINISTRATIVE EXPENSES - ITEM 190

12.1 Personnel expenses: analysis

	2021	2020
1) Employees	**456**	**388**
a) Wages and salaries	316	242
b) Social security contributions	75	60
c) Termination indemnities	3	2
d) Pension costs	-	-
e) Provision for employee termination indemnities	-	1
f) Provision for retirement benefits and similar obligations:	-	-
- defined contribution	-	-
- defined benefit	-	-
g) Payments to external supplementary pension funds:	23	19
- defined contribution	18	16
- defined benefit	5	3
h) Costs arising from payment agreement based on own equity instruments	-	-
i) Other employee benefits (*)	39	64
2) Other staff	**2**	**1**
3) Directors and auditors	**4**	**3**
4) Retired staff	**-**	**-**
Total	**462**	**392**

(*) This item includes €11m for the accrual to the Provisions for Redundancies prescribed by the Integration Memorandum of November 2021. In 2020 the item included €40m for the accrual to the Provisions for Redundancies provided for by the Integration Memorandum of September 2020.

12.2 Average number of employees by category

	2021	2020
Employees:	**3,838**	**3,001**
a) Directors	140	91
b) Executive Management	2,262	1,841
c) Other employees	1,436	1,069
Other staff	**39**	**25**

The average headcount in 2021 increased compared to 2020 due to both the inclusion of IW Bank and Reyl & Cie in the consolidation area and the acquisition of the Ubi Top Private Unit.

12.4 Other employee benefits

These mainly comprised the provisions for voluntary redundancy, the provisions accrued for seniority bonuses, the company contributions to the Health Fund, and the canteen contributions.

12.5 Other administrative expenses: analysis

	2021	2020
IT costs	**48**	**37**
Maintenance costs for IT services and electronic equipment	42	35
Telephone, broadcasting and data transmission costs	6	2
Property management costs	**17**	**14**
Property rent and building charges	4	3
Security	1	1
Cleaning	3	3
Building maintenance	4	3
Power	4	3
Miscellaneous building costs	1	1
General operating expenses	**23**	**23**
Printed material, stationery, consumables and publications	2	2
Transport and other related services (including counting of valuables)	2	4
Search and information services	15	14
Postage and telegraphic expenses	4	3
Professional and insurance costs	**33**	**22**
Professional advice	20	12
Legal advice and court fees	6	4
Bank and customer insurance premiums	7	6
Promotional and advertising expenses	**7**	**6**
Services by third parties	**20**	**19**
Expenses for outsourcing within the Group	**122**	**79**
Costs related to banking system	**47**	**32**
Indirect personnel expenses	**5**	**3**
Other expenses	**6**	**5**
Indirect taxes	**337**	**265**
Total other administrative expenses	**665**	**505**

SECTION 13 - NET PROVISIONS FOR RISKS AND CHARGES - ITEM 200

13.1 Net provisions for credit risk associated with commitments to grant funds and financial guarantees issued: analysis

	2021		
	PROVISIONS	REALLOCATIONS	TOTAL
Commitments to grant finance	(2)	2	-
Financial guarantees issued	-	1	1

13.3 Net provisions to other provisions for risks and charges: analysis

	2021		
	PROVISIONS	REALLOCATIONS	TOTAL
Termination of Personal Financial Adviser agency agreements	(29)	3	(26)
Lawsuits and tax disputes	(10)	3	(7)
Costs relating to the Personal Financial Adviser Networks' Loyalty Schemes	(32)	2	(30)
Other	-	-	-
Total	**(71)**	**8**	**(63)**

SECTION 14 - DEPRECIATION OF PROPERTY AND EQUIPMENT - ITEM 210

14.1 Depreciation of property and equipment: analysis

	DEPRECIATION	NET ADJUSTMENTS FOR IMPAIRMENT LOSSES	WRITE-BACKS	NET PROFIT (LOSS)
A. Property and equipment				
1. Functional property and equipment	(54)	-	-	(54)
- Owned	(5)	-	-	(5)
- Rights of use acquired under lease	(49)	-	-	(49)
2. Investment property and equipment	-	-	-	-
- Owned	-	-	-	-
- Rights of use acquired under lease	-	-	-	-
3. Inventories	X	-	-	-
Total	**(54)**	**-**	**-**	**(54)**

SECTION 15 - AMORTISATION OF INTANGIBLE ASSETS - ITEM 220

15.1 Amortisation of intangible assets: analysis

	AMORTISATION	NET ADJUSTMENTS FOR IMPAIRMENT LOSSES	WRITE-BACKS	NET PROFIT (LOSS)
A. Intangible assets				
of which: software	(6)	-	-	(6)
A.1 Owned	(37)	-	-	(37)
- Generated internally	(6)	-	-	(6)
- Other	(31)	-	-	(31)
A.2 Rights of use acquired under lease	-	-	-	-
Total	**(37)**	**-**	**-**	**(37)**

SECTION 16 - OTHER INCOME (EXPENSE) - ITEM 230

16.1 Other expense: analysis

Depreciation of leasehold improvements	4
Consolidation charges	2
Settlements for lawsuits	1
Charges related to Personal Financial Advisers	1
Other expenses	5
Total 2021	**13**
Total 2020	**10**

16.2 Other income: analysis

Recovery of indirect taxes	331
Income on leases	1
Other income	15
Total 2021	**347**
Total 2020	**266**

SECTION 17 - PROFIT (LOSS) ON EQUITY INVESTMENTS - ITEM 250

17.1 Profit (loss) on equity investments: analysis

	2021	2020
1) Jointly-controlled entities		
A. Income	-	-
1. Revaluations	-	-
2. Profit on sales	-	-
3. Write-backs	-	-
4. Other income	-	-
B. Expenses	-	-
1. Write-downs	-	-
2. Impairment	-	-
3. Losses from sales	-	-
4. Other	-	-
Net profit (loss)	**-**	**-**
2) Entities subject to significant influence		
A. Income	18	11
1. Revaluations	18	11
2. Profit on sales	-	-
3. Write-backs	-	-
4. Other income	-	-
B. Expenses	3	1
1. Write-downs	3	1
2. Impairment	-	-
3. Losses from sales	-	-
4. Other	-	-
Net profit (loss)	**15**	**10**
Total	**15**	**10**

The items “Revaluations” and “Write-downs” consist of the income and expenses, respectively, that derive from the equity investments carried at equity.

SECTION 20 - GAIN (LOSS) ON DISPOSAL OF INVESTMENTS - ITEM 280

20.1 Gain (Loss) on disposal of investments: analysis

	2021	2020
A. Properties	**-**	**-**
- Gains on disposal	-	-
- Losses on disposal	-	-
B. Other assets	**219**	**-**
- Gains on disposal	219	-
- Losses on disposal	-	-
Net profits (losses)	**219**	**-**

The item refers to gain realised on the sale of the Depositary and Fund Administration Business unit of Fideuram Bank (Luxembourg).

SECTION 21 - INCOME TAXES FOR THE YEAR ON CONTINUING OPERATIONS - ITEM 300

21.1 Income taxes for the year on continuing operations: analysis

	2021	2020
1. Current taxes (-)	(420)	(344)
2. Changes to current taxes for prior years (+/-)	5	14
3. Reduction in current taxes (+)	-	-
3.bis Reduction in current taxes due to tax credit pursuant to Italian Law No. 214/2011 (+)	1	-
4. Change in deferred tax assets (+/-)	(26)	13
5. Change in deferred tax liabilities (+/-)	(16)	(23)
6. Taxes for the year (-)	**(456)**	**(340)**

21.2 Reconciliation of theoretical tax burden and actual financial statement tax burden

	2021
Taxable income	**1,577**
Standard tax rate applicable	33%
Theoretical tax burden	520
Tax impact with respect to:	
Different tax rates applying to foreign subsidiaries	(70)
IRAP regional business tax and minor effects	6
Actual tax burden	**456**

SECTION 23 - NET PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO NON-CONTROLLING INTERESTS - ITEM 340

23.1 Detail of item 340 “Profit (loss) for the year of non-controlling interests”

	2021	2020
Equity investments in consolidated companies with significant non-controlling interests		
1. Intesa Sanpaolo Private Banking S.p.A. (*)	(24)	-
2. Reyl & Cie S.A.	(1)	-
3. Asteria Investments Managers S.A.	1	-
4. Intesa Sanpaolo Private Bank (Suisse) Morval	4	1
Other equity investments	**-**	**-**
Total	**(20)**	**1**

(*) Profit of non-controlling interests of Intesa Sanpaolo Private Banking refers to the 10.2% of the share capital acquired by Intesa Sanpaolo as part of the spin-off of the UBI Top Private Unit. Intesa Sanpaolo Private Banking shares were held by Intesa Sanpaolo during the period April 2021 through November 2021 and were repurchased by Fideuram in December 2021.

SECTION 24 - OTHER INFORMATION

In 2021 the Fideuram Group received no public subsidies to be reported pursuant to Article 35 of Decree Law No. 34/2019 ("growth decree"), converted by Law No. 58/2019, which imposes transparency obligations on information about grants, subsidies, benefits, contributions or aid in cash or in kind, "that are not general and are not in the form of consideration, remuneration or compensation", effectively paid out by the public administrations and by the parties envisaged in Article 2-bis of Legislative Decree No. 33/2013.

SECTION 25 - EARNINGS PER SHARE

Earnings per share

	2021		2020	
	ORDINARY SHARES	**SAVINGS SHARES**	**ORDINARY SHARES**	**SAVINGS SHARES**
Weighted average shares (number)	1,500,000,000	-	1,500,000,000	-
Income attributable to different share classes (€m)	1,101	-	817	-
Basic earnings per share (€)	0.734	-	0.545	-
Diluted earnings per share (€)	0.734	-	0.545	-

PART D - TOTAL COMPREHENSIVE INCOME

COMPONENTS OF TOTAL COMPREHENSIVE INCOME

		2021	2020
10.	**Net Profit (Loss) for the year**	**1,121**	**816**
	Other comprehensive income not transferred to the income statement:	**17**	**(6)**
20.	Equity instruments measured at fair value through other comprehensive income	4	-
	a) changes in fair value	4	-
	b) transfers to other components of shareholders' equity	-	-
30.	Financial liabilities measured at fair value through profit or loss (changes in own credit rating):	-	-
	a) changes in fair value	-	-
	b) transfers to other components of shareholders' equity	-	-
40.	Hedging of equity instruments measured at fair value through other comprehensive income	-	-
	a) changes in fair value (hedged instrument)	-	-
	b) changes in fair value (hedging instrument)	-	-
50.	Property and equipment	-	(1)
60.	Intangible assets	-	-
70.	Defined-benefit plans	11	(12)
80.	Non-current assets held for sale and discontinued operations	-	-
90.	Valuation reserves related to investments carried at equity	-	-
100.	Income tax on comprehensive income not transferred to the income statement	2	7
	Other comprehensive income that may be transferred to the income statement	**4**	**14**
110.	Hedging of net investments in foreign operations:	-	-
	a) changes in fair value	-	-
	b) transfers to income statement	-	-
	c) other changes	-	-
120.	Exchange rate differences:	25	-
	a) changes in value	-	-
	b) transfers to income statement	-	-
	c) other changes	25	-
130.	Cash flow hedges:	(12)	7
	a) changes in fair value	(12)	7
	b) transfers to income statement	-	-
	c) other changes	-	-
	of which: result of net positions	-	-
140.	Hedging instruments (undesignated elements):	-	-
	a) changes in value	-	-
	b) transfers to income statement	-	-
	c) other changes	-	-
150.	Financial assets (other than equity instruments) measured at fair value through other comprehensive income:	(9)	6
	a) changes in fair value	(2)	12
	b) transfers to income statement	(4)	(7)
	- adjustments for credit risk	-	-
	- income/losses on disposal	(4)	(7)
	c) other changes	(3)	1
160.	Non-current assets held for sale and discontinued operations:	-	-
	a) changes in fair value	-	-
	b) transfers to income statement	-	-
	c) other changes	-	-
170.	Valuation reserves related to investments carried at equity:	(4)	7
	a) changes in fair value	(3)	7
	b) transfers to income statement	-	-
	- adjustments for impairment losses	-	-
	- income/losses on disposal	-	-
	c) other changes	(1)	-
180.	Income tax on comprehensive income transferred to the income statement	4	(6)
190.	**Total other comprehensive income**	**21**	**8**
200.	**Total comprehensive income (Item 10+190)**	**1,142**	**824**
210.	Total comprehensive income attributable to non-controlling interests	20	(1)
220.	**Total comprehensive income attributable to parent company**	**1,122**	**825**

PART E - INFORMATION ON RISK AND RELATED HEDGING POLICIES

INTRODUCTION

The Fideuram Group considers the effective management and organisation of risk control essential for ensuring the dependable and sustainable creation of value in a context of controlled risk, in which adequate capital, stable profits, substantial liquidity and a strong reputation form the foundation for maintaining present and future profitability.

Our risk management strategy is based on a complete and coherent vision of risk, considering both the macroeconomic scenario and the specific risk profile of the Group, stimulating the growth of risk culture and strengthening our transparent presentation of portfolio risk.

The underlying principles of risk management and control organisation are as follows:

- clearly identify the responsibilities pertaining to the assumption of risks;
- implement measurement and control systems aligned with international best practice;
- maintain organisational separation of the departments responsible for management and the departments responsible for control.

The Fideuram Group has formulated Risk Management Guidelines which implement the Guidelines issued by Intesa Sanpaolo. These documents specify the roles and responsibilities of the Company Bodies, departments and units, together with the methods and procedures required to ensure prudent corporate risk management.

The Company Bodies play a core role in the Group's risk management and control, each of which has specified competencies for ensuring appropriate risk management, identifying strategic and management policies, continuously verifying their effectiveness and specifying the duties and responsibilities of the departments and units involved in the processes.

The following are involved in this work:

- the Company Bodies (Board of Directors and Board of Statutory Auditors);
- CEO and Joint General Managers;
- the Internal Audit Department;
- the Chief Financial Officer;
- the Banking Services, Finance and Treasury departments, each in their respective areas of responsibility;
- Corporate Affairs;
- the Chief Risk Officer.

Fideuram - Intesa Sanpaolo Private Banking has also established special committees, which have consultative roles and duties that include monitoring the risk management process and disseminating risk culture.

The Chief Risk Officer is responsible for the following in the risk management process:

- drawing up risk management guidelines and policies in line with the Group's strategies and objectives as well as Intesa Sanpaolo's guidelines, and coordinating their implementation;
- ensuring effective measurement and control of exposure to the various different types of risk.

The Chief Risk Officer is independent from the company units with operational management duties in risk areas, and reports hierarchically to the CEO and General Manager and functionally to Intesa Sanpaolo's Chief Risk Officer.

The dissemination of risk culture is supported through the publication and constant updating of internal regulations and through special training and refresher training courses for the personnel involved, using training catalogue courses and dedicated class-based training courses.

SECTION 1 - RISKS FROM CONSOLIDATION

QUANTITATIVE INFORMATION

A. CREDIT QUALITY

A.1 Non-performing and performing credit exposures: amounts, adjustments, changes, and financial distribution

A.1.1 Analysis of financial assets by asset class and credit quality (book value)

ASSET CLASS/QUALITY	DOUBTFUL LOANS	UNLIKELY TO PAY	NON-PERFORMING PAST DUE EXPOSURES	PERFORMING PAST DUE EXPOSURES	PERFORMING EXPOSURES	TOTAL
1. Financial assets measured at amortised cost	1	22	14	102	54,804	54,943
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	2,880	2,880
3. Financial assets measured at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	489	489
5. Financial assets held for sale	-	-	-	-	-	-
Total 31.12.2021	**1**	**22**	**14**	**102**	**58,173**	**58,312**
Total 31.12.2020	**1**	**20**	**13**	**66**	**46,068**	**46,168**

The figures as at 31 December 2020 have been restated, where necessary, in order to adapt them to the provisions introduced with the 7th update of Circular no. 262/2005 "Bank Financial Statements: schedules and rules for preparation", issued by the Bank of Italy on 29 October 2021 and applicable from reporting periods closed or in progress as at 31 December 2021.

A.1.2 Analysis of financial assets by asset class and credit quality (gross and net amounts)

ASSET CLASS/ QUALITY	NON-PERFORMING				PERFORMING			TOTAL (NET EXPOSURE)
	GROSS EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL PARTIAL WRITE-OFFS	GROSS EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	
1. Financial assets measured at amortised cost	55	(18)	37	-	54,944	(38)	54,906	54,943
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	2,881	(1)	2,880	2,880
3. Financial assets measured at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	X	X	489	489
5. Financial assets held for sale	-	-	-	-	-	-	-	-
Total 31.12.2021	**55**	**(18)**	**37**	**-**	**57,825**	**(39)**	**58,275**	**58,312**
Total 31.12.2020	**51**	**(17)**	**34**	**-**	**45,837**	**(40)**	**46,134**	**46,168**

The figures as at 31 December 2020 have been restated, where necessary, in order to adapt them to the provisions introduced with the 7th update of Circular no. 262/2005 "Bank Financial Statements: schedules and rules for preparation", issued by the Bank of Italy on 29 October 2021 and applicable from reporting periods closed or in progress as at 31 December 2021.

ASSET CLASS/QUALITY	ASSETS WITH CLEARLY LOW CREDIT QUALITY		OTHER ASSETS
	ACCRUED LOSSES	NET EXPOSURE	NET EXPOSURE
1. Financial assets held for trading	-	-	17
2. Hedging derivatives	-	-	32
Total 31.12.2021	**-**	**-**	**49**
Total 31.12.2020	**-**	**-**	**63**

B. DISCLOSURES ON STRUCTURED ENTITIES (OTHER THAN SECURITISATION VEHICLES)

B.2 Unconsolidated structured entities

B.2.2 Other structured entities

QUANTITATIVE INFORMATION

BALANCE SHEET ITEMS / TYPE OF STRUCTURED ENTITY	ACCOUNTING PORTFOLIOS UNDER ASSETS	TOTAL ASSETS (A)	ACCOUNTING PORTFOLIOS UNDER LIABILITES	TOTAL LIABILITIES (B)	NET BOOK VALUE (C = A - B)	MAXIMUM EXPOSURE TO RISK OF LOSS (D)	DIFFERENCE BETWEEN EXPOSURE TO RISK OF LOSS AND BOOK VALUE (E = D - C)
Mutual Fund	Other financial assets mandatorily measured at fair value	23		-	23	23	-

SECTION 2 - RISKS FROM PRUDENTIAL CONSOLIDATION

1.1 CREDIT RISK

QUALITATIVE INFORMATION

1. GENERAL INFORMATION

The Fideuram Group's lending activities support its core business of providing investment services to private customers. Loans and advances to customers principally consist of repayable-upon-demand current account overdrafts to counterparties who also receive investment services. Loans are mainly granted by agreeing a current account overdraft facility and are linked directly to the bank's private banking business. Lines of credit granted are normally secured by collateral in the form of pledges on products distributed by the Group (mutual funds and asset management), or equities or bonds listed on major regulated markets, or to a marginal extent by irrevocable mandates to sell financial instruments selected from those distributed within the Group. Loans and advances to banks consist of short-term interbank loans, principally to Intesa Sanpaolo and leading banks in the eurozone.

Impacts of the Covid-19 pandemic

As regards credit ratings, the Group has maintained an overall prudent approach.

On the one hand, after the progressive improvements observed during the year, the economic situation confirmed the recovery both in the final figures for 2021 and in the forecasts for the following three-year period drawn up by the various Authorities. Therefore, considering the lesser uncertainty characterising the process of estimating projections, the Group has deemed it appropriate to return to the use of scenarios produced internally by the Research Department as input to the ECL models, thus ensuring consistency with the scenarios used in other valuation (e.g., impairment tests on intangible assets) and estimate processes (e.g., new Business Plan).

This choice also appears to be reasonable considering the substantial convergence between the forecasts produced internally and those prepared by the European Central Bank and the Bank of Italy.

On the other hand, the Group has adopted a cautious approach in estimating adjustments as the Covid-19 emergency cannot be considered over yet and therefore the so-called "management overlays" introduced in 2020 have been kept in place, and in some cases reinforced, in order to take into account a potential worsening of credit risk in the future that may not be adequately detected by the models in use. In particular, overlays aimed at considering the greater vulnerability of positions covered by moratoria with an increase in the prospective estimate of default flows were maintained.

On the other hand, the mitigating effect on the estimate of prospective default flows deriving from the greater liquidity provided through the support of government guarantees was significantly reduced: this overlay had been introduced with a limited two-year horizon starting in mid-2020.

In addition, the extraordinary triggers for slippage to Stage 2 have been further strengthened in order to consider aspects of specific and greater vulnerability of the counterparties most impacted by the context triggered by the pandemic, applied not only to moratoria not yet expired at the end of the year, but also to those expired but with payment resumption deadlines that have not elapsed yet.

2. CREDIT RISK MANAGEMENT POLICIES

2.1 Organisational aspects

The credit risk management policy, which is integrated and consistent with the guidelines issued by Intesa Sanpaolo, is subject to approval by the Corporate Bodies of Fideuram, which have the prerogative of making strategic risk management decisions for the Fideuram Group. The Group's credit risk policies are formulated by the Board of Directors and governed by internal lending regulations. These regulations ensure appropriate loan portfolio risk management, governing the authority to grant loans and specifying the company bodies so authorised, together with their related limits. The internal regulations also specify the organisational units responsible for managing credit risk, problem loans and non-performing loans. Credit risk management is carried out by a central unit that is separate from those in charge of granting and managing loans.

In the Fideuram Group, the authorisation levels for granting and managing loans are determined according to the face value of the granted loans (except for the subsidiary Intesa Sanpaolo Private Banking). A project is still underway for alignment with the decision-making RWA analogously to what has been adopted in the Intesa Sanpaolo Group, where the components that contribute to determination of the Risk Weighted Assets (RWA) constitute the key elements for determining the authority to grant and manage loans, within the limits of the Credit Risk Appetite (CRA) and the credit limit, pricing of the loan, calculation of the impairment on performing and non-performing exposures, and calculation of the economic and regulatory capital. The authority levels limit the decision-making authority at the time the loan is granted, by specifying the delegated professionals and the decision-making procedures for the loans made to individual counterparties. If the granted loan exceeds specific limits, a "Compliance Opinion" must be requested from the delegated bodies of Intesa Sanpaolo.

2.2 Management, measurement and control systems

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

2.3 Methods for measuring expected losses

The expected loss is the product of the exposure, the probability of default and the Loss Given Default.

In the Group, the probability of default is measured with rating models that differ according to the operating segment of the counterparty (Corporate, SME Retail, Retail, Sovereign States, Public Sector Entities and Banks). These models, developed by Intesa Sanpaolo, make it possible to summarise the counterparty's credit quality in a single measure, called the rating, which reflects the probability of default with a one year horizon, calibrated to the average level of the business cycle. Moreover, the calculated rating is reconciled with the classifications of official rating agencies on the basis of a uniform reference scale.

The LGD models are based on the notion of "Economic LGD", i.e. the discounted value of cash flows received during the various phases of the recovery process net of any directly applicable administrative costs and the indirect management costs borne by the Group. The calculation of the LGD relies on models that are differentiated according to operating segment (Corporate, SME Retail, Retail, Factoring, Leasing, Public Entities and Banks). For banks, the model used to determine the Loss Given Default (LGD) diverges partly from the models developed for the other segments insofar as the model used to make estimates is based on the prices of the debt instruments observed 30 days after the official default date and related to a sample of banks that have defaulted worldwide, acquired from an external source.

Calculation of the exposure at default (EAD) uses specialised models that differ according to the operating segment (Corporate, SME Retail, Retail, Factoring, Leasing, Public Entities and Banks) and also considers the percentage of available but unused margin of a certain credit line that will be transformed into an exposure over a given time horizon (so called Credit Conversion Factor - CCF).

The expected loss (EL) estimation process is implemented consistently with supervisory regulations and is based on the same risk parameters used for the AIRB models described above. When determining the impairment of credit exposures, these parameters are adapted to assure full compliance with the requirements imposed by IFRS 9, which requires adoption of a point-in-time approach to incorporate in the calculation process all information available at the time of the measurement, including prospective information, such as macroeconomic scenarios and estimates, while the approach adopted in development of the internal models used to determine regulatory capital instead requires that the ratings be calibrated on the expected average level of the business cycle over the long-term ("Through the Cycle"), and thereby only partially reflecting current conditions.

The impairment of performing loans and past due loans is determined based on an expected loss impairment model to obtain more timely recognition of credit losses in profit or loss. IFRS 9 requires entities to recognise expected credit losses in the 12 months (Stage 1) after initial recognition of a financial instrument, resulting from the product of PD, EAD and LGD. However, the time horizon for calculating expected loss becomes the entire residual life of the asset when there has been any significant deterioration in the credit quality of the financial instrument since initial recognition (Stage 2) or if the financial instrument is impaired (Stage 3).

The illustrated measurement method is also extended to endorsement credit and commitments. In regard to the latter, the unused margins on irrevocable credit lines are not included in the calculation base.

Measurement of expected losses

In 2021 there were lower net impairment losses on performing loans to customers of €5m. The change is mainly due to the decrease in the impairment percentage applied to intercompany exposures (from 0.054% at the end of 2020 to 0.028% at the end of 2021). On the other hand, there was an increase in ECL on loans to customers, due to an increase in assets of around 20% in loans resulting from the acquisition of the UBI Top Private Unit and the inclusion of the subsidiaries IW Bank and Reyl in the Group.

2.4 Credit risk mitigation techniques

In order to mitigate the credit risk of loans and advances to customers, the Group normally obtains collateral, bank guarantees or irrevocable mandates to sell financial instruments. The types of collateral obtained are principally products distributed by the Fideuram Group (mutual funds and asset management) or financial instruments listed on major regulated markets. Bonds are only accepted as collateral if the issuer or loan has an appropriate rating (by leading rating agencies).

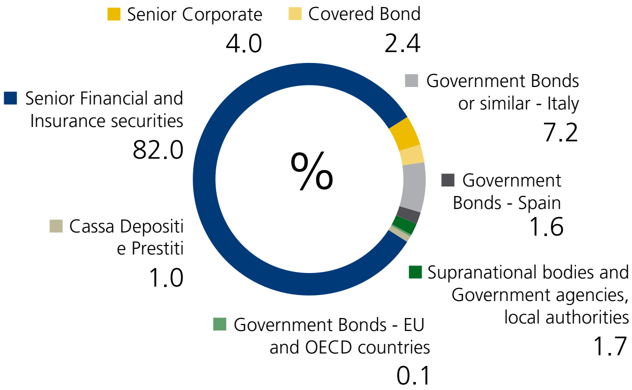
The value of the financial instruments obtained as collateral is discounted differentially in relation to the type of product and technical form concerned, as a precautionary measure when calculating the credit limit to be granted, with a view to protecting the Group against any fluctuations in market value. The concentration of collateral in issuers is very low, except for mutual funds and other products distributed by the Fideuram Group. There were no encumbrances at the time this report was prepared capable of undermining the legal validity of any collateral, which is moreover subject to periodic verification.

The Group uses bilateral netting agreements, which offset creditor and debtor positions in the event of the default of one counterparty, to mitigate the counterparty risk in Security Financing Transactions (SFT), specifically securities lending transactions and repurchase agreements. Aside from what has already been indicated (bilateral netting), when OTC (unregulated) derivatives are subject to a Clearing House, counterparty risk is mitigated through an additional level of collateralization represented by centralised margining. ISDA and ISMA/GMRA agreements are used to this end, which also allow to reduce the regulatory capital allocation while operating in accordance with the supervisory regulations.

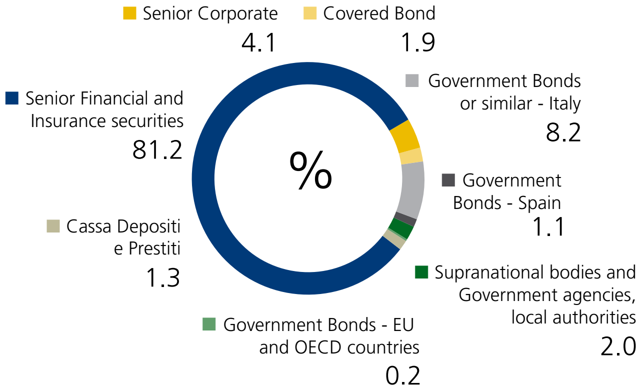
At 31 December 2021, the Group portfolio was broken down as follows by product type and rating class.

Analysis by product type

31.12.2021

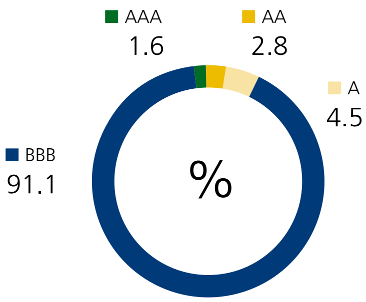


31.12.2020

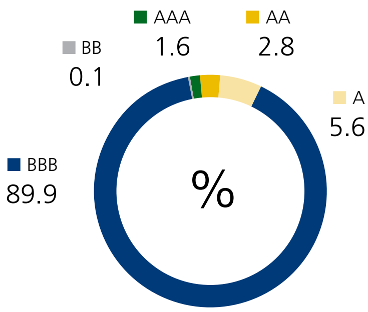


Analysis by rating class

31.12.2021



31.12.2020



3. NON-PERFORMING EXPOSURES

3.1 Management strategies and policies

The potential impairment of assets undergoes detailed ongoing monitoring, examining overdue/past due positions and carefully analysing all the other indicators available. Loans assessed as high risk, confirmed over time, are identified and allocated to different categories according to their risk profile.
Exposures to insolvent parties (even if insolvency has not been declared by court order) or parties in substantially equivalent situations are classified as doubtful loans, regardless of any loss estimates prepared by the intermediary.
Exposures where the borrower is assessed as being unlikely to meet their payment obligations in full (principal and/or interest) are classified as unlikely to pay loans.
Lastly, loans that are past due and/or overdue which have exceeded the objective overdue payment conditions specified by the Bank of Italy are also considered problem loans.
The Group's internal lending regulations govern the procedures for transferring performing positions to non-performing assets, and specify the different types of problem loans, their management and the company bodies empowered to authorise the transfer of positions between different classes of loans.

Doubtful loans, net of adjustments, accounted for a very small percentage of total loans (0.01% of loans to customers). Loss forecasts are formulated analytically for each individual loan based on all the relevant valuation factors (debtor assets, employment income and estimated recovery date etc.). The valuations are examined at regular intervals and revised if any significant new elements emerge.

3.2 Write-off

Then, we recall that in the case of non-performing loans, the Fideuram Group uses full or partial cancellation/removal of bad debts (write-off), and consequently recognises a loss on the remaining part that has not yet been adjusted in the following cases:

a) irrecoverability of the loan, resulting from certain and precise elements (e.g. the debtor has disappeared and has no assets, failure to recover anything from forfeiture of assets and property, failed foreclosures, collective creditor actions that end without complete recovery, if there are no additional guarantees that can be effectively enforced, etc.);
b) waiver of claim, consequent to unilateral forgiveness of the debt or the remaining debt when settlement agreements are made;
c) assignments of loans.

Any recoveries from collection after the write-off are recognised under reversals of impairment on profit or loss.

3.3 Purchased or originated credit-impaired financial assets

In accordance with IFRS 9, the loans that are considered impaired from the very moment of their initial recognition in the balance sheet, due to the high credit risk associated with them, are defined as Purchased or Originated Credit-Impaired Asset (POCI). If they fall within the scope of application of impairment under IFRS 9, these loans are measured by creating, from their initial recognition date, provisions to cover the losses that cover the entire remaining lifetime of the loan (Expected Credit Loss lifetime). Since these are impaired loans, they initially have to be recognised as Stage 3, notwithstanding the possibility of being moved during their lifetime to Stage 2 if, according to the credit risk analysis, they are no longer impaired.
There were POCI positions amounting to approx. €3.8m from IW Bank in the portfolio of the Fideuram Group at 31 December 2021.

4. FINANCIAL ASSETS SUBJECT TO COMMERCIAL RENEGOTIATION AND FORBORNE EXPOSURES

Forbearance measures represent the forbearance offered to a debtor who is facing, or is about to face difficulties in satisfying his own payment obligations (troubled debt). The term "forbearance" means both the contractual amendments that are accorded to the debtor in financial difficulty (modification) and the disbursement of a new loan so that the pre-existing obligation can be satisfied (refinancing). Forbearance also refers to the contractual modifications which the debtor may freely request under a contract that has already been signed, but only if the creditor believes that debtor is in financial difficulty (embedded forbearance clauses). Therefore, the notion of "forborne" has to exclude renegotiation of contracts for commercial reasons/practice that are made irrespective of the debtor's financial difficulties.

The exposures subject to forbearance measures ("forborne assets" or "forborne exposures") are necessarily identified on the basis of a "by transaction" approach, in accordance with the provisions of EBA regulations. In this context, "exposure" refers to the renegotiated contract and not to all of the exposures to the same debtor.

Unlike the forbearance measures, which concern the outstanding loans to counterparties in financial difficulty, renegotiations for commercial reasons involve debtors who are not in financial difficulty and include all the transactions aimed at adjusting the cost of the debt to market conditions.
These commercial renegotiations of loans involve a change in the original conditions of the contract, usually requested by the borrower and generally relating to aspects concerning the cost of the debt (or its duration), with a consequent economic benefit for the borrower. In general, whenever the Group carries out a renegotiation to avoid losing its customer, that renegotiation should be considered as substantial because, if it were not carried out, the customer would borrow from another intermediary and the Group would incur a decrease in expected future revenues.

Under specific conditions, these transactions are similar in accounting terms to the premature repayment of the original debt and the opening of a new loan.

With regard to the impact of economic support measures on the SICR assessment processes and the measurement of expected losses, reference is made to what is published in Part A - Accounting policies.

Loans and advances to customers: credit quality

(€m)

	31.12.2021		31.12.2020		CHANGE
	NET EXPOSURE	%	NET EXPOSURE	%	NET EXPOSURE
Doubtful loans	1	-	1	-	-
Unlikely to pay	22	-	20	-	2
Past due loans or overdue loans	14	-	13	-	1
Non-performing assets	**37**	**-**	**34**	**-**	**3**
Performing loans	13,796	86	9,821	80	3,975
Debt instruments	2,222	14	2,378	20	(156)
Loans and advances to customers	**16,055**	**100**	**12,233**	**100**	**3,822**

QUANTITATIVE INFORMATION

A. CREDIT QUALITY

A.1 Non-performing and performing credit exposures: amounts, adjustments, changes, and financial distribution

A.1.1 Prudential consolidation - Analysis of financial assets by past-due bands (book value)

PORTFOLIOS/ RISK STAGES	FIRST STAGE			SECOND STAGE			THIRD STAGE			IMPAIRED, PURCHASED OR ORIGINATED		
	BETWEEN 1 AND 30 DAYS	BETWEEN MORE THAN 30 DAYS AND 90 DAYS	OVER 90 DAYS	BETWEEN 1 AND 30 DAYS	BETWEEN MORE THAN 30 DAYS AND 90 DAYS	OVER 90 DAYS	BETWEEN 1 AND 30 DAYS	BETWEEN MORE THAN 30 DAYS AND 90 DAYS	OVER 90 DAYS	BETWEEN 1 AND 30 DAYS	BETWEEN MORE THAN 30 DAYS AND 90 DAYS	OVER 90 DAYS
1. Financial assets measured at amortised cost	47	12	3	31	7	2	1	1	32	-	-	3
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Total 31.12.2021	**47**	**12**	**3**	**31**	**7**	**2**	**1**	**1**	**32**	**-**	**-**	**3**
Total 31.12.2020	**24**	**6**	**2**	**8**	**18**	**8**	**1**	**1**	**32**	**-**	**-**	**-**

A.1.2 Prudential consolidation - Financial assets, commitments to grant funds and financial guarantees issued: changes in comprehensive adjustments and comprehensive provisions

REASONS /RISK STAGES	TOTAL NET ADJUSTMENTS											
	ASSETS FALLING IN FIRST STAGE						ASSETS FALLING IN SECOND STAGE					
	LOANS WITH CENTRAL BANKS ON DEMAND	FINANCIAL ASSETS MEASURED AT AMORTISED COST	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS HELD FOR SALE	OF WHICH: INDIVIDUAL WRITE-DOWNS	OF WHICH: COLLECTIVE WRITE-DOWNS	LOANS WITH CENTRAL BANKS ON DEMAND	FINANCIAL ASSETS MEASURED AT AMORTISED COST	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH COMPREHENSIVE INCOME	FINANCIAL ASSETS HELD FOR SALE	OF WHICH: INDIVIDUAL WRITE-DOWNS	OF WHICH: COLLECTIVE WRITE-DOWNS
Opening balance	**-**	**22**	**1**	**-**	**23**	**-**	**-**	**18**	**2**	**-**	**20**	**-**
Increases in purchased or originated financial assets	-	31	-	-	31	-	-	-	-	-	-	-
Cancellations other than write-offs	-	-	-	-	-	-	-	-	-	-	-	-
Net impairment for credit risk	1	(38)	-	-	(37)	-	-	2	(2)	-	-	-
Contractual changes without cancellation	-	-	-	-	-	-	-	-	-	-	-	-
Changes in estimation method	-	-	-	-	-	-	-	-	-	-	-	-
Write-off	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	2	-	-	2	-	-	1	-	-	1	-
Closing balance	**1**	**17**	**1**	**-**	**19**	**-**	**-**	**21**	**-**	**-**	**21**	**-**
Recoveries from collection on financial assets subject to write-off	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs recognised directly in income statement	-	-	-	-	-	-	-	-	-	-	-	-

A.1.3 Prudential consolidation - Financial assets, commitments to grant funds and financial guarantees issued: transfers between different credit risk stages (gross and face values)

PORTFOLIOS/RISK STAGES	GROSS VALUES/FACE VALUE					
	TRANSFERS BETWEEN FIRST STAGE AND SECOND STAGE		TRANSFERS BETWEEN SECOND STAGE AND THIRD STAGE		TRANSFERS BETWEEN FIRST STAGE AND THIRD STAGE	
	TRANSFERS FROM FIRST STAGE TO SECOND STAGE	TRANSFERS FROM SECOND STAGE TO FIRST STAGE	TRANSFERS FROM SECOND STAGE TO THIRD STAGE	TRANSFERS FROM THIRD STAGE TO SECOND STAGE	TRANSFERS FROM FIRST STAGE TO THIRD STAGE	TRANSFERS FROM THIRD STAGE TO FIRST STAGE
1. Financial assets measured at amortised cost	608	692	19	3	6	8
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-
4. Commitments to grant funds and financial guarantees issued	367	390	2	-	1	2
Total 31.12.2021	**975**	**1,082**	**21**	**3**	**7**	**10**
Total 31.12.2020	**1,027**	**949**	**77**	**39**	**5**	**29**

ASSETS FALLING IN THIRD STAGE						PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS					TOTAL PROVISIONS ON COMMITMENTS TO GRANT FUNDS AND FINANCIAL GUARANTEES ISSUED				TOTAL
LOANS WITH CENTRAL BANKS ON DEMAND	FINANCIAL ASSETS MEASURED AT AMORTISED COST	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS HELD FOR SALE	OF WHICH: INDIVIDUAL WRITE-DOWNS	OF WHICH: COLLECTIVE WRITE-DOWNS	FINANCIAL ASSETS MEASURED AT AMORTISED COST	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS HELD FOR SALE	OF WHICH: INDIVIDUAL WRITE-DOWNS	OF WHICH: COLLECTIVE WRITE-DOWNS	FIRST STAGE	SECOND STAGE	THIRD STAGE	COMMITMENTS TO GRANT FUNDS AND FINANCIAL GUARANTEES ISSUED IMPAIRED ACQUIRED OR ORIGINATED	
-	**17**	**-**	**-**	**17**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**2**	**-**	**-**	**63**
-	-	-	-	-	-	X	X	X	X	X	-	-	-	-	31
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	1	-	-	1	-	-	-	-	-	-	-	(1)	-	-	(37)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3
-	**18**	**-**	**-**	**18**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**1**	**-**	**-**	**60**
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

A.1.3a Loans covered by Covid-19 support measures: transfers between different credit risk stages (gross values)

PORTFOLIOS/RISK STAGES	GROSS VALUES/FACE VALUE					
	TRANSFERS BETWEEN FIRST STAGE AND SECOND STAGE		TRANSFERS BETWEEN SECOND STAGE AND THIRD STAGE		TRANSFERS BETWEEN FIRST STAGE AND THIRD STAGE	
	TRANSFERS FROM FIRST STAGE TO SECOND STAGE	TRANSFERS FROM SECOND STAGE TO FIRST STAGE	TRANSFERS FROM SECOND STAGE TO THIRD STAGE	TRANSFERS FROM THIRD STAGE TO SECOND STAGE	TRANSFERS FROM FIRST STAGE TO THIRD STAGE	TRANSFERS FROM THIRD STAGE TO FIRST STAGE
A. Financial assets measured at amortised cost	**-**	**-**	**-**	**-**	**-**	**-**
A.1 Forborne in compliance with the GL	-	-	-	-	-	-
A.2 Subject to existing moratorium measures that no longer comply with the GL and are not assessed as having been granted	-	-	-	-	-	-
A.3 Other forborne exposures	-	-	-	-	-	-
A.4 New loans	-	-	-	-	-	-
B. Loans measured at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**
B.1 Forborne in compliance with the GL	-	-	-	-	-	-
B.2 Subject to existing moratorium measures that no longer comply with the GL and are not assessed as having been granted	-	-	-	-	-	-
B.3 Other forborne exposures	-	-	-	-	-	-
B.4 New loans	-	-	-	-	-	-
Total 31.12.2021	**-**	**-**	**-**	**-**	**-**	**-**
Total 31.12.2020	**1**	**-**	**-**	**-**	**-**	**-**

A.1.4 Prudential consolidation - On and off-balance-sheet exposures of loans and advances to banks: gross and net values

TYPE OF EXPOSURE/VALUE	GROSS EXPOSURE					TOTAL NET ADJUSTMENTS AND TOTAL PROVISIONS					NET EXPOSURE	TOTAL PARTIAL WRITE-OFFS
		FIRST STAGE	SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED		FIRST STAGE	SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED		
A. Cash exposure												
A.1 Demand deposits	**3,641**	**3,038**	**603**	**-**	**-**	**(1)**	**(1)**	**-**	**-**	**-**	**3,640**	**-**
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	3,641	3,038	603	X	-	(1)	(1)	-	X	-	3,640	-
A.2 Other	**39,812**	**39,790**	**20**	**-**	**-**	**(11)**	**(11)**	**-**	**-**	**-**	**39,801**	**-**
a) Doubtful loans	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to pay	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
c) Non-performing past due exposures	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past due exposures	-	-	-	X	-	-	-	-	X	-	-	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing exposures	39,812	39,790	20	X	-	(11)	(11)	-	X	-	39,801	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
Total A	**43,453**	**42,828**	**623**	**-**	**-**	**(12)**	**(12)**	**-**	**-**	**-**	**43,441**	**-**
B. Off-balance-sheet exposures												
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	1,127	622	-	X	-	-	-	-	X	-	1,127	-
Total B	**1,127**	**622**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,127**	**-**
Total (A+B)	**44,580**	**43,450**	**623**	**-**	**-**	**(12)**	**(12)**	**-**	**-**	**-**	**44,568**	**-**

A.1.5 Prudential consolidation - On and off-balance-sheet exposures of loans and advances to customers: gross and net values

TYPE OF EXPOSURE/VALUE	GROSS EXPOSURE					TOTAL NET ADJUSTMENTS AND TOTAL PROVISIONS					NET EXPOSURE	TOTAL PARTIAL WRITE-OFFS
		FIRST STAGE	SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED		FIRST STAGE	SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED		
A. Cash exposure												
a) Doubtful loans	10	X	-	9	1	(9)	X	-	(9)	-	1	-
- of which: forborne exposures	1	X	-	-	-	-	X	-	-	-	1	-
b) Unlikely to pay	29	X	-	27	2	(7)	X	-	(7)	-	22	-
- of which: forborne exposures	5	X	-	5	-	(2)	X	-	(2)	-	3	-
c) Non-performing past due exposures	16	X	-	15	-	(2)	X	-	(2)	-	14	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past due exposures	102	62	39	X	-	-	-	-	X	-	102	-
- of which: forborne exposures	-	-	1	X	-	-	-	-	X	-	-	-
e) Other performing exposures	18,400	14,530	3,381	X	1	(28)	(7)	(21)	X	-	18,372	-
- of which: forborne exposures	8	1	6	X	1	-	-	-	X	-	8	-
Total A	**18,557**	**14,592**	**3,420**	**51**	**4**	**(46)**	**(7)**	**(21)**	**(18)**	**-**	**18,511**	**-**
B. Off-balance-sheet exposures												
a) Non-performing	7	X	-	7	-	-	X	-	-	-	7	-
b) Performing	6,327	5,527	795	X	-	(2)	(1)	(1)	X	-	6,325	-
Total B	**6,334**	**5,527**	**795**	**7**	**-**	**(2)**	**(1)**	**(1)**	**-**	**-**	**6,332**	**-**
Total (A+B)	**24,891**	**20,119**	**4,215**	**58**	**4**	**(48)**	**(8)**	**(22)**	**(18)**	**-**	**24,843**	**-**

A.1.5a Loans covered by Covid-19 support measures: gross and net values

TYPE OF LOANS/VALUE	GROSS EXPOSURE					TOTAL NET ADJUSTMENTS AND TOTAL PROVISIONS					NET EXPOSURE	TOTAL PARTIAL WRITE-OFFS
		FIRST STAGE	SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED		FIRST STAGE	SECOND STAGE	THIRD STAGE	IMPAIRED, PURCHASED OR ORIGINATED		
A. Doubtful loans:	-	-	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Forborne in compliance with the GL	-	-	-	-	-	-	-	-	-	-	-	-
b) Subject to existing moratorium measures that no longer comply with the GL and are not assessed as having been granted	-	-	-	-	-	-	-	-	-	-	-	-
c) Other forborne exposures	-	-	-	-	-	-	-	-	-	-	-	-
d) New loans	-	-	-	-	-	-	-	-	-	-	-	-
B. Loans in unlikely to pay:	-	-	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Forborne in compliance with the GL	-	-	-	-	-	-	-	-	-	-	-	-
b) Subject to existing moratorium measures that no longer comply with the GL and are not assessed as having been granted	-	-	-	-	-	-	-	-	-	-	-	-
c) Other forborne exposures	-	-	-	-	-	-	-	-	-	-	-	-
d) New loans	-	-	-	-	-	-	-	-	-	-	-	-
C. Non-performing past due loans:	-	-	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Forborne in compliance with the GL	-	-	-	-	-	-	-	-	-	-	-	-
b) Subject to existing moratorium measures that no longer comply with the GL and are not assessed as having been granted	-	-	-	-	-	-	-	-	-	-	-	-
c) Other forborne exposures	-	-	-	-	-	-	-	-	-	-	-	-
d) New loans	-	-	-	-	-	-	-	-	-	-	-	-
D. Other performing past due loans:	-	-	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Forborne in compliance with the GL	-	-	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
b) Subject to existing moratorium measures that no longer comply with the GL and are not assessed as having been granted	-	-	-	-	-	-	-	-	-	-	-	-
c) Other forborne exposures	-	-	-	-	-	-	-	-	-	-	-	-
d) New loans	-	-	-	-	-	-	-	-	-	-	-	-
E. Other performing loans:	**1**	**-**	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**-**
a) Forborne in compliance with the GL	-	-	-	-	-	-	-	-	-	-	-	-
b) Subject to existing moratorium measures that no longer comply with the GL and are not assessed as having been granted	1	-	1	-	-	-	-	-	-	-	1	-
c) Other forborne exposures	-	-	-	-	-	-	-	-	-	-	-	-
d) New loans	-	-	-	-	-	-	-	-	-	-	-	-
Total	**1**	**-**	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**-**

A.1.7 Prudential consolidation - On-balance sheet exposures of loans and advances to customers: changes in gross non-performing loans

REASONS/CATEGORIES	DOUBTFUL LOANS	UNLIKELY TO PAY	NON-PERFORMING PAST DUE EXPOSURES
A. Gross exposure at beginning of period	**10**	**26**	**15**
- of which: loans disposed of but not written off	-	-	-
B. Increases	**5**	**20**	**33**
B.1 Transfers from performing exposures	-	10	30
B.2 Transfers from impaired financial assets that are purchased or originated	-	-	-
B.3 Transfers from other categories of non-performing exposures	-	4	-
B.4 Contractual changes without cancellation	-	-	-
B.5 Other increases	5	6	3
- of which business combination transactions	3	3	1
C. Decreases	**(5)**	**(17)**	**(32)**
C.1 Transfers to performing exposures	-	(3)	(19)
C.2 Write-off	-	-	-
C.3 Collections	(1)	(13)	(9)
C.4 Disposals	(4)	-	-
C.5 Losses on sales	-	-	-
C.6 Transfers to other categories of non-performing exposures	-	(1)	(4)
C.7 Contractual changes without cancellation	-	-	-
C.8 Other decreases	-	-	-
D. Gross exposure at end of period	**10**	**29**	**16**
- of which: loans disposed of but not written off	-	-	-

A.1.7bis Prudential consolidation - On-balance sheet exposure of loans and advances to customers: changes in gross loans ranked by credit quality

REASONS/QUALITY	FORBORNE EXPOSURES: NON-PERFORMING	FORBORNE EXPOSURES: PERFORMING
Gross exposure at beginning of period	**4**	**3**
of which: loans disposed of but not written off	-	-
B. Increases	**3**	**11**
B.1 Transfers from non-forborne performing exposures	-	5
B.2 Transfers from forborne performing exposures	1	X
B.3 Transfers from non-performing forborne exposures	X	-
B.4 Transfers from non-performing exposures	-	-
B.5 Other increases	2	6
- of which business combination transactions	1	6
C. Decreases	**(1)**	**(6)**
C.1 Transfers to non-forborne performing exposures	X	(4)
C.1 Transfers to forborne performing exposures	-	X
C.3 Transfers to forborne exposures	X	(1)
C.4 Write-off	-	-
C.5 Collections	(1)	(1)
C.6 Disposals	-	-
C.7 Losses on sales	-	-
C.8 Other decreases	-	-
D. Gross exposure at end of period	**6**	**8**
- of which: loans disposed of but not written off	-	-

A.1.9 Prudential consolidation - On-balance sheet exposure of non-performing loans and advances to customers: changes in total adjustments

REASONS/CATEGORIES	DOUBTFUL LOANS		UNLIKELY TO PAY		NON-PERFORMING PAST DUE EXPOSURES	
	TOTAL	OF WHICH: FORBORNE EXPOSURES	TOTAL	OF WHICH: FORBORNE EXPOSURES	TOTAL	OF WHICH: FORBORNE EXPOSURES
A. Total adjustments at beginning of period	**9**	**-**	**7**	**2**	**2**	**-**
- of which: loans disposed of but not written off	-	-	-	-	-	-
B. Increases	**-**	**-**	**3**	**-**	**2**	**-**
B.1 Adjustments to impaired financial assets that are purchased or originated	-	X	-	X	-	X
B.2 Other adjustments	-	-	3	-	2	-
B.3 Losses on sales	-	-	-	-	-	-
B.4 Transfers from other categories of non-performing exposures	-	-	-	-	-	-
B.5 Contractual changes without cancellation	-	-	-	-	-	-
B.6 Other increases	-	-	-	-	-	-
C. Decreases	**-**	**-**	**(3)**	**-**	**(2)**	**-**
C.1 Write-backs from year-end valuations	-	-	(1)	-	(1)	-
C.2 Write-backs following collections	-	-	(2)	-	-	-
C.3 Profit on sales	-	-	-	-	-	-
C.4 Write-off	-	-	-	-	-	-
C.5 Transfers to other categories of non-performing exposures	-	-	-	-	(1)	-
C.6 Contractual changes without cancellation	-	-	-	-	-	-
C.7 Other decreases	-	-	-	-	-	-
D. Total adjustments at end of period	**9**	**-**	**7**	**2**	**2**	**-**
- of which: loans disposed of but not written off	-	-	-	-	-	-

A.2 Classification of exposures by external and internal rating

A.2.1 Prudential consolidation - Analysis of financial assets, commitments to grant funds and financial guarantees issued by external rating classes (gross values)

EXPOSURES	EXTERNAL RATING CLASS						NO RATING	TOTAL
	CLASS 1	CLASS 2	CLASS 3	CLASS 4	CLASS 5	CLASS 6		
A. Financial assets measured at amortised cost	**370**	**4,378**	**35,817**	**-**	**-**	**-**	**14,434**	**54,999**
- First stage	370	2,699	35,809	-	-	-	12,658	51,536
- Second stage	-	1,679	8	-	-	-	1,719	3,406
- Third stage	-	-	-	-	-	-	53	53
- Impaired financial assets that are purchased or originated	-	-	-	-	-	-	4	4
B. Financial assets measured at fair value through other comprehensive income	**248**	**1,105**	**1,004**	**62**	**41**	**-**	**421**	**2,881**
- First stage	248	1,095	994	62	41	-	401	2,841
- Second stage	-	10	10	-	-	-	20	40
- Third stage	-	-	-	-	-	-	-	-
- Impaired financial assets that are purchased or originated	-	-	-	-	-	-	-	-
C. Financial assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- First stage	-	-	-	-	-	-	-	-
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
- Impaired financial assets that are purchased or originated	-	-	-	-	-	-	-	-
TOTAL (A+B+C)	**618**	**5,483**	**36,821**	**62**	**41**	**-**	**14,855**	**57,880**
D. Commitments to grant funds and financial guarantees issued								
- First stage	-	42	620	-	-	-	5,482	6,144
- Second stage	-	-	-	-	-	-	795	795
- Third stage	-	-	-	-	-	-	7	7
- Impaired financial assets that are purchased or originated	-	-	-	-	-	-	-	-
TOTAL (D)	**-**	**42**	**620**	**-**	**-**	**-**	**6,284**	**6,946**
TOTAL (A+B+C+D)	**618**	**5,525**	**37,441**	**62**	**41**	**-**	**21,139**	**64,826**

		CREDIT RATING					
		CLASS 1	CLASS 2	CLASS 3	CLASS 4	CLASS 5	CLASS 6
Rating agency (ECAI)	S&P Global Ratings	from AAA to AA-	from A+ to A-	from BBB+ to BBB-	from BB+ to BB-	from B+ to B-	CCC+ and below
	Moody's	from Aaa to Aa3	from A1 to A3	from Baa1 to Baa3	from Ba1 to Ba3	from B1 to B3	Caa1 and below
	Fitch	from AAA to AA-	from A+ to A-	from BBB+ to BBB-	from BB+ to BB-	from B+ to B-	CCC+ and below

A.3 Analysis of secured loan exposures by type of guarantee

A.3.1 Prudential consolidation - On and off-balance-sheet exposures of loans and advances to secured banks

	GROSS EXPOSURE	NET EXPOSURE	COLLATERAL			
			BUILDINGS - MORTGAGES	BUILDINGS - FINANCIAL LEASING	SECURITIES	OTHER COLLATERAL
1. Cash exposure of secured loans:	**-**	**-**	**-**	**-**	**-**	**-**
1.1 fully secured	-	-	-	-	-	-
- of which impaired	-	-	-	-	-	-
1.2 partially secured	-	-	-	-	-	-
- of which impaired	-	-	-	-	-	-
2. Off-balance-sheet exposures of secured loans:	**1**	**1**	**-**	**-**	**-**	**1**
2.1 fully secured	1	1	-	-	-	1
- of which impaired	-	-	-	-	-	-
2.2 partially secured	-	-	-	-	-	-
- of which impaired	-	-	-	-	-	-

A.3.2 Prudential consolidation - On and off-balance-sheet exposures of loans and advances to secured customers

	GROSS EXPOSURE	NET EXPOSURE	COLLATERAL			
			BUILDINGS - MORTGAGES	BUILDINGS - FINANCIAL LEASING	SECURITIES	OTHER COLLATERAL
1. Cash exposure of secured loans:	**12,913**	**12,896**	**1,696**	**-**	**9,043**	**1,350**
1.1 fully secured	11,896	11,881	1,695	-	8,902	1,244
- of which impaired	22	19	9	-	10	-
1.2 partially secured	1,017	1,015	1	-	141	106
- of which impaired	2	1	-	-	-	-
2. Off-balance-sheet exposures of secured loans:	**4,956**	**4,955**	**1**	**-**	**4,434**	**455**
2.1 fully secured	4,799	4,798	1	-	4,377	401
- of which impaired	2	2	-	-	2	-
2.2 partially secured	157	157	-	-	57	54
- of which impaired	-	-	-	-	-	-

PERSONAL GUARANTEES									TOTAL
CREDIT DERIVATIVES					ENDORSEMENT CREDIT				
CREDIT LINKED NOTES	OTHER DERIVATIVES				PUBLIC ENTITIES	BANKS	OTHER FINANCIAL INSTITUTIONS	OTHER PARTIES	
	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL INSTITUTIONS	OTHER PARTIES					
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1**
-	-	-	-	-	-	-	-	-	1
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-

PERSONAL GUARANTEES									TOTAL
CREDIT DERIVATIVES					ENDORSEMENT CREDIT				
CREDIT LINKED NOTES	OTHER DERIVATIVES				PUBLIC ENTITIES	BANKS	OTHER FINANCIAL INSTITUTIONS	OTHER PARTIES	
	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL INSTITUTIONS	OTHER PARTIES					
-	**-**	**-**	**-**	**-**	**-**	**562**	**-**	**33**	**12,684**
-	-	-	-	-	-	12	-	25	11,878
-	-	-	-	-	-	-	-	-	19
-	-	-	-	-	-	550	-	8	806
-	-	-	-	-	-	-	-	-	-
-	**-**	**-**	**-**	**-**	**-**	**1**	**-**	**25**	**4,916**
-	-	-	-	-	-	-	-	19	4,798
-	-	-	-	-	-	-	-	-	2
-	-	-	-	-	-	1	-	6	118
-	-	-	-	-	-	-	-	-	-

B. DISTRIBUTION AND CONCENTRATION OF LOANS

B.1 Prudential consolidation - Analysis of on and off-balance sheet exposure of loans and advances to customers by sector

EXPOSURES/ COUNTERPARTIES	PUBLIC ENTITIES		FINANCIAL INSTITUTIONS		OTHER FINANCIAL INSTITUTIONS (OF WHICH: INSURANCE COMPANIES)		NON-FINANCIAL COMPANIES		HOUSEHOLDS	
	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS
A. Cash exposure										
A.1 Doubtful loans	-	-	-	(4)	-	-	-	(1)	1	(4)
- of which: forborne exposures	-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	8	(1)	14	(6)
- of which: forborne exposures	-	-	-	-	-	-	-	-	3	(2)
A.3 Non-performing past due exposures	-	-	-	-	-	-	6	(1)	8	(1)
- of which: forborne exposures	-	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	2,885	(9)	2,083	(2)	683	-	3,579	(11)	9,927	(6)
- of which: forborne exposures	-	-	-	-	-	-	4	-	4	-
Total A	**2,885**	**(9)**	**2,083**	**(6)**	**683**	**-**	**3,593**	**(14)**	**9,950**	**(17)**
B. Off-balance-sheet exposures										
B.1 Non-performing exposures	-	-	-	-	-	-	2	-	5	-
B.2 Performing exposures	-	-	312	-	1	-	1,469	(1)	4,544	(1)
Total B	**-**	**-**	**312**	**-**	**1**	**-**	**1,471**	**(1)**	**4,549**	**(1)**
Total (A+B) 31.12.2021	**2,885**	**(9)**	**2,395**	**(6)**	**684**	**-**	**5,064**	**(15)**	**14,499**	**(18)**
Total (A+B) 31.12.2020	**2,862**	**(8)**	**1,595**	**(6)**	**513**	**-**	**3,914**	**(14)**	**10,546**	**(14)**

B.2 Prudential consolidation - Analysis of territorial distribution of on and off-balance sheet exposure of loans and advances to customers

EXPOSURES/GEOGRAPHICAL AREAS	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS
A. Cash exposure										
A.1 Doubtful loans	1	(9)	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	22	(7)	-	-	-	-	-	-	-	-
A.3 Non-performing past due exposures	14	(2)	-	-	-	-	-	-	-	-
A.4 Performing exposures	14,974	(27)	1,928	(1)	623	-	31	-	918	-
Total A	**15,011**	**(45)**	**1,928**	**(1)**	**623**	**-**	**31**	**-**	**918**	**-**
B. Off-balance-sheet exposures										
B.1 Non-performing exposures	7	-	-	-	-	-	-	-	-	-
B.2 Performing exposures	6,236	(2)	53	-	3	-	3	-	30	-
Total B	**6,243**	**(2)**	**53**	**-**	**3**	**-**	**3**	**-**	**30**	**-**
Total (A+B) 31.12.2021	**21,254**	**(47)**	**1,981**	**(1)**	**626**	**-**	**34**	**-**	**948**	**-**
Total (A+B) 31.12.2020	**17,241**	**(41)**	**1,188**	**(1)**	**487**	**-**	**-**	**-**	**4**	**-**

B.2 bis Prudential consolidation - Breakdown by geographical area of business with customers domiciled in Italy (book value)

EXPOSURES/GEOGRAPHICAL AREAS	NORTH-WEST		NORTH-EAST		CENTRAL ITALY		SOUTH AND ISLANDS	
	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENT	NET EXPOSURE	TOTAL NET ADJUSTMENTS
A. Cash exposure								
A.1 Doubtful loans	-	-	-	(1)	1	(7)	-	(1)
A.2 Unlikely to pay	5	(2)	5	(2)	4	(1)	8	(2)
A.3 Non-performing past due exposures	3	-	2	-	3	(1)	6	(1)
A.4 Performing exposures	5,605	(7)	2,274	(4)	5,546	(14)	1,549	(3)
Total A	**5,613**	**(9)**	**2,281**	**(7)**	**5,554**	**(23)**	**1,563**	**(7)**
B. Off-balance-sheet exposures								
B.1 Non-performing exposures	1	-	4	-	1	-	1	-
B.2 Performing exposures	2,731	(1)	1,422	-	1,274	(1)	809	-
Total B	**2,732**	**(1)**	**1,426**	**-**	**1,275**	**(1)**	**810**	**-**
Total (A+B) 31.12.2021	**8,345**	**(10)**	**3,707**	**(7)**	**6,829**	**(24)**	**2,373**	**(7)**
Total (A+B) 31.12.2020	**6,172**	**(8)**	**3,071**	**(6)**	**6,146**	**(19)**	**1,852**	**(8)**

B.3 Prudential consolidation - Analysis of territorial distribution of on and off-balance sheet exposure of loans and advances to banks

EXPOSURES/GEOGRAPHICAL AREAS	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS
A. Cash exposure										
A.1 Doubtful loans	-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-	-	-
A.3 Non-performing past due exposures	-	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	40,915	(12)	2,293	-	80	-	5	-	148	-
Total A	**40,915**	**(12)**	**2,293**	**-**	**80**	**-**	**5**	**-**	**148**	**-**
B. Off-balance-sheet exposures										
B.1 Non-performing exposures	-	-	-	-	-	-	-	-	-	-
B.2 Performing exposures	695	-	2	-	-	-	-	-	-	-
Total B	**695**	**-**	**2**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B) 31.12.2021	**41,610**	**(12)**	**2,295**	**-**	**80**	**-**	**5**	**-**	**148**	**-**
Total (A+B) 31.12.2020	**33,566**	**(18)**	**281**	**-**	**164**	**-**	**13**	**-**	**214**	**-**

B.3 bis Prudential consolidation - Analysis of territorial distribution of on and off-balance sheet exposures of loans and advances to banks resident in Italy (book value)

EXPOSURES/GEOGRAPHICAL AREAS	NORTH-WEST		NORTH-EAST		CENTRAL ITALY		SOUTH AND ISLANDS	
	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS	NET EXPOSURE	TOTAL NET ADJUSTMENTS
A. Cash exposure								
A.1 Doubtful loans	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-
A.3 Non-performing past due exposures	-	-	-	-	-	-	-	-
A.4 Performing exposures	40,082	(11)	148	-	685	(1)	-	-
Total A	**40,082**	**(11)**	**148**	**-**	**685**	**(1)**	**-**	**-**
B. Off-balance-sheet exposures								
B.1 Non-performing exposures	-	-	-	-	-	-	-	-
B.2 Performing exposures	695	-	-	-	-	-	-	-
Total B	**695**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B) 31.12.2021	**40,777**	**(11)**	**148**	**-**	**685**	**(1)**	**-**	**-**
Total (A+B) 31.12.2020	**33,333**	**(17)**	**152**	**-**	**81**	**(1)**	**-**	**-**

C. SECURITISATIONS

QUALITATIVE INFORMATION

At 31 December 2021, the loan portfolios of the Group still contained the mezzanine and junior tranches of the notes issued by a securitisation vehicle which acquired the non-performing loan portfolio of Casse Cr Cesena, Cr Rimini, and Cr San Miniato, as part of the bail-out of the three banks which the Group joined in 2016 through its participation in the Voluntary Scheme and the establishment of a dedicated fund.
The entire exposure in junior notes was fully written down in 2017.

D. DISPOSAL TRANSACTIONS

A. FINANCIAL ASSETS DISPOSED OF BUT NOT WRITTEN OFF

QUALITATIVE INFORMATION

The item Financial assets disposed of but not written off regarded repurchase agreements.
In 2012, the Group entered into six repurchase agreements with the former Banca IMI (now Intesa Sanpaolo) in order to improve the overall risk/return ratio of the portfolio. The repurchase agreements had the same terms as the maturities of a number of BTP Italian government bonds with a total face value of €467.8m and maturities between 2019 and 2033 that Fideuram acquired from market counterparties in previous years.
These bonds were already recorded under financial assets available for sale and subsequently reclassified under financial assets measured at amortised cost, while maintaining the hedge against interest rate risk by using interest rate swaps. The liquidity obtained from this transaction was used to purchase bonds issued by Intesa Sanpaolo. The Group simultaneously entered into six financial guarantee contracts to cover the associated credit risk, again with Banca IMI, which on average expire three years before the maturities of the related bonds. At 31 December 2021, four of these contracts had expired, with a residual notional value of €200m.
The bank went through a rigorous process to determine how these repurchase agreements should be recognised, analysing the underlying aims of the contractual agreements in the light of the guidance provided by the Supervisory Authorities in document No. 6 of 8 March 2013 on the accounting treatment of long-term structured repurchase transactions, issued jointly by the Bank of Italy, the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB) and the Italian Insurance Regulator (IVASS). The analysis considered the structure, cash flows and risks connected with the transactions concerned to verify whether they could be considered term-structured repurchase transactions as described in this document and whether, in accordance with the principle of substance over form, they accord with the guidelines on the basis of which the transaction is substantially the same as a derivative contract and a credit default swap in particular.

The aforementioned transactions clearly differ in certain respects from term-structured repurchase agreement transactions as described in the document. The differences are specifically as follows:

- the BTP Italian government bonds and the Interest Rate Swaps hedging interest rate risk were already held by the Bank through independent purchases made in prior years (between 2008 and 2010);
- said transactions were entered into with different market counterparties from the repurchase agreements;
- the cash flows from the transactions are not substantially the same as those of credit derivatives;
- the different management purpose of the transactions considered as a whole, which aim to cover counterparty risk through the purchase of a financial guarantee.

The transactions were therefore recognised separately depending on the type of contract concerned.

1. BUSINESS MODEL
2. EXTERNAL CONTEXT AND STRATEGIES
3. PERFORMANCE
4. GOVERNANCE
5. CONSOLIDATED FINANCIAL STATEMENTS

QUANTITATIVE INFORMATION

D.1 Prudential consolidation - Financial assets disposed of recognised in full and associated financial liabilities: book value

	FINANCIAL ASSETS DISPOSED OF RECOGNISED IN FULL				ASSOCIATED FINANCIAL LIABILITIES		
	BOOK VALUE	OF WHICH: OBJECT OF SECURITISATIONS	OF WHICH: OBJECT OF SALES CONTRACTS WITH BUYBACK CLAUSE	INCLUDING IMPAIRED	BOOK VALUE	OF WHICH: OBJECT OF SECURITISATIONS	OF WHICH: OBJECT OF SALES CONTRACTS WITH BUYBACK CLAUSE
A. Financial assets held for trading	**-**	**-**	**-**	**X**	**-**	**-**	**-**
1. Debt securities	-	-	-	X	-	-	-
2. Equities	-	-	-	X	-	-	-
3. Loans	-	-	-	X	-	-	-
4. Derivatives	-	-	-	X	-	-	-
B. Other financial assets mandatorily measured at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Equities	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
C. Financial assets measured at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Loans	-	-	-	-	-	-	-
D. Financial assets measured at fair value through other comprehensive income	**636**	**-**	**636**	**-**	**(564)**	**-**	**(564)**
1. Debt securities	636	-	636	-	(564)	-	(564)
2. Equities	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
E. Financial assets measured at amortised cost	**2,008**	**-**	**2,008**	**-**	**(1,479)**	**-**	**(1,479)**
1. Debt securities	2,008	-	2,008	-	(1,479)	-	(1,479)
2. Loans	-	-	-	-	-	-	-
Total 31.12.2021	**2,644**	**-**	**2,644**	**-**	**(2,043)**	**-**	**(2,043)**
Total 31.12.2020	**1,206**	**-**	**1,206**	**-**	**(946)**	**-**	**(946)**

D.3 Prudential consolidation - Disposal transactions with transfer of liabilities exclusively for assets disposed of and not entirely cancelled: fair value

	RECOGNISED IN FULL	PARTIALLY RECOGNISED	TOTAL	
			31.12.2021	31.12.2020
A. Financial assets held for trading	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Equities	-	-	-	-
3. Loans	-	-	-	-
4. Derivatives	-	-	-	-
B. Other financial assets mandatorily measured at fair value	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Equities	-	-	-	-
3. Loans	-	-	-	-
C. Financial assets measured at fair value	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Loans	-	-	-	-
D. Financial assets measured at fair value through other comprehensive income	**636**	**-**	**636**	**267**
1. Debt securities	636	-	636	267
2. Equities	-	-	-	-
3. Loans	-	-	-	-
E. Financial assets measured at amortised cost (fair value)	**1,928**	**-**	**1,928**	**922**
1. Debt securities	1,928	-	1,928	922
2. Loans	-	-	-	-
Total financial assets	**2,564**	**-**	**2,564**	**1,189**
Total associated financial liabilities	**(2,043)**	**-**	**(2,043)**	**(946)**
Net value at 31.12.2021	**521**	**-**	**521**	**X**
Net value at 31.12.2020	**243**	**-**	**X**	**243**

1.2 MARKET RISK

1.2.1 INTEREST RATE RISK AND PRICE RISK – REGULATORY TRADING BOOK

QUALITATIVE INFORMATION

A. General information

The trading book mainly serves Group customers. The trading book also includes a securities component resulting from market transactions and foreign exchange and exchange rate derivative transactions, which are likewise aimed at meeting the needs of the Group's customers and asset management companies.

Impacts of the Covid-19 pandemic

As regards market risk, during 2021 a gradual return to an orderly functioning of the financial markets was observed, as witnessed by the return of the main indicators to the average values observed in the twelve months prior to the crisis. This dynamic has enabled ordinary management of the Group's HTCS and Trading portfolios not only in terms of turnover but also in terms of risk management, as shown by the main metrics used to monitor market risk. In the current market context characterised by low volatility, the management VaR measures showed a decreasing trend with reference to the average VaR calculated at Group level on all the financial assets belonging to the Trading and HTCS business models.

As regards capital requirements (market risk), since the effects of the outbreak of the Covid-19 pandemic on financial markets have eased, a marked reduction in the volatility levels of the main risk factors was observed during 2021. This, together with a lower overall exposure of the trading book, led to a reduction in RWA, compared to December 2020, from €24m to €11m.

B. Management procedures, and methods for measuring interest rate risk and price risk

Impacts of the Covid-19 pandemic

With reference to interest rate risk, during 2021, and in particular in the second half of the year, the strategies and controls implemented were aimed at protecting the interest margin from potential further negative impacts of the context following the pandemic.

The shift sensitivity of the interest margin, assuming a -50 basis point drop in interest rates, stood at -€147.6m at the end of December 2021, up compared to the end of 2020 (-€120.2m); the increased margin was the result of the growth of inflows, which, in the event of a fall in rates, remain insensitive to shifts in the curve (due to the presence of contractual floors), while loans, both treasury and to customers, are negatively affected.

Shift Sensitivity of the value for a +100 basis point rate shock stood at -€35.6m at the end of December 2021, up from the December 2020 figure (-€12.5m); this change is due above all to the inclusion in the figures of IW Bank's mortgage portfolio and the growth of fixed-rate term treasury loans, as well as the hedging of customer sight deposits.

1.2.2 - INTEREST RATE RISK AND PRICE RISK - BANKING BOOK

QUALITATIVE INFORMATION

A. General aspects, management procedures, and methods for measuring interest rate risk and price risk

The Fideuram Group complies with the instructions of Intesa Sanpaolo concerning market risks and extends its governance and control role to the entire Fideuram Group with centralisation and monitoring functions. This governance and control role is based, among other things, on extending the policies adopted by the Board of Directors to the entire Group and on the functional coordination provided by the Group's related departments.

As a rule, the Risk Committee meets quarterly to analyse investment performance, proposing strategic guidelines to the CEO based on the risk situation identified. The CEO reports quarterly to the Board of Directors on the investment choices made and on the performance of the Group's portfolios and risk management. The Chief Risk Officer continually monitors market risk exposure and compliance with the limits specified by the Financial Portfolio Policy, and periodically informs the CEO, Risk Committee and Finance and Treasury Manager regarding the levels of exposure to the different types of risk subject to operating limits. Similar information is presented to the Board of Directors on a quarterly basis.

The composition of the securities portfolio is governed by limits with respect to asset allocation, rating, currency area, geographical area, sector concentration and counterparty. Market risk limits are likewise specified. The Financial Portfolio Policy splits investments in securities into a liquidity portfolio, a stable investment portfolio and a service portfolio.

The liquidity portfolio is defined as a portfolio containing financial assets and liabilities held for the purpose of:

- providing a liquidity reserve through securities deemed eligible with central banks or readily liquidated;
- comply with/optimise regulatory liquidity ratios;
- invest any excess liquidity in anticipation of future investments with a short-term investment horizon or with a moderate risk profile;
- optimise the risk profile through the use of derivative trading and/or hedging instruments.

This portfolio has a prudent minimum limit of assets deemed eligible with the Central Bank, as determined on a prudent basis.

The size of the stable investment portfolio depends on the structure of the Group's inflows, investments and shareholders' equity. It is defined as the portfolio containing positions in financial assets with a minimum mandatory holding period of 30 days, save for exceptional market events that require their disposal.

In particular, it consists of financial investments acquired when there is excess structural liquidity and contains low risk positions acquired for the purpose of benefiting from the corresponding coupon flow, whose expected holding period is for the medium-long term at the time of purchase. Derivative instruments may be used to optimise the risk profile of this portfolio. Given the characteristics of the portfolio in question, the Hold to Collect business model is associated with the relevant securities.

The service portfolio mainly serves customers and includes:

- positions connected with the offer of products/services to customers, such as bonds to be offered as repurchase agreements, foreign currency and foreign exchange derivative trading, for intermediation purposes;
- a component resulting from market transactions aimed at meeting the needs of the Group's asset management companies.

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

- availability of price contributions;
- reliability of price contributions;
- size of the bid-ask spread.

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

- reference to market values that can be indirectly linked to the financial instrument being valued and that can be obtained from products with similar risk characteristics (Comparable Approach);
- valuations performed using – even only partially – inputs that are not obtained from observable market parameters, using estimates and assumptions formulated by the valuer (Mark-to-Model Approach).

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

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

The entire portfolio of financial assets measured at fair value through other comprehensive income was valued at market bid prices (mark to market) to ensure the maximum transparency of the values in the financial statements. This ensures the overall holdings meet the ready liquidity criteria for items in the financial statements.

The portfolio of Level 2 financial assets measured at fair value through profit or loss consisted of the insurance policies taken out to guarantee market yields to the Personal Financial Adviser Networks' Loyalty Schemes. The fair value of Class I policies is determined using a prospective actuarial method based on the principle of the initial equivalence between the average present values of the contractual commitments of the insurer and the average present values of the contractual commitments of the policyholder/contracting party. The fair value of Class III policies is calculated as the value of the units at the reporting date plus any pure premiums not yet invested at the valuation date.
The derivatives in the banking book consisted principally of Interest Rate Swaps. As a rule, the Fideuram Group uses fair value hedge derivatives to reduce its exposure to adverse fair value movements due to interest rate risk. The Chief Risk Officer is responsible for assessing hedges effectiveness, carrying out prior assessments of the conditions that make hedge accounting applicable and formally documenting each hedging relationship. These assessments use prospective tests when the hedges are taken out, followed by retrospective tests at monthly intervals.
The Group uses derivatives (mainly interest rate swaps) to hedge interest rate risk following a strategy that involves buying swaps linked to the individual fixed-coupon bonds in the portfolio. This strategy has made the Group's long-term securities holdings less sensitive to interest rate risk. Where risk concentration is concerned, the securities holdings are highly diversified as a result of the stringent limits specified by the Financial Portfolio Policy, which limits the maximum exposure to any single corporate Group to 5% of the total holdings, with the sole exception of Intesa Sanpaolo.

An approach consistent with fair value measurement hierarchy Level 2 is used for the measurement of derivatives, based on commonly accepted valuation processes and fed by market data providers. Hedging and treasury derivatives taken out in ordinary investment activities (interest and exchange rate derivatives in particular) that are not traded on regulated markets, but traded bilaterally with market counterparties or triangulated with Clearing Houses, are known as Over The Counter (OTC) instruments and valued using special pricing models.

The banking book comprises long-term investment securities, interest rate hedging derivatives and short and medium-long term loans. The banking book totalled €61bn at 31 December 2021.

QUANTITATIVE INFORMATION

Banking Book

(€m)

	31.12.2021	31.12.2020	CHANGE	
			AMOUNT	%
Financial assets measured at fair value through other comprehensive income	2,908	2,805	103	4
Debt securities classified as loans to banks	18,554	13,595	4,959	36
Debt securities classified as loans to customers	2,222	2,378	(156)	-7
Hedging derivatives	32	16	16	100
Total securities and derivatives	**23,716**	**18,794**	**4,922**	**26**
Sight deposit current accounts with banks	3,107	2,157	950	44
Loans to banks	20,334	17,197	3,137	18
Loans to customers	13,833	9,855	3,978	40
Total loans	**37,274**	**29,209**	**8,065**	**28**
Total banking book	**60,990**	**48,003**	**12,987**	**27**

The internal system used to measure interest rate risk evaluates and describes the effect of changes in interest rates on the economic value and interest income and identifies all significant sources of risk that influence the banking book:

- repricing risk: risk originating from mismatches in due dates (for fixed rate positions) and the rate revision date (for floating rate positions) of the financial items due to parallel movements in the yield curve;
- yield curve risk: risk originating from mismatches in due dates and the rate revision date due to changes in the inclination and shape of the yield curve;
- basis risk: risk originating from the imperfect correlation in the adjustment of the interest income and interest expense rates of floating rate instruments, which may differ due to their indexing parameter, rate revision procedure, indexing algorithm, etc.. This risk arises after non-parallel changes in market rates.

The interest rate risk of the banking book is measured using the following methods:
1. shift sensitivity of the economic value (ΔEVE);
2. net interest income:
   - margin shift sensitivity (ΔNII);
   - dynamic simulation of net interest income (NII);
3. Value at Risk (VaR).

Shift sensitivity
The shift sensitivity of the economic value (or shift sensitivity of the fair value) measures the change in the economic value of the banking book and is calculated at the level of individual cash flow for each financial instrument, on the basis of differ-

ent instantaneous rate shocks and reflects the changes in the discounted value of the cash flows of positions already carried on the balance sheet for the entire remaining duration until maturity (run-off balance sheet).

In the measurements, the balance sheet items are represented according to their contractual profile, with the exception of those categories of instruments that feature risk profiles different from the contractually envisaged ones. For these transactions, it was consequently decided to use a behavioural representation in order to calculate the risk measurements. In particular:

- for loans, prepayments are taken into account so as to reduce the exposure to rate risk (overhedge) and liquidity risk (overfunding);
- for those items that are contractually payable on demand, a financial representation model is implemented to reflect the behavioural characteristics of stability of the assets and partial and delayed reaction to the changes in market rates, in order to stabilise net interest income both in absolute and variable terms over time;
- the cash flows used both for the contractual and the behavioural type are developed at the contractual rate or at the FTP.

A multicurve system is used to determine the present value. This calls for the use of different discounting curves and "forwarding" according to the type of instrument and the tenor of its indexing. To determine the shift sensitivity, the shock standard to which all the curves are subject is defined as the parallel and uniform shift of the curves by +100 basis points. In addition to the +100 standard scenario, the measure of economic value (EVE) is also calculated on the basis of the six scenarios prescribed by the BCBS document and on the basis of historic stress simulations aimed at identifying the works and best cases.

The shift sensitivity of net interest income quantifies the impact on short-term net interest income of a parallel, instantaneous and permanent shock in the interest rate curve. The sensitivity of the margin is measured using a method that allows the expected change in the interest margin to be estimated, following a shock of the curves produced by the items susceptible to a revision of the rate within a gapping period fixed at 12 months from the date of analysis.
This measure highlights the effect of changes in market rates on the net interest income generated by the measured portfolio in the perspective of a constant balance sheet, excluding any potential effects deriving from the new transactions and from future changes in the mix of assets and liabilities. Therefore, it cannot be considered a forecasting indicator of the future level of net interest income.

To determine the changes in net interest income (ΔNII), the standard scenarios of a parallel rate shock of +/- 50 basis points are applied, referring to a time horizon of twelve months. Moreover, dynamic simulations are run on the net interest income that combine shifts in the yield curves with changes in the base and liquidity differentials, and the changes in behaviour of customers in different market scenarios.

The changes in net interest income and economic value are subject to monthly monitoring in accordance with the limits and sub-limits approved by the Group Financial Risk Committee.

Accordingly, the measurements are shown according to the details used to run the test, in terms of credit limit and sub-credit limit, time buckets (short, medium, and long-term), company, and currency.

The scenarios used to check the limits are:

- to check exposure in terms of ΔEVE: instantaneous and parallel shock of +100 bps;
- to check exposure in terms of ΔNII: instantaneous and parallel shock of +/-50 bps.

For a parallel upward movement in the rate curve by 100 bps, the sensitivity value at 31 December was a negative -€35.6m; likewise, even the interest margin sensitivity was negative -€147.6m in the event of a -50 bps shock.

Value at Risk
The Value at Risk is calculated as the maximum potential loss of the market value of the portfolio that might occur during the following ten business days with a statistical confidence level of 99% (parametric VaR). The VaR is also used to consolidate the exposure to financial risks assumed after banking book activities, and thus also considering the benefits generated by the diversification effect. The VaR calculation models feature several limits, since they are based on the statistical assumption of a normal distribution of yields and on the observation of historic data, which might not be followed in future. Therefore, the results of the VaR do not guarantee that any possible future losses cannot exceed the calculated statistical estimates.

At 31 December 2021, the Value at Risk calculated for a one-day time horizon, in light of the rate, credit spread and volatility components, returned to ordinary levels (€2.9m) as a result of a constant downward trend of volatility on markets.

1.2.3 EXCHANGE RATE RISK

QUALITATIVE INFORMATION

A. General aspects, management processes, and methods for measuring exchange rate risk

Exchange rate risk is defined as the possibility of fluctuations in market exchange rates generating either positive or negative changes in the value of the Group's net assets.

The principle sources of exchange rate risk are:
- purchases of securities and other financial instruments in foreign currencies;
- buying and selling of foreign currencies;
- collection and/or payment of interest, commission, dividends or administrative expenses in foreign currencies.

Spot and forward transactions on foreign exchange markets were mainly entered into with the aim of optimising proprietary risk arising in relation to the buying and selling of foreign currencies to and from customers.

B. Hedging of exchange rate risk

Exchange rate risk is mitigated by the practice of funding in the same currency as the assets, while the residual exposures are included in the trading book.

QUANTITATIVE INFORMATION

1. Analysis of assets and liabilities and derivatives by currency of denomination

ITEM	CURRENCIES					
	US DOLLAR	STERLING	YEN	CANADIAN DOLLAR	SWISS FRANC	OTHER CURRENCIES
A. Financial assets	**966**	**139**	**11**	**2**	**1,226**	**79**
A.1 Debt securities	294	-	-	-	-	-
A.2 Equities	2	-	-	-	7	-
A.3 Loans to banks	210	34	5	-	10	1
A.4 Loans to customers	234	66	2	-	608	37
A.5 Other financial assets	226	39	4	2	601	41
B. Other assets	**82**	**2**	**2**	**1**	**12**	**6**
C. Financial liabilities	**1,754**	**159**	**16**	**3**	**332**	**71**
C.1 Due to banks	184	23	1	-	-	-
C.2 Due to customers	1,570	135	15	3	316	71
C.3 Debt securities	-	-	-	-	-	-
C.4 Other financial liabilities	-	1	-	-	16	-
D. Other liabilities	**1**	**-**	**-**	**-**	**39**	**-**
E. Financial derivatives						
- Options						
+ Long positions	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-
- Other derivatives						
+ Long positions	1,420	66	74	1	170	18
+ Short positions	1,303	51	68	4	137	15
Total assets	**2,468**	**207**	**87**	**4**	**1,408**	**103**
Total liabilities	**3,058**	**210**	**84**	**7**	**508**	**86**
Balance (+/-)	**(590)**	**(3)**	**3**	**(3)**	**900**	**17**

1.3 DERIVATIVES AND HEDGING POLICIES

1.3.1 TRADING DERIVATIVES

A. FINANCIAL DERIVATIVES

A.1 Financial trading derivatives: notional values at the end of the period

UNDERLYING ASSETS/ TYPES OF DERIVATIVES	31.12.2021				31.12.2020			
	OVER THE COUNTER			REGULATED MARKETS	OVER THE COUNTER			REGULATED MARKETS
	CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES			CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES		
		WITH NETTING AGREEMENTS	WITHOUT NETTING AGREEMENTS			WITH NETTING AGREEMENTS	WITHOUT NETTING AGREEMENTS	
1. Debt securities and interest rate derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	1	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equity derivatives and index derivatives	**-**	**-**	**99**	**-**	**-**	**-**	**14**	**-**
a) Options	-	-	99	-	-	-	14	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Currencies and gold	**-**	**1,290**	**1,833**	**1,901**	**-**	**3,452**	**3,633**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	2	30	-	-	2,063	1,304	-
c) Forward	-	1,288	1,803	1,901	-	1,389	2,329	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**1,290**	**1,932**	**1,901**	**-**	**3,452**	**3,648**	**-**

A.2 Financial trading derivatives: gross positive and negative fair value - distribution by product

TYPES OF DERIVATIVES	31.12.2021				31.12.2020			
	OVER THE COUNTER			REGULATED MARKETS	OVER THE COUNTER			REGULATED MARKETS
	CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES			CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES		
		WITH NETTING AGREEMENTS	WITHOUT NETTING AGREEMENTS			WITH NETTING AGREEMENTS	WITHOUT NETTING AGREEMENTS	
1. Positive fair value								
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swap	-	-	-	-	-	-	-	-
c) Cross currency swap	-	-	3	-	-	26	4	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forward	-	3	3	8	-	12	5	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-
Total	**-**	**3**	**6**	**8**	**-**	**38**	**9**	**-**
2. Negative fair value								
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swap	-	-	-	-	-	-	-	-
c) Cross currency swap	-	-	2	-	-	5	15	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forward	-	4	5	16	-	5	28	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-
Total	**-**	**4**	**7**	**16**	**-**	**10**	**43**	**-**

A.3 OTC financial trading derivatives: notional values, gross positive and negative fair value by counterparty

UNDERLYING ASSETS	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL INSTITUTIONS	OTHER PARTIES
Contracts other than netting agreements				
1) Debt securities and interest rate derivatives				
- notional values	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
2) Equity derivatives and index derivatives				
- notional values	X	67	-	32
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Currencies and gold				
- notional values	X	435	1,311	87
- positive fair value	X	3	3	-
- negative fair value	X	3	4	-
4) Commodities				
- notional values	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other				
- notional values	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Netting agreements				
1) Debt securities and interest rate derivatives				
- notional values	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
2) Equity derivatives and index derivatives				
- notional values	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional values	-	1,290	-	-
- positive fair value	-	3	-	-
- negative fair value	-	4	-	-
4) Commodities				
- notional values	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional values	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC financial hedging derivatives: notional values

UNDERLYING/RESIDUAL LIFE	UP TO 1 YEAR	OVER 1 YEAR AND UP TO 5 YEAR	OVER 5 YEARS	TOTAL
A.1 Debt derivatives and interest rate derivatives	-	-	-	-
A.2 Equity derivatives and index derivatives	-	99	-	99
A.3 Currency and gold derivatives	3,123	-	-	3,123
A.4 Commodity derivatives	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31.12.2021	**3,123**	**99**	**-**	**3,222**
Total 31.12.2020	**7,086**	**-**	**14**	**7,100**

1.3.2 ACCOUNTING HEDGES

QUALITATIVE INFORMATION

Upon first-time adoption of IFRS 9, the Group exercised the option allowed by the standard to continue applying all the rules of IAS 39 for all types of hedges (micro and macro). Therefore, the provisions of IFRS 9 for hedging do not apply.

DISCLOSURE OF UNCERTAINTY ARISING FROM REFORM OF BENCHMARKS ON HEDGING DERIVATIVES

As explained in Part A - Accounting Policies, the Group made use of the possibility of early adoption of Regulation No. 34/2020 of 15 January 2020, which endorsed the document issued by the IASB in September 2019 on “Interest Rate Benchmark Reform (amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and to IFRS 7 Financial Instruments: Disclosures”). The regulation in question introduced several changes in hedge accounting, for the purpose of preventing the uncertainties over the amount and timing of the cash flows deriving from the interest rate reform from interrupting existing hedges and difficulty in designating new hedge relationships. Therefore, the analysis of the performance of the hedges was carried out considering the flows and timing of the hedging derivatives in place, assuming that the benchmarks for determining existing interest rates are not changed as a result of the reform of interbank rates (Interest Rate Benchmark Reform or IBOR Reform).
We then provide the disclosure required by IFRS 7 paragraph 24 H on the uncertainty arising from the interest rate benchmark reform on hedging relationships and the nominal amount of hedging instruments potentially impacted by the benchmark reform.
Derivatives hedging fair value hedge relationships are mainly indexed to Euribor, the calculation methodology of which was revised in 2019 in order to continue using this parameter after 1 January 2022, for both existing and new contracts. To make Euribor comply with the EU Benchmarks Regulation (BMR) (Regulation No. 2016/1011/EU), the EMMI – European Money Markets Institute - has completed the transition to a new “hybrid” calculation methodology. The new calculation system, whose activities were completed at the end of November 2019, does not change the economic variable that the index measures: Euribor expresses the actual cost of funding for the contributing European banks and is always available and consultable. Therefore, the Group does not believe there is any uncertainty about the timing or amount of Euribor cash flows and does not consider Euribor-related fair value hedges to be impacted by the reform. Fair value hedge relationships also include derivatives indexed to benchmarks impacted by the reform, in particular to EONIA which is subject to future replacement with the new risk-free rates. In particular, in the European context the EONIA fixing, calculated from October 2019 based on the new risk-free rate €STR, will be published until the end of 2021 and then permanently replaced by €STR.

A. Fair value hedging

The Group engages in hedging to immunise its banking book from changes in the fair value of investments caused by movements in the interest rate curve (interest rate risk).

The Group adopts both specific hedges (micro fair value hedge) and generic hedges (macro fair value hedge).
The micro fair value hedges mainly hedge bonds that are purchased. Macro fair value hedges of fixed rate loans were introduced. The hedges are characterised by the missing identification of the individual underlying assets that are hedged. This choice, determined by the natural fractioning (both in terms of number and amount) of the mortgage exposures, entails periodic checks that the sensitivity and fair value of the hedging derivative (or derivatives) are sufficient to cover the same measures calculated on the hedged assets. The type of hedge in question is implemented by purchasing amortizing Interest Rate Swaps with a long maturity date (usually 30 years), which require quarterly amortisation of the same amount for both the pay fixed and receive floating legs, with the latter being indexed to the 3-month Euribor benchmark. At the end of December 2021, the overall size of the existing ten hedges was about €310m in original notional value.
All the macro fair value hedges that were subsequently completed are fully effective and efficient in terms of both sensitivity and fair value and in situations of capital gains and losses on the derivatives.
The principal types of derivatives used are represented by interest rate swaps (IRS) that are plain bullet or have an accreting notional, overnight index swap (OIS), or cross currency swap (CCS) realised mainly with Intesa Sanpaolo or, on a residual basis, with independent counterparties or through Clearing Houses. In the case of hedges with intergroup counterparties, Intesa Sanpaolo outsources the related risk to the market by taking a mirror position to neutralise exposure.

The derivatives are not listed on regulated markets, but traded on OTC circuits. The OTC contracts also include those that are intermediated through clearing houses.

B. Cash flow hedging

The Group adopted a new type of hedge to mitigate the risk of exposure to changes in future cash flows attributable to movements of the interest rate curve (so-called Cash Flow Hedge). Specifically, the hedged flows are those associated with the coupons of a floating-rate Intesa Sanpaolo bond with a residual maturity of three years. The hedge was sized with reference to a notional value of €1.3bn by means of five IRS. The methods of performing effectiveness tests are similar to those relating to the hedging of micro fair value hedges, with some differences linked to the fact that the subject of the hedge are the cash flows and not the value of the hedged asset.

As of June 2021, the Group put in place metadeposit hedging, a representation of customer current accounts modelled on the basis of a behavioural model, aimed at identifying the stable component over time, to which a fixed rate and a periodically renewable maturity must be attributed. These hedges were completed by signing plain vanilla IRS derivative contracts, where variable is paid and fixed is received. (1-month Euribor). From the point of view of the accounting treatment of the effects of the hedge, these transactions are considered macro fair value hedges, as the management is linked to the application of a model that assembles individual customer current accounts, transforming them into macro metadeposits.

D. Hedging instruments

The principal causes for the ineffectiveness of the model adopted by the Group to check the effectiveness of the hedges are attributable to the following phenomena:

- mismatching between the notional amount of the derivative and the underlying recognised at the time of initial designation or generated subsequently, as in the case of partial repayments of loans or the buyback of bonds;
- application of different curves on the hedging derivative and the hedged item. Derivatives, which are normally collateralised, are discounted on the €STR curve, while the hedged objects are discounted on the indexing curve of the hedging instrument;
- inclusion in the effectiveness test of the value of the variable leg of the hedging derivative, in the case of a fair value hedge.

The ineffectiveness of the hedge is promptly recognised in order to:

- determine the effect in profit or loss;
- assessment of the possibility of continuing to apply hedge accounting rules.

The Group does not use dynamic hedges, as defined in IFRS 7, paragraph 23C.

E. Hedged items

The principal types of hedged items are:

- debt securities carried as assets;
- fixed rate loans;
- fixed-rate short-term deposits with current coupon already fixed of floating-rate loans.

Debt securities carried as assets

These are hedged in micro fair value hedge relationships, using IRS, OIS and CCS as hedging instruments. Interest rate risk is hedged for the entire duration of the bond. The Dollar Offset Method is used to test the effectiveness of the hedge. This method is based on the relationship between the accumulated changes (since the beginning of the hedge) in fair value of the hedging instrument, attributable to the hedged risk, and the changes in fair value of the hedged item (delta fair value), net of accrued interest.

Fixed rate loans

The Group has designated micro fair value hedge or macro fair value hedge relationships, mainly using IRS as hedging instruments. Interest rate risk is hedged for the entire duration of the underlying. The Dollar Offset Method is used to test the effectiveness of the micro hedges. For macro hedges, the hedged loan portfolio is of the open type, i.e. it is composed of a changing bask of fixed rate instruments managed at the aggregate level through the hedging derivatives that are stipulated over time. The effectiveness of the macro hedges on fixed rate loans is periodically tested with capacity tests aimed at demonstrating that the portfolio subject to potential hedging contains an amount of assets whose sensitivity profile and changes in fair value for interest rate risk are adequate compared to those of the derivatives used for the hedge. Once the capacity has been verified, the accounting test is carried out, both prospectively and retrospectively, in a way similar to what is done for micro fair value hedges.

Fixed-rate short-term deposits with coupon already fixed of floating-rate loans

Fixed rate deposits managed by Treasury and the fixed coupon of floating rate loans may be subject to a micro fair value hedge relationship, using OIS as hedging instruments. The purpose of this type of hedging is to immunise the interest rate risk determined by the fixed rate deposits or by the previously set coupons of floating rate loans.
The Dollar Offset Method is used to test the effectiveness of the hedge.

QUANTITATIVE INFORMATION

A. FINANCIAL HEDGING DERIVATIVES

A.1 Financial hedging derivatives: notional values at the end of the period

UNDERLYING ASSETS/ TYPES OF DERIVATIVES	31.12.2021				31.12.2020			
	OVER THE COUNTER			REGULATED MARKETS	OVER THE COUNTER			REGULATED MARKETS
	CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES			CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES		
		WITH NETTING AGREEMENTS	WITHOUT NETTING AGREEMENTS			WITH NETTING AGREEMENTS	WITHOUT NETTING AGREEMENTS	
1. Debt securities and interest rate derivatives	**-**	**7,360**	**-**	**-**	**84**	**5,518**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	7,360	-	-	84	5,518	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equity derivatives and index derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Currencies and gold	**-**	**66**	**-**	**-**	**-**	**61**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	66	-	-	-	61	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**7,426**	**-**	**-**	**84**	**5,579**	**-**	**-**

A.2 Financial hedging derivatives: gross positive and negative fair value - distribution by product

TYPES OF DERIVATIVES	POSITIVE AND NEGATIVE FAIR VALUE			
	31.12.2021			
	OVER THE COUNTER			REGULATED MARKETS
	CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES		
		WITH NETTING AGREEMENTS	WITHOUT NETTING AGREEMENTS	
1. Positive fair value				
a) Options	-	-	-	-
b) Interest rate swap	-	32	-	-
c) Cross currency swap	-	-	-	-
d) Equity swaps	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
Total	**-**	**32**	**-**	**-**
2. Negative fair value				
a) Options	-	-	-	-
b) Interest rate swap	-	714	-	-
c) Cross currency swap	-	16	-	-
d) Equity swaps	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
Total	**-**	**730**	**-**	**-**

	31.12.2020				CHANGE IN VALUE USED TO DETERMINE INEFFECTIVENESS OF HEDGE	
	OVER THE COUNTER			REGULATED MARKETS	31.12.2021	31.12.2020
	CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES				
		WITH NETTING AGREEMENTS	WITHOUT NETTING AGREEMENTS			
	-	-	-	-	-	-
	-	16	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	**16**	**-**	**-**	**-**	**-**
	-	-	-	-	-	-
	26	915	-	-	-	-
	-	13	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	26	**928**	**-**	**-**	**-**	**-**

A.3 OTC financial hedging derivatives: notional values, gross positive and negative fair value by counterparty

UNDERLYING ASSETS	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL INSTITUTIONS	OTHER PARTIES
Contracts other than netting agreements				
1) Debt securities and interest rate derivatives				
- notional values	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
2) Equity derivatives and index derivatives				
- notional values	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Currencies and gold				
- notional values	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
4) Commodities				
- notional values	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other				
- notional values	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Netting agreements				
1) Debt securities and interest rate derivatives				
- notional values	-	7,340	20	-
- positive fair value	-	32	-	-
- negative fair value	-	712	2	-
2) Equity derivatives and index derivatives				
- notional values	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional values	-	66	-	-
- positive fair value	-	-	-	-
- negative fair value	-	16	-	-
4) Commodities				
- notional values	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional values	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC financial hedging derivatives: notional values

UNDERLYING/RESIDUAL LIFE	UP TO 1 YEAR	OVER 1 YEAR AND UP TO 5 YEAR	OVER 5 YEARS	TOTAL
A.1 Debt derivatives and interest rate derivatives	1,431	2,499	3,430	7,360
A.2 Equity derivatives and index derivatives	-	-	-	-
A.3 Currency and gold derivatives	-	66	-	66
A.4 Commodity derivatives	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31.12.2021	**1,431**	**2,565**	**3,430**	**7,426**
Total 31.12.2020	**653**	**1,938**	**3,072**	**5,663**

1.4 LIQUIDITY RISK

QUALITATIVE INFORMATION

A. General aspects, management processes, and methods for measuring liquidity risk

Liquidity risk is the risk that the Group will fail to satisfy its own payment commitments due to its inability both to obtain funds on the market (funding liquidity risk) and to sell its own assets (market liquidity risk).

The internal system for control and management of liquidity risk is developed within the Group Risk Appetite Framework and in compliance with the maximum limits of tolerance of liquidity risk approved in that Framework, which require that the Group has to maintain adequate liquidity so as to deal with periods of tension, including extended ones, on different funding markets, inter alia through the formation of adequate liquidity reserves represented by marketable securities that can be refinanced at central banks. Accordingly, a balanced relationship has to be maintained between inflows and outflows over both the short and medium-long term. This objective is developed by the "Group Guidelines for Governance of Liquidity Risk" approved by the Corporate Bodies of Intesa Sanpaolo, applying the relevant current regulatory provisions.

The guidelines incorporate the latest regulatory provisions covering liquidity risk and illustrate the duties of the various corporate functions, the rules and set of control and management processes designed to assure prudent monitoring of that risk, by preventing crisis situations from arising. To this end, they include procedures for identifying risk factors, measuring risk exposure and verifying compliance with limits, as well as rules for carrying out stress tests and identifying appropriate risk mitigation initiatives, in addition to the preparation of contingency plans and reporting to corporate bodies. In particular, from the organisational point of view, the duties assigned to the Board of Directors have been defined in detail, and top management is delegated with several important compliance measures, such as approval of the measurement methods, definition of the principal assumptions underlying the stress scenarios, and the composition of the attention indicators used to activate emergency plans.

The liquidity risk measurement metrics and mitigation tools are set out in the Group's Liquidity Risk Governance Guidelines, which define the methodological framework of both short-term and structural liquidity indicators.

The short-term liquidity indicators aim to assure an adequate and balanced level between negative and positive cash flows having a certain or estimated due date falling within a 12-month time horizon, with the aim of confronting periods of tension, including extended ones, on the different funding markets, including through the establishment of adequate liquidity reserves (so-called Liquidity Buffer) that can be freely used as the main liquidity risk mitigation instrument.

The Liquidity Coverage Ratio (LCR), whose minimum limit has been 100%, has the purpose of reinforcing the short-term liquidity risk profile, assuring that it holds sufficient, unrestricted High-Quality Liquid Assets (HQLA) that may be easily and immediately converted into cash on private markets to satisfy liquidity requirements at 30 days in an acute liquidity stress scenario as defined in the Delegated Regulation (EU) no. 2015/61.

The structural Liquidity Policy requires adoption of the structural requirement mandated by the Basel III Net Stable Funding Ratio (NSFR) regulation. That indicator aims to promote greater use of stable inflows, preventing medium and long-term operations from causing excessive imbalances to be financed on a short-term basis. Accordingly, it sets a minimum acceptable amount of funding for more than one year according to the needs originating from the liquidity and residual duration characteristics of off-balance sheet assets and exposures.

In that context, the Contingency Funding Plan (CFP) has been implemented. This contains different lines of action that can be activated to deal with potential stress situations, indicating the dimension of the mitigating effects that could be pursued over a short-term time horizon. Moreover, it is required that governance procedures be in place to govern a possible liquidity crisis, defined as a situation of difficulty or incapacity to meet one's own cash commitments as they fall due, unless procedures are activated and/or tools are used in a way that cannot be associated with ordinary administration in terms of their intensity or procedures.

As part of the Group's Liquidity Risk Governance Guidelines, it is also required that governance procedures be in place to govern a possible liquidity crisis, defined as a situation of difficulty or incapacity of the Bank to meet one's own cash commitments as they fall due, unless procedures are activated and/or tools are used in a way that cannot be associated with ordinary administration in terms of their intensity or procedures. The Contingency Liquidity Plan, with the objectives of safeguarding the Group's assets and, at the same time, guaranteeing operational continuity in conditions of serious emergency on the liquidity front, ensures the identification of early warning signals, their continuous monitoring, the definition of the procedures to be launched in the event of liquidity stress, indicating also the immediate lines of action and the intervention tools to resolve the emergency.

Adequate and timely disclosures on the development of market conditions and the Group's position have been issued to the Corporate Bodies and to the internal Committees, to assure full awareness and the governability of the different risk factors.

The 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 key principles of said regulatory changes introduce prudential rules regarding both short-term liquidity risk management and long-term liquidity risk management (structural liquidity).

The Group's solidity is based on balance sheet liabilities that are mainly centred on retail customer deposits. These are deposits that benefit from considerable stability over time, meaning that the Fideuram Group does not need to depend on the interbank market and can thus avoid exposure to the risk of a liquidity crisis in that market. In addition to the stability of customer deposits, where interest-bearing assets are concerned, the Group has an investment portfolio that is governed by stringent liquidity limits for securities (readily-negotiable and eligible for Central Bank refinancing) in accordance with the provisions of the Financial Portfolio Policy based on highly-prudential criteria suitable for ensuring high and stable liquidity.

Said Policy provides for setting up an operational limit monitoring and reporting unit in line with current regulations. Liquidity risk exposure is monitored constantly to ensure that the operational limits and relevant regulations are respected. The methods adopted to measure the Group's exposure to liquidity risk follow the cardinal principles of the European Banking Authority (EBA) and the provisions of the Supervisory Regulations, and ensure that the asset and liability items are calculated in a wholly suitable manner for providing an appropriate representation of expected cash flows.

Impacts of the Covid-19 pandemic

With regard to liquidity risk, also in 2021 all the indicators (regulatory and internal policy) confirmed the solidity of the Group's liquidity position. Both regulatory indicators, Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), remain well above the minimum regulatory requirements. At the end of 2021, the Liquidity Coverage Ratio (LCR) of the Division, measured in accordance with Delegated Regulation (EU) 2015/61, stood at 136.6% (134.2% at December 2020). Liquidity reserves, including High-Quality Liquid Assets (HQLA) and other eligible components, were essentially stable at around €5.6bn. Again at the end of the year, the Division's NSFR stood at 133.8%. All the necessary preventive management and control measures remain in place with the aim of detecting any signs of a potential tightening of liquidity conditions.

QUANTITATIVE INFORMATION

1. Analysis of financial assets and liabilities by remaining contractual term (euro)

ITEMS/TIME BANDS	DEMAND DEPOSITS	BETWEEN MORE THAN 1 AND 7 DAYS	BETWEEN MORE THAN 7 AND 15 DAYS	BETWEEN MORE THAN 15 DAYS AND 1 MONTH	BETWEEN MORE THAN 1 MONTH AND 3 MONTHS	BETWEEN MORE THAN 3 MONTHS AND 6 MONTHS	BETWEEN MORE THAN 6 MONTHS AND 1 YEAR	BETWEEN MORE THAN 1 AND 5 YEARS	OVER 5 YEARS	UNSPECIFIED MATURITY
Cash assets	**11,487**	**5,305**	**33**	**1,351**	**754**	**3,917**	**3,580**	**14,488**	**13,118**	**3,513**
A.1 Government securities	-	-	-	20	3	6	9	198	2,321	-
A.2 Other debt securities	16	1	2	333	478	834	2,070	8,094	9,422	-
A.3 Units in mutual funds	8	-	-	-	-	-	-	1	-	-
A.4 Loans	11,463	5,304	31	998	273	3,077	1,501	6,195	1,375	3,513
- Banks	1,593	5,302	-	507	189	2,530	1,405	5,481	292	3,513
- Customers	9,870	2	31	491	84	547	96	714	1,083	-
Cash liabilities	**47,925**	**1,205**	**58**	**245**	**476**	**3,322**	**241**	**1,926**	**794**	**-**
B.1 Deposits and current accounts	47,773	408	51	244	266	3,312	219	25	413	-
- Banks	255	2	-	-	-	-	1	5	400	-
- Customers	47,518	406	51	244	266	3,312	218	20	13	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	152	797	7	1	210	10	22	1,901	381	-
Off-balance-sheet transactions										
C.1 Financial derivatives with exchange of capital										
- Long positions	-	127	-	193	998	-	-	66	-	-
- Short positions	-	302	-	-	1,171	-	5	-	-	-
C.2 Financial derivatives without exchange of capital										
- Long positions	-	-	-	1	10	7	11	-	-	-
- Short positions	-	-	-	5	6	14	22	-	-	-
C.3 Deposits and loans receivable										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Commitments to grant finance										
- Long positions	-	-	-	-	-	-	-	1	1	-
- Short positions	1	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	40	-	-	1	7	10	22	53	5	24
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

(Other currencies)

ITEMS/TIME BANDS	DEMAND DEPOSITS	BETWEEN MORE THAN 1 AND 7 DAYS	BETWEEN MORE THAN 7 AND 15 DAYS	BETWEEN MORE THAN 15 DAYS AND 1 MONTH	BETWEEN MORE THAN 1 MONTH AND 3 MONTHS	BETWEEN MORE THAN 3 MONTHS AND 6 MONTHS	BETWEEN MORE THAN 6 MONTHS AND 1 YEAR	BETWEEN MORE THAN 1 AND 5 YEARS	OVER 5 YEARS	UNSPECIFIED MATURITY
Cash assets	**1,308**	**-**	**2**	**84**	**3**	**620**	**2**	**197**	**394**	**21**
A.1 Government securities	-	-	-	84	-	18	-	119	-	-
A.2 Other debt securities	-	-	2	-	-	-	2	66	-	-
A.3 Units in mutual funds	-	-	-	-	-	-	-	-	-	13
A.4 Loans	1,308	-	-	-	3	602	-	12	394	8
- Banks	897	-	-	-	-	206	-	12	-	8
- Customers	411	-	-	-	3	396	-	-	394	-
Cash liabilities	**1,902**	**321**	**-**	**9**	**3**	**21**	**8**	**-**	**-**	**-**
B.1 Deposits and current accounts	1,902	313	-	9	3	21	8	-	-	-
- Banks	189	5	-	-	-	-	-	-	-	-
- Customers	1,713	308	-	9	3	21	8	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	8	-	-	-	-	-	-	-	-
Off-balance-sheet transactions										
C.1 Financial derivatives with exchange of capital										
- Long positions	-	436	1	-	1,173	-	5	-	-	-
- Short positions	-	264	2	196	1,000	-	2	66	-	-
C.2 Financial derivatives without exchange of capital										
- Long positions	-	-	-	-	-	3	3	-	-	-
- Short positions	-	-	-	-	-	5	5	-	-	-
C.3 Deposits and loans receivable										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Commitments to grant finance										
- Long positions	-	-	-	-	-	-	2	-	-	-
- Short positions	2	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	-	-	-	-	-	-	-	-	-	17
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

1.5 OPERATIONAL RISK

QUALITATIVE INFORMATION

A. General aspects, management processes, and methods for the measurement of operational risk

Operational risk is defined as the risk of loss arising from inadequate or ineffective internal processes, human resources or systems, or from external events. For the economic loss component, operational risk also includes: legal, conduct, non-compliance, financial crime, IT and cyber, physical security, business continuity, financial reporting, third party and model. Strategic and reputational risks are not included.

The Group implements an operational risk assumption and management strategy based on the principles of prudent management and aimed at guaranteeing its long-term soundness and business continuity. Moreover, the Group devotes special attention to striking an optimal balance between growth and earnings targets and the consequent risks.

To that end, the Group drew up a framework for the management of operational risks some time ago, establishing rules and organisational processes for measuring, managing and monitoring operational risk.

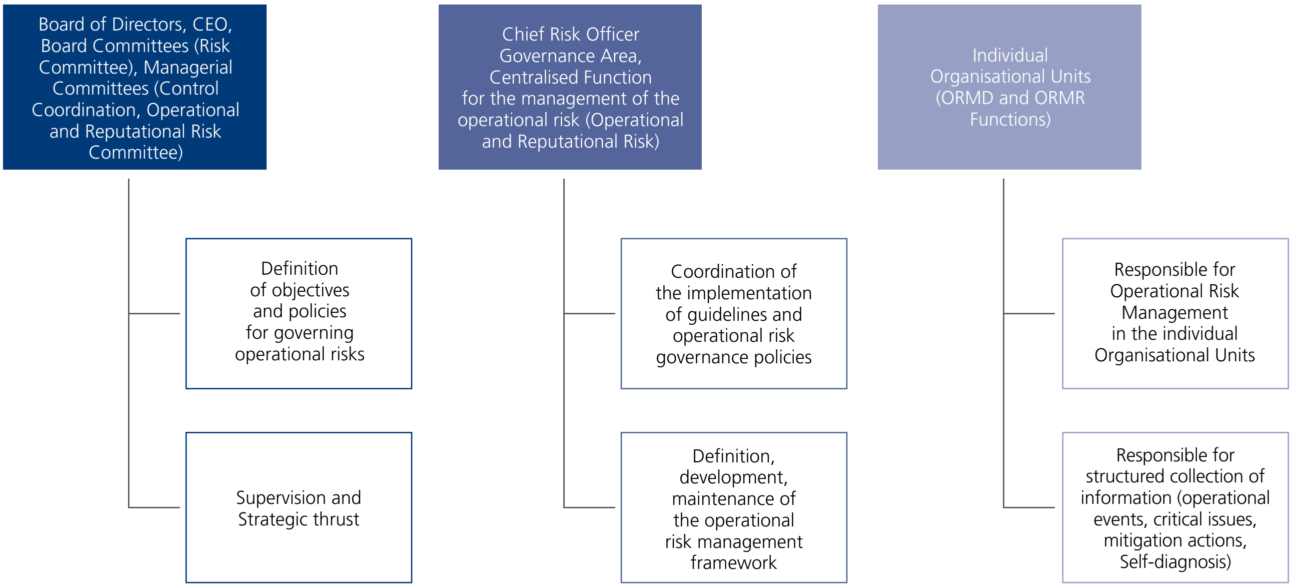
The Group calculates its capital requirement using the Advanced Measurement Approach (AMA) in partial use with the standardised approach (TSA) and basic indicator approach (BIA) to meet its supervisory requirements.

Governance Model

An effective and efficient risk management framework presupposes that it be tightly integrated in the decision-making processes and management of company operations. For this reason, Intesa Sanpaolo has chosen to involve the Organisational Units (business units, central/support structures) of the Parent Company, and Group banks and companies with direct responsibility in the Operational Risk Management process.

The operational risk governance model is developed in view of:

- optimising and developing the organisational safeguards, interrelationships and information flows among the existing Organizational Units and integration of the operational risk management approach with other company models developed to deal with specific risks (e.g. Business Continuity, Computer Security, etc.);
- transparency and distribution of the models, methods, and analytical, assessment and measurement criteria used to facilitate the process of cultural dissemination and comprehension of the logics underlying the adopted choices.



ICT risk

The Group considers its information system to be a tool of primary importance for achieving its own strategic, business and social responsibility objectives, inter alia in light of the critical importance of the business processes that depend on it. Consequently, it is committed to creating a resilient environment and investing in activities and infrastructure aimed at minimising the potential impact of ICT events and to protect the business, its image, customers and employees.

Therefore, the Group has implemented a system of principles and rules designed to identify and measure the ICT risk to which corporate assets are exposed, assess the existing safeguards and identify the adequate procedures for handling such risks, as compatible with the operational risk management process.

Consistently with the methodological framework defined for the governance of operational risks and, the ICT risk governance management model is developed in view of integration and coordination of the specific skills of the units involved.

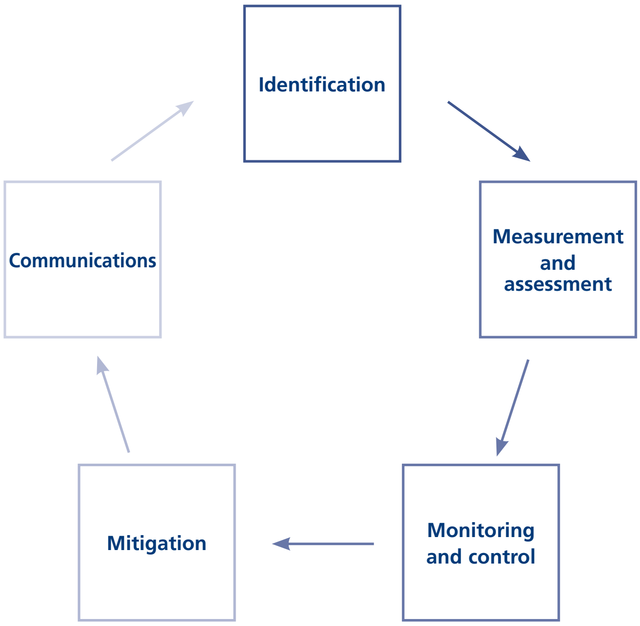
ICT (Information and Communication Technology) Risk means the risk of incurring economic losses, reputational harm, and loss of market share in connection with the use of information and communication technology. In the integrated representation of business risks, this type of risk is prudently considered according to specific aspects, including operational, reputational, and strategic risks.

ICT risk consists of:

- cyber risk (including cybersecurity risk): the risk of incurring economic losses, reputational harm, and loss of market share due to:
  - any unauthorised access or attempted access to the Group information system and the data and information stored on it;
  - any event (malicious or involuntary) facilitated or caused by the use of technology or connected with it that has or might have a negative impact on the integrity, availability, confidentiality and/or authenticity of the corporate data and information, or on the continuity of business processes;
  - improper use and/or dissemination of digital data and information, even if not directly produced and managed by the Intesa Sanpaolo Group;
- IT or technological risk: the risk of incurring economic losses, reputational harm, and loss of market share in connection with use of the corporate information system and connected with the malfunctioning of hardware, software and networks.

OPERATIONAL RISK MANAGEMENT PROCESS

The Group's Operational Risk Management Process is broken down into the following phases:



Identification

The identification phase covers the activities of gathering and classifying the qualitative and quantitative information that permit identification and description of the potential areas of operational risk.

It specifically envisages:

- the collection and updating of data about operational events (Loss Data Collection), with this activity being delegated to the Organisational Units;
- identification of the business processes and components of the information system at greatest potential risk;
- determination of the applicability and relevance of the defined operational risk factors;
- identification of the projects that will require major modifications to the information system or modifications to major components of the information system;
- identification of the major risk scenarios, inter alia according to the external context (e.g. external data loss, regulatory developments, emerging trends, strategic and threat intelligence);
- identification and analysis of the problems affecting the operational areas of the Group.

In accordance with the framework of Intesa Sanpaolo, the Fideuram Group is responsible for identifying, assessing, managing and mitigating risks. It has clearly identified internal units coordinated by Operation Risk Management which are responsible for the Operational Risk Management of Fideuram - Intesa Sanpaolo Private Banking processes (collection and structured recording of information on operational loss events, scenario analyses and the evaluation of risks associated with the operating context).

The Fideuram Group has developed a system of governance for the operational risk management process which assigns responsibility as follows:

- the Board of Directors is responsible for the development and strategic supervision of the risk management policies, and for ensuring the smooth operation, efficiency and effectiveness of the operational risk management and control system over time, while also deciding on matters regarding compliance with the criteria for determining the bank's capital requirement;
- the CEO 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;
- the Internal Audit Department is responsible for periodically auditing the operational risk management system, and for reporting on it to the Company Bodies;
- the Operational Risk Committee is a consultative body that is responsible for analysing the reports on the operational risk profile, including IT and IT security risk, and for proposing any actions required to prevent and mitigate risk;
- the Audit Coordination Committee, a technical body set up to strengthen coordination and inter-functional cooperation mechanisms between Private Banking Division control functions;
- the Decentralised Operational Risk Management (ORM) Unit, which reports to the Chief Risk Officer of Fideuram - Intesa Sanpaolo Private Banking), is responsible for organising and maintaining the set of activities provided for by the operational risk management system.

Measurement and assessment

The measurement and assessment phase comprises the activities performed for the qualitative and quantitative determination of exposure to Group operational risks.

It calls for:

- at least annually, carrying out the process of assessing exposure to operational and ICT risk (Self-Diagnosis);
- the execution of preventive analyses of operational and ICT risks stemming from agreements with third parties (e.g. outsourcing of activities), business transactions or projects, introduction or revision of new products and services, start-up of new activities and entry into new markets;
- determination of the importance of the identified problems;
- transformation of the gathered assessments (e.g. internal and external operational loss data, monitoring levels of risk factors, likelihood and impact if the risk scenarios are realised) in summary risk measurements;
- determination of the economic and regulatory capital through the internal model and the simplified methods defined by current laws and regulations.

Monitoring and control

The purpose of the monitoring phase is to perform ongoing analysis and monitoring of changes in the exposure to operational risks. It is based on the structured organisation of the results obtained from the identification, assessment, measurement and observation of indicators that represent a good proxy of exposure to operational risks (e.g. limits, early warnings and indicators defined in the RAF).

Mitigation

The mitigation phase consists of the activities designed to limit exposure to operational risks, defined on the basis of what is revealed during identification, measurement, assessment and monitoring. It calls for:

- the identification, definition and implementation of the corrective actions (so-called mitigation actions) necessary to remedy the identified control deficiencies or to reduce the relevance of the identified criticalities within the defined tolerance;
- the promotion of initiatives to disseminate the operational risk culture inside the Group;
- the development of operational risk transfer strategies, in view of streamlining insurance coverage and any other forms of risk transfer adopted by the Group over time.

In that regard, aside from relying on a traditional insurance program (for protection against unlawful acts such as employee misconduct, theft and damage, transport of cash and cash equivalents, computer fraud, counterfeiting, cybercrime, fire and earthquake, and for civil liability), while complying with all the related regulatory requirements and leveraging the financial benefits envisaged by law, the Group has taken out an insurance policy known as an Operational Risk Insurance Programme, which provides greater cover and significantly higher limits, transferring the risk of substantial operational losses to the insurance market.

In addition, the Group has its own business continuity solutions that can be deployed to contain risks regarding its premises and infrastructures and the impact of events such as environmental disasters, international crises and social protests.

Communications

The communications phase consists in the arrangement of appropriate flows of information connected with the management of operational risks, designed to provide, for example, information useful for:

- analysis and comprehension of any dynamics underlying changes in the level of exposure to operational risks;
- analysis and comprehension of the main critical issues identified;
- the development of mitigation actions and intervention priorities.

Self-diagnosis

Self-diagnosis is the annual process through which the Organisational Units identify their own level of exposure to operational and ICT risks. It consists of the Operational Risk Assessment and ICT Risk Assessment, which are comprised in turn of:

- Assessment of the Operational Context (AOC): activities through which major risk factors are identified and the associated monitoring level is assessed[1].
- Scenario Analysis (SA): prospective analytical method that is elaborated in a systematic process which is typically repeated with a predetermined frequency but which may be performed ad hoc. It consists in imagining the occurrence of particular situations (or scenarios) and forecasting their consequences. Once they have been identified and appropriately classified, the scenarios have to be assessed. In other words, it is necessary to determine their likelihood of occurrence (frequency) and the potential impact (average impact and worst case), if they occur, of the situation described by the scenario itself.

Internal model for operational risk measurement

The internal model for calculating capital absorption of the Group has been designed to combine all the main sources of information, whether quantitative (operational loss: internal and external events) or qualitative (Self-Diagnosis: Scenario Analysis and Assessment of the Operational Context).

The capital at risk is therefore considered to be the minimum amount at Group level which would be required to meet the maximum potential loss that could be incurred. It is estimated using a Loss Distribution Approach model (an actuarial statistical model for calculating the Value at Risk of operational losses), which is applied both to the quantitative data and to the results of the scenario analysis over a one-year time horizon, with a confidence interval of 99.90%. This method also involves applying a correction factor obtained from qualitative risk assessments of the operating context (AOC), in order to take the effectiveness of the internal controls in the various different Organisational Units into account.

Impacts of the Covid-19 pandemic

During 2021, all initiatives taken since the beginning of the emergency were continued, aimed at ensuring business continuity and safeguarding the health of customers, employees and suppliers. The company's measures and rules have been continually re-evaluated and updated based on evolving health conditions and regulatory requirements; in this context, the model of infection risk prevention adopted by Intesa Sanpaolo has recently been assessed by an independent agency (DNV-GL), which has certified the full maturity of the model.

1 The applicability and significance of the Risk Factors related to ICT risk are assessed by the technical units, cybersecurity units and business continuity units, while those related to operational risk are assessed by the Decentralised Operational Risk Management.

From the point of view of operational risks, the acceleration of the digital transformation process, the enhancement of the services offered via Internet and Mobile Banking, the increase in remote banking solutions activated and the greater use of smart working have led to greater complexity in security measures (e.g., strengthening of security infrastructures for access to the company network, transaction monitoring systems, data protection measures) and consequently greater recourse to partnerships and/or outsourcing agreements with third parties.

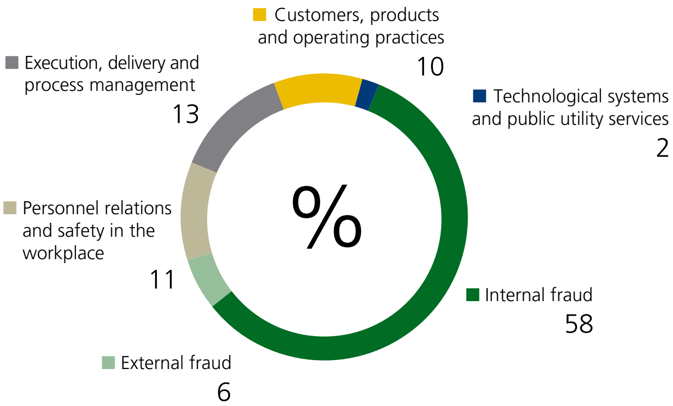
This transformation has changed the morphology of some of the traditional risks, in particular operational risks (including IT, cyber and third party risk), and it has therefore been necessary to adapt the current risk management frameworks to the evolution of the operational context to optimise the Group's Digital Operational Resilience Profile.

QUANTITATIVE INFORMATION

The Fideuram Group calculates its capital requirement using the Advanced Measurement Approaches (AMA) authorised by the Supervisory Authority. The resulting capital absorption amounted to €251m at 31 December 2021, up from 31 December 2020 (€194m).
The following table shows a breakdown of operational losses (exceeding the compulsory recognition threshold established for the Group) recorded during the period, broken down by type of event.

The breakdown shows how most of them can be traced back to the "Internal fraud" category, which includes losses deriving from embezzlement perpetrated by Personal Financial Advisers to the detriment of customers.
The remaining losses, which are of a smaller amount and of a physiological nature, regard the risk class "Execution, delivery and process management", which includes charges relating to errors in the execution and management of processes, the risk class "Customers, products and operating practices", which includes charges relating to complaints and disputes with customers regarding business relations, the risk class "Personnel relations and safety in the workplace" for labour disputes with former Personal Financial Advisers, the risk class "External fraud" for charges generated by misconduct on bank transfers and payment cards and the risk class "Technological systems and public utility services" for charges relating to anomalies in IT flows.
In particular, the item "internal fraud", which historically represents the most significant risk class, recorded losses of €9.1m, of which €1.9m for five fraudulent events that emerged during the year relating to five former Personal Financial Advisers (two from Fideuram, two from IW Bank and one from Sanpaolo Invest). With regard to prior positions, compensation, legal fees and other disputes amounted to €4.2m, provisions of €3.3m and releases of provisions of €0.3m.
The Private Banking Division continued its work on improving the processes and controls in place to mitigate risk and contain losses, and participated fully in every initiative launched by the Parent Company.

Breakdown of operational losses, 2021



Legal and tax risk

The Group is involved in civil and tax lawsuits as well as in criminal proceedings against third parties as part of its normal business operations.

The Group monitors pending cases constantly in consultation with external legal advisors, examining them in the light of the relevant contractual documents, the conduct concerned, internal investigations and any critical aspects highlighted by the aforesaid legal advisors during lawsuits. The Group has set aside provisions for legal disputes to cover, among other things, the liabilities that could, according to internal and external legal advice, be incurred as a result of pending legal and other disputes.

At 31 December 2021, these provisions totalled €85m. The total provisions and the amount of the individual provisions set aside are calculated based on the estimated probability as well as on external and internal legal advisors' indications of the proceedings having negative outcomes. As a consequence of said process, certain pending proceedings in which the Group is involved and regarding which a negative outcome is considered either remote or not quantifiable are not included in the provisions for legal disputes.

At 31 December 2021, the number and value of pending proceedings were not such as to have any potential significant impact on the business, assets or financial situation of the Group. More specifically, existing litigation may be classified as follows:

1) Cases regarding alleged unlawful and/or improper conduct by former Personal Financial Advisers authorised to offer products and services outside Group premises

The majority of legal proceedings against the Group regard requests for compensation for damages in response to alleged unlawful conduct by former Financial Advisers authorised to offer products and services off Group premises. The Group's involvement where damaging events of this kind are concerned is linked to the fact that it is considered jointly and severally liable with its Personal Financial Advisers pursuant to article 31, subparagraph 3, of the Italian Finance Consolidation Act (Testo Unico della Finanza - TUF), which specifies that the broker is jointly and severally liable for any damages to third parties caused by a Personal Financial Adviser authorised to offer products and services outside company premises, even when responsibility for said damages has been ascertained in a court of criminal law. This type of complaint is in most cases due to acts of appropriation, forged signatures on contractual forms and the issue of false statements and/or reports to customers.
In June 2021, Fideuram renewed with Generali Italia, in coinsurance with UNIPOLSAI and INTESA SANPAOLO ASSICURA, through the broker AON S.p.A., a Personal Financial Advisers misconduct insurance policy which covers claims consequent upon unlawful acts committed by Fideuram, Sanpaolo Invest, Intesa Sanpaolo Private Banking and IW Bank Personal Financial Advisers for amounts in excess of €3m. The annual per-claim limit provided for in the policy is €16m (to cover all complaints, including out-of-court settlements, regarding the unlawful/improper conduct of a single Personal Financial Adviser).

An inspection performed by the Audit Department exposed major irregularities committed by a Personal Financial Adviser of Sanpaolo Invest. The audits confirmed that serious irregularities were committed that caused damage to several customers, such as the misappropriation of funds and reports showing untrue increases in value. On 28 June 2019, the Company terminated with cause the agency agreement it had with the Personal Financial Adviser and reported the facts of the case to the Judicial Authorities and Supervisory Authority for Personal Financial Advisers, which first suspended and then expelled the Personal Financial Adviser from the Unified Register of Financial Advisers in December 2019. After the crime was committed, the Company received a total of 278 claims for compensation (including claims, mediation, and lawsuits), for a total of about €63m, mostly based on alleged embezzlement of money, losses from disavowed transactions involving financial instruments, false statements and debiting of fees and commission related to the advisory service. Currently, 47 claims are pending, having a present value of about €17m, after the settlement of 231 positions (56 settled and 175 withdrawn or settled in consequence of commercial agreements). A total of €4.7m has been recovered from the wrongfully credited customers (and already returned to the damaged customers), with about €3.8m in seizures currently pending.
An asset freeze order was issued against the Personal Financial Adviser, equal in amount to what was found on accounts and deposits made at banks and on his social security account as reported by Enasarco. In the consequent court trial, the former Personal Financial Adviser made a counterclaim for a total of €0.6m, for the failure to pay him his termination benefits.
Moreover, another lawsuit was filed against the former Personal Financial Adviser for recovery of the receivables deriving from his own agency agreement, for a total of €1.6m, plus interest, as compensation in lieu of notice, a penalty on a loan agreement, and the return of bonus advances.
The Company has set aside adequate provisions connected with the aforementioned fraud case, considering the foreseeable outlays without taking the insurance coverage into account.

2) Cases regarding securities in default and losses on investments in financial products

Other lawsuits brought against the Company by customers seek voidance and/or compensation for damages arising from the purchase of securities in default or which have otherwise depreciated significantly, and cases in which the customer alleges infringement of the regulations governing the provision of investment services and activities, consequently requesting the cancellation of transactions, refunding of the principal invested and/or compensation for damages.

3) Disputes initiated by former Personal Financial Advisers authorised to offer products and services outside Group premises regarding alleged breaches of their agency contract

There are a few lawsuits of this kind brought by former Fideuram and Sanpaolo Invest Personal financial adviser authorised to offer products and services off Group premises, which involve complaints regarding alleged breach of contract. They are mainly requests for the payment of various termination indemnities, commissions and compensation for damages.

4) Disputes regarding banking and other transactions
These sorts of lawsuits are mainly connected with normal banking operations (e.g. capitalisation of interest, claims from receivers and the disposal of pledged assets) and/or miscellaneous complaints raised for various reasons not falling within any other category, and which consist in claims for compensation or restitution.

5) Tax disputes
After inspections carried out at Fideuram - Intesa Sanpaolo Private Banking in 2014 and 2015, the Lazio Regional Office of the Italian Revenue Agency, Large Taxpayers Office, alleged non-compliance in 2009, 2010, and 2011 with respect to withholding tax on interest earned on accounts outside Italy linked to mutual funds distributed by the bank. The assessment notices were appealed by the company, which, most recently, lost the case at the hearings held before the Regional Tax Court for all the tax years. Convinced that it acted correctly, the company will continue to defend its own reasons before the Court of Cassation.
Nevertheless, considering the rejection of its appeal, the company decided to accrue €4.9m in the risk provision to cover the costs, including penalties and interest, that will be owed if it loses at the last level of jurisdiction.

With regard to Intesa Sanpaolo Private Banking, there is an ongoing dispute, following an audit carried out in 2012, concerning the deductibility of goodwill arising from the contribution of business units by group companies. Given the multi-year nature of the item, the adjustment itself covered all the years from 2011 to 2015, with the request for taxes totalling €20.7m, plus penalties and interest.
On 29 April 2021, notices of assessment were served concerning the same dispute as the previous ones for the year 2016 for a total of €4m, plus penalties and interest, which have already been appealed by the company before the Provincial Tax Court.
To date, the outcomes in the courts of first and second instance of the proceedings already initiated by the company with appeals against the notices of assessment have all been positive, with one exception. The various cases are currently awaiting the outcome of the hearing before the Regional Tax Court or Court of Cassation. Since the tax office's claim is groundless, no amount has been set aside in the provision for risks and charges.

Lastly, IW Bank is currently involved in two disputes with the Revenue Agency concerning the notification of payment notices with the application of penalties totalling €0.7m, attributable to failure to pay or late payment of withholding taxes on current account interest for 2007. The dispute is now awaiting a hearing in the Court of Cassation after the favourable results in second instance. Since the tax office's claim is groundless, no amount has been set aside in the provision for risks and charges.

PART F - INFORMATION ON CONSOLIDATED SHAREHOLDERS' EQUITY

SECTION 1 - CONSOLIDATED SHAREHOLDERS' EQUITY

A. QUALITATIVE INFORMATION

Capital management in the Fideuram - Intesa Sanpaolo Private Banking Group is principally directed towards ensuring that the shareholders' equity and capital ratios of Fideuram and its banking and financial subsidiaries are consistent with their risk profiles and capital requirements and allow adequate allocation of the capital to the value creation process.
The adequacy requirements applied at Fideuram Group level are established by the harmonised regulations set out in Directive 2013/36/EU (Capital Requirements Directive - CRD IV), EU Regulation No. 575/2013 (Capital Requirements Regulation - CRR) of 26 June 2013 and in EU Regulation 876/2019 (Capital Requirements Regulation - CRR II) of20 May 2019, which implement the standards developed by the Basel Committee on Banking Supervision (so-called Basel III framework) in the European Union, and on the basis of Bank of Italy Circulars No. 285 and No. 286 of 17 December 2013.
These rules provide for a notion of own funds that is distinct from the shareholders' equity recorded in the accounts, and which is calculated as the algebraic sum of positive and negative items that are included on the basis of capital quality.
The Group companies monitor their respect for the regulatory capital ratios during the year and on a quarterly basis, taking appropriate direction and control actions with regard to the capital items when necessary. Whenever a company transaction is to be conducted, the capital adequacy is assessed together with any related interventions that may be required regarding the shareholders' equity and/or capital items that impact on the minimum capital requirements.

The share capital and share premium reserve were the same as the amounts for the corresponding items in the shareholders' equity of Fideuram and of non-controlling shareholders. The item Other reserves comprises Fideuram's remaining reserves and any changes in the shareholders' equity of the companies included in the scope of consolidation and of non-controlling interest shareholders.
At 31 December 2021, Fideuram - Intesa Sanpaolo Private Banking's share capital was €300,000,000 divided into No. 1,500,000,000 ordinary shares with no par value.
The Group did not hold any treasury shares at 31 December 2021.

B. QUANTITATIVE INFORMATION

B.1 Consolidated shareholders' equity: analysis by type of company

	PRUDENTIAL CONSOLIDATION	INSURANCE COMPANIES	OTHER COMPANIES	ELIMINATIONS AND ADJUSTMENTS FROM CONSOLIDATION	TOTAL
1. Share capital	305	-	-	-	305
2. Share premium reserve	212	-	-	-	212
3. Reserves	1,624	-	-	-	1,624
4. Equity instruments	24	-	-	-	24
5. (Treasury shares)	-	-	-	-	-
6. Valuation reserves	62	-	-	-	62
- Equity instruments measured at fair value through other comprehensive income	3	-	-	-	3
- Hedging of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-
- Financial assets (other than equity instruments) measured at fair value through other comprehensive income	16	-	-	-	16
- Property and equipment	14	-	-	-	14
- Intangible assets	-	-	-	-	-
- Hedging of net investments in foreign operations	-	-	-	-	-
- Cash flow hedges	(3)	-	-	-	(3)
- Hedging instruments (undesignated elements)	-	-	-	-	-
- Exchange rate differences	30	-	-	-	30
- Non-current assets held for sale and discontinued operations	-	-	-	-	-
- Financial liabilities measured at fair value through profit or loss (changes in own credit rating)	-	-	-	-	-
- Actuarial gains (losses) on defined benefit pension plans	(13)	-	-	-	(13)
- Valuation reserves related to investments carried at equity	9	-	-	-	9
- Special revaluation laws	6	-	-	-	6
7. Net profit (loss) for the year (+/-) for the Group and non-controlling interests	1,121	-	-	-	1,121
Total	**3,348**	**-**	**-**	**-**	**3,348**

B.2 Valuation reserves for financial assets measured at fair value through other comprehensive income: analysis

	PRUDENTIAL CONSOLIDATION		INSURANCE COMPANIES		OTHER COMPANIES		ELIMINATIONS AND ADJUSTMENTS FROM CONSOLIDATION		TOTAL	
	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE
1. Debt securities	19	(3)	-	-	-	-	-	-	19	(3)
2. Equities	3	-	-	-	-	-	-	-	3	-
3. Loans	-	-	-	-	-	-	-	-	-	-
Total 31.12.2021	**22**	**(3)**	**-**	**-**	**-**	**-**	**-**	**-**	**22**	**(3)**
Total 31.12.2020	**25**	**(1)**	**-**	**-**	**-**	**-**	**-**	**-**	**25**	**(1)**

B.3 Valuation reserves for financial assets measured at fair value through other comprehensive income: changes in the year

	DEBT SECURITIES	EQUITIES	LOANS
1. Opening balance	**24**	**-**	**-**
2. Increases	**6**	**3**	**-**
2.1 Increases in fair value	6	-	-
2.2 Impairment for credit risk	-	-	-
2.3 Transfers to income statement of negative reserves from realisation	-	-	-
2.4 Transfers to other components of shareholders' equity (equity securities)	-	-	-
2.5 Other increases	-	3	-
3. Decreases	**(14)**	**-**	**-**
3.1 Decreases in fair value	(8)	-	-
3.2 Reversal of impairment for credit risk	-	-	-
3.3 Transfers to income statement from positive reserves: from realisation	(3)	-	-
3.4 Transfers to other components of shareholders' equity (equity securities)	-	-	-
3.5 Other decreases	(3)	-	-
4. Closing balance	**16**	**3**	**-**

B.4 Valuation reserves for defined-benefit plans: changes in the year

During the period, the reserves in question recorded a positive change of €13m, and therefore at 31 December 2021 there is a total negative reserve for defined benefit plans of approximately €13m.

PART G - BUSINESS COMBINATION TRANSACTIONS OF COMPANIES OR COMPANY DIVISIONS

SECTION 1 - TRANSACTIONS COMPLETED IN THE YEAR

1.1 Business combination transactions

(€m)

COMPANY NAME	TRANSACTION DATE (A)	TRANSACTION COST	EQUITY STAKE % (B)	INTERMEDIATION MARGIN (C)	PROFIT /LOSS FOR THE YEAR (D)	PROFIT / LOSS FROM ACQUISITION DATE (E)
1. Reyl & Cie S.A.	28 May 21	316	100%	82	5	4

(A) Date of acquisition of control.
(B) Sum of the percentage of interest acquired with voting rights at the shareholders' meeting and any NCI stock options.
(C) Intermediation margin (income statement item 120) for the full reporting period 2021.
(D) Profit/loss for the full reporting period 2021.
(E) Profit/Loss recorded following the acquisition date and included in the Group's consolidated results.

Acquisition of Reyl & Cie S.A.
As part of the broader process of consolidation and strategic repositioning of the Private Banking Division's foreign business, on 2 and 5 October 2020, the Boards of Directors of Intesa Sanpaolo and Fideuram authorised that Fideuram acquire a 69% stake in the share capital of Reyl & Cie, a Swiss private bank with an international presence, and the simultaneous contribution to Reyl of the entire stake held by Fideuram in Intesa Sanpaolo Private Bank (Suisse) Morval. The decision to acquire control of Reyl and further consolidate the Swiss wealth management centre, following the acquisition of Morval in 2018, stems from the analysis of a sector that continues to be a global leader in cross-border activities, representing the key to access to geographic areas and markets in significant growth and characterised by the presence, alongside some large global players, of a large number of smaller operators.
The sale and purchase agreement was finalised by the parties on 7 October 2020 with closing contingent on obtaining the necessary authorisations from the various Supervisory Authorities. Upon the completion of the authorisation process, the transaction was finalised on 28 May 2021 with the purchase by Fideuram of 69% of Reyl and with the simultaneous contribution to Reyl of the equity investment held by Fideuram in Intesa Sanpaolo Private Bank (Suisse) Morval. As a result of this contribution, following the completion of the transaction, 69% of the share capital of Intesa Sanpaolo Private Bank (Suisse) Morval is indirectly held by Fideuram which, therefore, continues to control the company, albeit indirectly, through Reyl. More specifically, Fideuram's acquisition of the interest in Reyl took place through:

- purchase in cash of 100% of the holding company RB Participations, which, in turn, holds 30% of Reyl & Cie;
- the direct purchase by Fideuram, partly in cash and partly through the transfer of Intesa Sanpaolo Private Bank (Suisse) Morval, of 39% of Reyl & Cie.

The parties agreed on a price based on a valuation of 100% of Reyl & Cie of CHF 348m; by applying the percentage acquired from Fideuram to the overall value of the company, the total price of CHF 240m paid on the date of the closing was thus established.

In order to ascertain the economic and financial fairness of the price paid, a specific fairness opinion was requested from an independent third party, which certified that the price agreed between the parties for the acquisition of 69% of Reyl standalone can be considered fair. The agreement signed between the parties also provided for a total valuation of Intesa Sanpaolo Private Bank (Suisse) Morval of CHF 165m. The agreed value was subject to an adjustment to take into account the changes in assets up to the date of closing resulting in a final value for 100% of the company of CHF 156m. Based on the above considerations, the price to acquire 69% of Reyl & Cie, amounting to CHF 240m, was paid:

- partly through the valuation of the 31% of Intesa Sanpaolo Private Bank (Suisse) Morval transferred to the shareholders of Reyl & Cie, for an amount of CHF 48m;
- in cash for the remaining portion, in the amount of CHF 192m.

In addition to the acquisition of 69% of the share capital, the parties also signed a Shareholders' Agreement that provides, inter alia, for specific put&call option mechanisms regarding the remaining 31% of the share capital of Reyl & Cie to be activated in 5 years from the date of closing for 50% of the stake and 7 years from the closing for the remaining 50%, respectively. The strike prices of the options are equal to the fair market value, to be calculated on the date the option is exercised.

Accounting for the merger and the Purchase Price Allocation (PPA) process
The acquisition of control of Reyl & Cie took the form of a business combination to be accounted for in accordance with the provisions of IFRS 3, which provides for the application of the acquisition method. Under this method, at the acquisition date, it is necessary to:

- identify the acquirer and the acquisition date;
- determine the acquisition cost;
- allocate the acquisition cost (so-called Purchase Price Allocation – PPA) by recording the identifiable assets, liabilities and potential liabilities of the acquired company at their fair value on that date. Any intangible assets must also be entered, regardless of whether the acquired party has not already recognised them.

Prior to the transaction, Fideuram already held control of Intesa Sanpaolo Private Bank (Suisse) Morval, which was contributed to Reyl & Cie as part of the acquisition price, and which, at the end of the transaction, continues to be controlled by Fideuram, albeit indirectly. For the purposes of preparing the consolidated financial statements, the PPA process was applied solely to the assets and liabilities of Reyl & Cie on a stand-alone basis, thus excluding the investment held by Reyl & Cie in Intesa Sanpaolo Private Bank (Suisse) Morval following the transaction.

With reference to the allocation of the acquisition cost and the recognition at fair value of assets and liabilities of the acquiree and potential new intangible assets not already recognised in Reyl & Cie's financial statements, availing itself of the option provided for in paragraph 45 of IFRS 3, which gives the acquiring party 12 months from the acquisition date to definitively complete the PPA process, the activities were completed for the Annual Report 2021.

Without prejudice to the identification of Fideuram as the acquiring party, the acquisition date was identified as 28 May 2021, i.e., the date on which the transaction was completed. It is therefore from this date that Fideuram acquired control of Reyl & Cie in accordance with IFRS 10, with the consequent obligation to include it in the scope of consolidation. Since it was not possible for Reyl & Cie to prepare a balance sheet as at the closing on 27 May 2021 (the date prior to the acquisition date in accordance with IFRS 3), reference was made, for the purposes of the PPA process and the first consolidation of the company, to the balance sheet prepared as at 31 May 2021, taking into account the short period of time between that date and 28 May. As a result, Reyl & Cie's net profit was included in the consolidated financial statements, in accordance with IFRS 3, as at 1 June 2021.

The acquisition cost was determined from the consideration transferred on the closing date for 69% of Reyl & Cie SA, amounting to CHF 240m. In addition, it was decided to also include the shares underlying the put-and-call agreement through the expression of the equity pertaining to NCIs at fair value in the acquisition cost, based on the option permitted by paragraph 19 of IFRS 3 (the so-called "full goodwill" criterion). Given the presence of the put options in favour of the minority shareholder, there is an unconditional commitment to purchase the shares underlying the options that must be recorded as a financial liability in the consolidated financial statements of the parent company. Accordingly, the equity attributable to non-controlling interests was derecognised against the recognition of a financial liability, also expressed at fair value, representing the commitment to purchase the Reyl & Cie shares attributable to non-controlling interests. As regards the determination of the fair value at the acquisition date of the financial liability for the commitment linked to the put options, taking into account that the strike price of the options is equal to the fair market value of the underlying shares, reference was made to the pro-rata value of 100% of the company agreed upon by the parties and certified by an independent third party.

The total consideration for the acquisition of Reyl & Cie therefore amounted to CHF 348m, as the sum of the price paid to acquire 69% of the company, amounting to CHF 240m, and the fair value of the financial liability recognised at the acquisition date for the subscription of put options on the non-controlling interest, amounting to CHF 108m.

Once the acquisition cost was established, it was allocated to the shareholders' equity subject to acquisition (equal to 100%, taking into account the application of the "full goodwill" criterion as permitted by IFRS 3), adjusted to take into account the fair value of the assets and liabilities acquired.

For the purposes of the Annual Report 2021, with the support of an independent expert, the PPA process was finally completed, concluding the analyses aimed at restating the fair value of the assets acquired and liabilities assumed and identifying any specific intangibles not previously recognised in Reyl & Cie's financial statements. In particular, the following accounting items emerged as worthy of attention in terms of potential differences between book values and fair value:

- the medium/long-term receivables portfolio;
- the Additional Tier 1 instruments issued which, although classified within shareholders' equity pursuant to IAS 32, were not considered in the value of Reyl & Cie's shareholders' equity subject to elimination as part of the PPA process as they do not fall within the scope of the acquisition transaction, which only involved ordinary shares issued by Reyl & Cie (and not Additional Tier 1 instruments, which continue to be held by third parties), and at the end of the transaction continue to appear as capital instruments issued by the acquired party and subscribed by third parties. Consequently, as part of the PPA they were considered as "non-controlling interests" to be recorded at fair value pursuant to IFRS 3;
- specific intangible asset linked to client assets. The analyses carried out led to the recognition of an intangible asset with a defined useful life related to the Customer Relationship, typical of the Wealth Management sector, previously not recognised in Reyl & Cie's financial statements;
- the valuation of the investment in Alpian, recorded in the company's IAS/IFRS financial statements under FVOCI equity securities (financial assets at fair value with impact on comprehensive income) and recognised at its fair value, amounting to CHF 20m, based on the company's valuation, agreed upon by the parties as part of the overall valuation of Reyl.

In particular, with reference to the receivables portfolio, for the purposes of determining the scope subject to valuation, with regard to exposures with a residual life of less than 12 months, since these are short-term transactions, the book value was considered a reasonable approximation of the fair value, in line with the provisions of IFRS 13, taking into account that the discounting of future cash flows was not very significant also in the presence of changes in the reference market rates. The method used by the expert to estimate the fair value of the medium/long-term portfolio, in line with market practice, involved discounting cash flows at a given market discount rate (Discounted Cash Flow, DCF method). The valuation process carried out this way determined an overall fair value of the medium/long-term receivables portfolio substantially in line with the value resulting from Reyl & Cie's financial statements, which was therefore confirmed for the purposes of the PPA process. The fair value of Additional Tier 1 was also estimated based on a DCF and was in line with the book value.

Finally, specific analyses were carried out which led to the identification of an intangible relating to Customer Relationship Related assets, especially indirect deposits (Client Assets). Customer Relationship Related intangible assets are made up of the complex of commercial relationships, of a contractual nature, established by the company with its customers, the value of which lies in the economic benefits from which the bank can benefit over time as a result of the relationships established with its customers. For the purposes of estimating the value of intangible assets, as provided for by IAS 38 and IFRS 3, only relationships existing at the acquisition date were considered, and not new relationships, as the capacity to generate new relationships cannot be separated and transferred to third parties and is included in goodwill. As a result, the intangible asset recognised was considered to have a finite useful life. For the valuation of the intangible assets at the acquisition date, reference was made to the Multi period Excess Earnings Method (MEEM), which establishes the value of the intangible starting from the estimated gross cash flows generated by the existing contracts through the use of prospective data, appropriately adjusted to take into account (i) administrative costs necessary for the production of income flows, (ii) the tax effect, (iii) the cost connected with the capital absorbed by the intangible asset, (iv) the cost of risk, where applicable, and (v) the cost associated with the use of other assets that contribute to the generation of cash flows associated with the specific intangible (so-called "contributory assets"). The valuation process resulted in an overall fair value of intangible assets of CHF 84m, converted to €76m based on spot exchange rates as at 28 May 2021, equal to 0.5% of acquired client assets and in line with the valuation of other comparable PPAs. Deferred tax liabilities have been recorded for the above intangible based on the nominal Swiss tax rate.

Summary of the acquisition cost allocation process and final determination of goodwill

As described above, by virtue of the Put & Call option mechanisms underlying the non-controlling interest, goodwill was recorded on 100% of Reyl & Cie stand-alone through the full goodwill criterion, as the difference between the total acquisition cost (consideration transferred for 69% of the company plus the value of the financial liability linked to the put option commitment) and the total equity subject to acquisition appropriately revalued at fair value (thus including the value of the intangible assets net of the related tax effect).

The total acquisition cost amounted to CHF 348m (€316m), while the share of IAS/IFRS equity at fair value of Reyl subject to acquisition (net of Additional Tier 1 instruments) amounted to CHF 125m (€113m) as at the acquisition date.

The following tables summarises the acquisition cost allocation and final determination of goodwill.

(€m)

		REYL & CIE
Payment transferred at closing for 69% of the share capital	**a**	**218**
Fair value of financial liability for put option on 31%	b	98
Reyl total acquisition cost at date of acquisition	**c=a+b**	**316**
IAS/IFRS net assets at the date of acquisition	d	53
- of which AT1 instruments subscribed by third parties	*e*	*23*
Reyl IAS/IFRS tangible shareholders equity net of AT1 instruments at date of acquisition	**f=d-e**	**30**
Effects of PPA	**g=h+i+l**	**83**
- of which intangible Client assets	*h*	*76*
- of which revaluation of shareholding in Alpian	*i*	*18*
- of which DTL	*l*	*(11)*
Net assets at fair value at date of acquisition	**m=f+g**	**113**
Goodwill recognised	**n=c-m**	**203**

A comparison of the total acquisition cost and equity at fair value of Reyl resulted in a residual difference of CHF 223m, converted to €203m, using spot exchange rates as at 31 May 2021, which was recognised under goodwill as a result of the PPA process.

For the sake of completeness, the balance sheet of Reyl & Cie as recorded at the acquisition date is shown below.

(€m)

	BOOK VALUE AT DATE OF ACQUISITION	FAIR VALUE DIFFERENCE	FAIR VALUE AT DATE OF ACQUISITION
Assets			
Loans to banks	255	-	255
Loans to customers	1,396	18	1,414
Property and equipment and intangible assets	18	279	297
Property and equipment	15	-	15
Intangible assets	3	279	282
- of which intangible Client assets	-	*76*	*76*
- of which goodwill	-	*203*	*203*
Tax assets	7	-	7
Other assets	492	-	492
Total assets	**2,168**	**297**	**2,465**

(€m)

	BOOK VALUE AT DATE OF ACQUISITION	FAIR VALUE DIFFERENCE	FAIR VALUE AT DATE OF ACQUISITION
Liabilities and shareholders' equity			
Due to banks	25	-	25
Due to customers	1,995	-	1,995
Financial liabilities held for trading	15	-	15
Tax liabilities	-	11	11
Other liabilities	51	-	51
Provisions for risks and charges	29	-	29
Equity instruments	23	-	23
Shareholders' equity (excluding equity instruments)	30	286	316
Total liabilities	**2,168**	**297**	**2,465**

In addition to the business combination transaction relating to the acquisition of Reyl & Cie, accounted for in accordance with IFRS 3, a number of non-recurring intercompany transactions were carried out in 2021, with no impact on the consolidated financial statements. These transactions, excluded from the scope of application of IFRS 3, involved the transfer of business units or legal entities between companies belonging to the Intesa Sanpaolo Group or aggregation transactions between the companies (under common control). In view of the purely reorganisational purpose of these transactions and in application of the Group's accounting policies, they were recorded at constant accounting values (with the statutory financial statements of the companies involved or with the consolidated financial statements) without recognising economic effects.

The main intercompany transactions completed during the year concerned the following:

- The transfer of the Private Asset Management business unit of Intesa Sanpaolo Private Banking to Fideuram Asset Management SGR;
- the partial demerger in favour of Fideuram of the entire interest held in IW Bank and of the UBI Banca business unit consisting of the units dedicated to service activities for IW Bank;
- the partial demerger in favour of Intesa Sanpaolo Private Banking of the UBI Banca "TOP Private Banking" business unit, which is organised for activities and services for high net worth customers and companies;
- the acquisition by Fideuram Bank (Luxembourg) of the Wealth Management and Private Banking business unit of Intesa Sanpaolo Bank Luxembourg.
- the merger by incorporation of the French subsidiary Financière Fideuram into Fideuram.

SECTION 2 - TRANSACTIONS COMPLETED AFTER THE YEAR

2.1 Business combination transactions

After the end of 2021, no business combination transactions were realised during the year as governed by IFRS 3.

A number of non-recurring intercompany transactions were carried out after the reporting date, with no effect on the consolidated financial statements. These transactions, excluded from the scope of application of IFRS 3, involved the transfer of business units or legal entities between companies belonging to the Group or aggregation transactions between the companies (under common control).

The intercompany transactions completed after the reporting date concerned:

- the merger of Intesa Sanpaolo Private Bank (Suisse) Morval into Reyl & Cie with legal effect from 1 January 2022 and backdating of accounting and tax effects to that date;
- the partial demerger of IW Bank in favour of Fideuram of a business unit consisting of banking relationships and assets, non-performing loans, advanced trading activities, finance activities and management of the owned securities portfolio, as from 14 February 2022;
- the partial demerger of Fideuram in favour of Intesa Sanpaolo of a compendium substantially made up of performing loans and related funding and personnel, as from 14 February 2022;
- the acquisition by Fideuram Bank (Luxembourg) of 100% of UBI Trustee (a company belonging to the former UBI Group, based in Luxembourg and specialised in trustee services dedicated to HNWI and UHNWI customers) from Intesa Sanpaolo.

PART H - TRANSACTIONS WITH RELATED PARTIES

OPERATING ASPECTS

The Board of Directors of Fideuram - Intesa Sanpaolo Private Banking adopted, most recently with a resolution on 30 July 2021, following the procedures provided for by Italian law, the amendment of the Group Regulations governing the management of transactions with Intesa Sanpaolo S.p.A.. Related Parties, Group Associated Parties and Insiders in accordance with ex art. 136 of Italian Banking Consolidation Act (Testo Unico Bancario - TUB) and adopted the new text of the related Addendum (hereinafter, the "Regulations").

The Regulations take into account both the regulations issued by the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB), pursuant to article 2391 bis of the Italian Civil Code, and the Supervisory Regulations brought in by the Bank of Italy on 12 December 2011 regarding bank and banking group risk assets and conflicts of interest in respect of associated parties, the latter issued to implement article 53, subparagraph 4 et seq. of the Italian Banking Consolidation Act (Testo Unico Bancario - TUB) and in accordance with resolution No. 277 of the Italian Interministerial Committee for Credit and Savings (CICR) of 29 July 2008 and, in addition, the rules set out in article 136.
The Regulation governs the following aspects for the entire Intesa Sanpaolo Group:

- the criteria for identifying Related Parties and Associated Parties;
- the investigative and decision-making process for transactions with Related Parties and associated parties, together with the process for providing information to the Company Bodies on said transactions;
- information provided to the market on transactions with Related Parties;
- the prudential limits and the requirements for periodically notifying the Bank of Italy about risk assets in respect of Associated Parties;
- the rules regarding controls and organisational supervision;
- the general disclosure and abstention rules for the management of the personal interests of company directors, employees and agents/freelancers, including those other than Associated Parties.

Pursuant to the Regulation, Intesa Sanpaolo's Related Parties are those entities that are defined as such by the international accounting standards adopted in accordance with the procedure referred to in Article 6 of Regulation (EC) no. 1606/2002.
Group Associated Parties are instead comprised of the Associated Parties of each bank in the Group (including Fideuram - Intesa Sanpaolo Private Banking) and each significant authorised intermediary with regulatory capital exceeding 2% of consolidated shareholders' equity.

The following are considered Associated Parties:

i. shareholders that exercise control or significant influence and their respective company groups;
ii. subsidiaries, joint subsidiaries and associate companies, as well as entities in which the latter have a controlling interest, including jointly with others;
iii. company directors and their relatives up to the second degree of consanguinity or affinity and significant equity investments.

As a self-regulatory measure, the Regulations were extended to:

i. Intesa Sanpaolo shareholders and related company groups that hold shares with voting rights in the Parent Company above the minimum threshold provided for by the regulations on the disclosure of significant investments in listed companies;
ii. companies in which members of Intesa Sanpaolo or their close family members hold executive positions or are chairperson of the board of directors;
iii. entities in which Intesa Sanpaolo representatives or their close family members hold a qualified interest of 10% or more of the capital or voting rights of such entity, or over which such persons may exercise significant influence;
iv. companies in which the Group has significant equity or financial interests.

The parties considered Insiders by the Regulations also include the related parties as defined by IAS 24.

The Regulations specify the various investigative safeguards that need to be observed in carrying out transactions with Intesa Sanpaolo Related Parties, Group Associated Parties and Insiders in accordance with ex art. 136 of the Italian Banking Consolidation Act (Testo Unico Bancario - TUB), to satisfy the need for the substantial propriety of the transactions and requiring, among other things, a detailed examination of the reasons and interests, of the asset-related, economic and financial effects, and of the conditions of the transaction.

Consistently with the rules adopted by CONSOB and the Bank of Italy, a system of full or partial exemptions from application of the rules also applies.

The decision-making procedures for transactions with Intesa Sanpaolo Related Parties and Group Associated Parties are differentiated as follows:

- transactions of negligible amount: with a value of €250k or less for natural persons and €1m or less for parties that are not natural persons (exempted from application of the regulations);

- transactions of minor significance: with a value above the thresholds for transactions of negligible amount (€250k or less for natural persons and €1m or less for parties that are not natural persons) but less than or equal to the thresholds for transactions of major significance indicated as follows;
- transactions of major significance: with a value that is above the 5% threshold of the indicators specified by the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB) and the Bank of Italy;
- transactions requiring the approval of the shareholders' meeting in accordance with the law or the By-Laws.

The Related Parties Committee, made up of three non-executive and mostly independent members of the Bank's Board of Directors, as provided by the law and By-laws, plays a consultative role in the process for approving transactions with Intesa Sanpaolo Related Parties and Group Associated Parties. When deemed appropriate, the Committee may use independent experts according to the significance, special economic or structural characteristics of the transaction or the nature of the related party or associated party.

Transactions of major significance require the company departments to involve the Committee in the investigative and negotiation phases by sending a complete flow of prompt information, with the committee being empowered to request further information and formulate observations.

All transactions with a Related Party or Associated Party that are not exempted pursuant to the Regulations are subject to the Parent Company's consent and a resolution of the Board of Directors, following consultation with the Related Parties Committee. Moreover, transactions with Related Parties or Associated Parties are conditioned on an opinion by the aforesaid Committee and a resolution by the Board of Directors, even if they are ordinary and made on an arm's length basis, if those transactions are subject to resolution by the Board of Directors according to the corporate rules.

The Regulations envisage specific safeguards if the Board of Directors approves a transaction of greater or lesser magnitude, notwithstanding the negative opinion of the independent Committee.

The Regulations likewise specify the general criteria for the reports to be submitted, at least quarterly, to the Board of Directors and Board of Statutory Auditors on transactions with Related Parties and Associated Parties completed in the reference period, to give a complete overview of the most significant transactions that are executed, and of the volumes and principal characteristics of all delegated transactions. The same information is also provided to the Related Parties Committee, also in order to allow a check on the correct application of the exemption conditions for transactions of lesser and greater importance. The reports must detail all the transactions, even if they are exempt from the decision-making process, with a value above the thresholds for transactions of negligible amount. These exclude financing transactions of minor significance and banking inflows between group companies (provided that they do not involve a subsidiary with significant interests of another related party or associated party and feature non-market or standard conditions). Ordinary transactions of minor significance between group companies under arm's length conditions, on the other hand, are to be reported annually in an aggregate report. In addition to covering the obligations provided for in article 2391 of the Italian Civil Code and article 53 of the Italian Banking Consolidation Act (Testo Unico Bancario - TUB) regarding the interests of directors, the Regulations also govern Insider transactions in accordance with article 136 of the TUB and therefore adopt the escalated decision-making procedure (unanimous resolution of the Board of Directors, excluding the vote of the director concerned, and vote in favour by the members of the Board of Statutory Auditors) provided for to permit bank directors to enter into liabilities either directly or indirectly with the bank in which they hold their position.

1. INFORMATION ON REMUNERATION OF SENIOR MANAGERS WITH STRATEGIC RESPONSIBILITIES

(€m)

	31.12.2021
Short-term benefits	8
Post-employment benefits	-
Other long-term benefits	1
Employment termination indemnity	-
Payment in shares	2
Total	**11**

2. INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

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

In accordance with the law and the internal procedures issued by Intesa Sanpaolo and the bank, all transactions with related parties during 2021 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.

In line with the Private Banking Division's development initiatives envisaged in the 2018-2021 Business Plan and as part of the Division's reorganisation process, the following corporate transactions were carried out in 2021:

- in January and February 2021, Fideuram and its subsidiaries Intesa Sanpaolo Private Banking, Sanpaolo Invest SIM, Fideuram Asset Management SGR and Fideuram Asset Management (Ireland) subscribed to the agreement entered into by the Parent Company with BlackRock Financial Management Inc. for the adoption of a single platform as an end-to-end solution to support the entire chain of asset management, wealth management and related risk management by all parties involved, including the aforementioned companies. The Framework Agreement, which covers the "Aladdin suite" platform:
  - allows for a single Group risk model and potentially a single adequacy model;
  - enables the rationalisation of Asset and Wealth Management systems (with associated cost reductions); and

- enables new functionalities (RoboAdvisory and Robo4Advisory) for sources of additional income.

The project aims to release (go-live) the entire scope of the Aladdin Enterprise and Aladdin Wealth modules, the Risk engine for those modules and the eFront module for real asset management from the second half of 2022, with gradual releases in line with internal constraints;

- as part of the process of integrating UBI Banca into the Intesa Sanpaolo Group, the following transactions became effective on 12 April 2021:
  - the demerger in favour of Fideuram of the UBI Banca business unit consisting of the units dedicated to service activities for IW Bank, known as the "IWB Service Business unit";
  - the acquisition by Fideuram of 100% of the capital of IW Bank, as part of the assets of the UBI Banca compendium that was demerged to Fideuram;
  - the demerger in favour of Intesa Sanpaolo Private Banking of the UBI "TOP Private Banking" business unit, which is organised for activities and services for high net worth customers and companies.

The spin-off of the equity investment to Fideuram took place according to the principle of continuity in the accounts for a net carrying amount equal to the book value of the equity investment. The IWB Service Business unit was assigned to Fideuram with all the assets and liabilities that make it up as an economically organised unit and all the assets and liabilities in any way connected with its business, with a valuation at 30 June 2020 of €2m. The assignment took place on a going concern basis and without the issue of new shares.

The Private Banking business unit was assigned to Intesa Sanpaolo Private Banking with all the assets and liabilities that make it up as an economically organised unit and all the assets and liabilities connected with its business, with a valuation at 30 June 2020 of €21m. The net value of the Private Banking business unit was allocated, in the same Beneficiary Company, in the amount of €12m to share capital, with the issue of No. 3,000,000 ordinary shares with no nominal value, assigned to Intesa Sanpaolo and which were subsequently sold to Fideuram at a price equal to the economic value of the unit and in the amount of €9m to Other reserves - reserves from transactions under common control. No cash adjustment was made. At the end of the Demerger and on the same date, but with immediate subsequent effect, the merger by incorporation of UBI into Intesa Sanpaolo was also carried out. As provided for in the Project for the partial demerger of Unione di Banche Italiane S.p.A. in favour of Fideuram and Intesa Sanpaolo Private Banking, on 2 November 2021, the Board of Directors of Fideuram approved the purchase of the minority shareholding found in Intesa Sanpaolo after the capital increase of Intesa Sanpaolo Private Banking, at a price equal to the economic value of the demerged business unit, determined with the support of an independent advisor (PWC), so as to restore Fideuram's ownership of the entire capital of Intesa Sanpaolo Private Banking. From an accounting point of view, since this is a transfer between entities that have a controlling interest in each other, the transaction is a transaction "under common control", to be accounted for at constant accounting values. The acquisition of Intesa Sanpaolo Private Banking shares was completed on 2 December 2021:

- on 3 May 2021, the Board of Directors of IW Bank resolved to sell the 4.314% stake held in UBI Sistemi e Servizi S.C.p.A. (represented by 2,999,132 shares with a par value of €0.52) to Intesa Sanpaolo. This transaction is functional to the integration of UBISS into Intesa Sanpaolo and is part of the Intesa Sanpaolo Group's corporate simplification initiatives. The sale was completed on 29 June 2021 and was settled at a price of €0.717 per share, in line with the shareholders' equity of UBISS as at 31 December 2020;
- on 20 May and 10 October 2021, the transactions for the acquisition by Fideuram of the shareholdings held in Intesa Sanpaolo Private Bank (Suisse) Morval by Massimo Zanon di Valgiurata, Siref S.p.A. and Emanuele Zanon were completed, amounting to a total of approximately 3%, for a total price of approximately CHF 7.3m, against a total of 6,864 shares involved in the transactions. The shareholding held by Fideuram at the time in Intesa Sanpaolo Private Bank (Suisse) Morval was then transferred to Reyl & Cie S.A., which thus acquired full control, to enable it to proceed with the merger of Intesa Sanpaolo Private Bank (Suisse) Morval according to a simplified merger procedure;
- following the merger by incorporation of UBI into Intesa Sanpaolo, the process of enhancing the value of and integrating Fideuram and IW Bank was started, as part of which various possible options for the corporate and distribution structure of IW Bank and for its efficient and effective integration within the Private Banking Division were assessed, also minimising the time and investment required as a result of the disposal of the former UBI/UBISS IT system, aimed at preserving the continuity of IW Bank's business and service model, its distinctiveness and the relationship with customers and the network of financial advisers. As a result of these assessments, on 23 March, 31 March and 2 April 2021 respectively, the Boards of Directors of Intesa Sanpaolo, Fideuram and IW Bank approved, to the extent of their respective remits, the transactions of: (i) partial demerger of IW Bank in favour of Fideuram of a business unit consisting of banking relationships and assets, non-performing loans (not sold to the market prior to the demerger), advanced trading activities, finance activities and management of the owned securities portfolio; (ii) the partial demerger of Fideuram in favour of Intesa Sanpaolo of a compendium substantially made up of performing loans and related funding and personnel; and (iii) transformation of the Company into a financial services company according to the above terms. The identified solution was considered the best balance between, on one hand, the need to preserve the loyalty of the distribution network of financial advisers and their customers and, on the other, the adoption of a streamlined operating model with the outsourcing of banking, administrative and control activities to Fideuram and Intesa Sanpaolo structures. Having received the required supervisory authorisations, on 11 January 2022, the deeds of (i) partial demerger of the so-called Banking Business Unit of IWB in favour of Fideuram and (ii) partial demerger of Fideuram in favour of Intesa Sanpaolo were therefore signed, under the terms described above. The effects of the two demergers take effect on 14 February 2022, without prejudice to the immediate logical and legal precedence of the effectiveness of the demerger under (i) with respect to that of the demerger under (ii). On the same date and at the end of the partial demerger of IWB in favour of Fideuram, IWB was reconfigured as a financial services company and called "IW Private Investments Società di Intermediazione Mobiliare S.p.A." and, in abbreviated form, "IW SIM S.p.A." Moreover, pending completion of the aforementioned demerger transactions, part of the assets assigned to Intesa Sanpaolo, consisting mainly of non-performing receivables, were directly disposed of.

The Bank's Board of Directors meeting of 18 June 2021 approved the renewal of the service contract in place with Intesa Sanpaolo, as amended with the provision of new policymaking, monitoring and support services.

There was a similar update of the service contracts in place between Intesa Sanpaolo and the following Fideuram subsidiaries: Sanpaolo Invest SIM, Siref Fiduciaria, Intesa Sanpaolo Private Banking, Fideuram Asset Management SGR and Fideuram Asset Management (Ireland) were also renewed. In April 2021, the new subsidiary IW Bank also entered into a service agreement with Intesa Sanpaolo to formalise its takeover of the framework agreement for the provision of the services already provided by UBI Banca, except for certain activities which were brought in-house at IW Bank as from 12 April 2021.
Fideuram's new service contract with Intesa Sanpaolo, signed at the end of June 2021, provides for the payment of an estimated annual fee of approximately €48.4m, a slight increase compared to the end of 2020, also due to the introduction of new services provided by Intesa Sanpaolo. Overall, the service contracts in place between Parent Company and the above-mentioned companies of the Fideuram Group will entail, subject to year-end adjustment, the payment of an estimated fee for 2021 of approximately €87m.
All amounts receivable and payable and all income and expenses at 31 December 2021 regarding companies in the Intesa Sanpaolo Group are summarised below:

Assets 31.12.2021

(€m)

	TRANSACTIONS WITH INTESA SANPAOLO GROUP	
	AMOUNT	%
Cash	2,729	74
Debt and equity securities	19,159	79
Loans to banks	19,507	96
Loans to customers	223	2
Financial derivatives	34	70
Property and equipment	47	12
Other assets	34	2

Liabilities 31.12.2021

(€m)

	TRANSACTIONS WITH INTESA SANPAOLO GROUP	
	AMOUNT	%
Due to banks	3,658	92
Due to customers	445	1
Financial derivatives	476	63
Other liabilities	338	20
Guarantees and commitments	663	9

Income statement 2021

(€m)

	TRANSACTIONS WITH INTESA SANPAOLO GROUP	
	AMOUNT	%
Interest income	144	51
Interest expense	(44)	42
Fee and commission income	901	29
Fee and commission expense	(32)	3
Net profit (loss) on the financial assets	155	n.s.
Administrative expenses	(143)	13
Depreciation of property and equipment	(10)	18

n.s.: not significant

Relationships with companies in the Intesa Sanpaolo Group

(€m)	ASSETS	LIABILITIES	GUARANTEES AND COMMITMENTS	INCOME	EXPENSES
Parent Company					
Intesa Sanpaolo S.p.A.	40,486	4,465	663	343	229
Companies controlled by the Parent Company					
BPB Immobiliare S.r.l.	-	1	-	-	-
Eurizon Capital S.A.	-	-	-	1	-
Eurizon Capital SGR. S.p.A.	40	-	-	156	1
Fideuram Vita S.p.A.	620	413	-	551	4
Intesa Sanpaolo Assicura S.p.A.	1	-	-	-	-
Intesa Sanpaolo Bank Luxembourg S.A.	534	7	-	-	-
Intesa Sanpaolo Harbourmaster III S.A.	1	-	-	-	-
Intesa Sanpaolo Holding International S.A.	-	-	-	-	1
Intesa Sanpaolo Life dac	4	-	-	45	-
Intesa Sanpaolo Servitia S.A.	-	-	-	-	2
Intesa Sanpaolo Vita S.p.A.	45	15	-	113	1
Prestitalia S.p.A.	-	4	-	-	-
RBM Assicurazione Salute S.p.A.	-	9	-	-	-
UBI Leasig S.p.A.	-	3	-	-	-
VISA Inc.	2	-	-	-	-

PART I - SHARE-BASED PAYMENT ARRANGEMENTS

QUALITATIVE INFORMATION

1. DESCRIPTION OF THE SHARE-BASED PAYMENT ARRANGEMENTS

1.1 Bonus scheme based on financial instruments

The Supervisory Regulations regarding the remuneration and bonus and incentive scheme policies and practices of banks and banking groups stipulate, inter alia, that part of the bonuses awarded to "Risk Takers" (at least 50%) be in the form of financial instruments allocated over a long-term time horizon.
To that end, at 31 December 2021 the Fideuram Group had a total of €23m in Intesa Sanpaolo stock in its portfolio, which is recognised in the balance sheet under financial assets measured at fair value through profit or loss.
The shares will be assigned to the participants in accordance with the implementation regulations of the bonus systems, which as a rule require the participants to have been in continuous service up until the moment the shares are actually delivered, and make each deferred part of the bonus (whether in the form of cash or financial instruments) subject to an ex-post correction mechanism (known as a malus condition) which can reduce the amount paid and the number of any shares allocated in relation to the extent to which certain specific financial/asset targets that measure the sustainability of the results achieved over time have been met.

1.2 Long-term incentive plans 2018-2021: POP and LECOIP 2.0

At the same time that the Business Plan 2018-2021 was launched, two new long-term incentive plans were begun, targeting different population clusters:

- POP (Performance-based Option Plan) reserved for the Top Management, Risk Takers, and Key Managers;
- LECOIP 2.0 Plan reserved for the Managers and remaining staff.

In regard to Top Management, the Risk Takers, and Key Managers, who have a direct impact on Group results, it was deemed necessary to adopt a tool explicitly connected with achievement of the Business Plan targets and with an adequate risk/return profile reflecting the role played and the levels of ambition and challenge of the new Business Plan.
The POP Plan is based on financial instruments connected to the shares (call option) and subject to achievement of key performance conditions of the Business Plan, as well as to individual activation and access conditions (compliance breach).

The entire amount accrued will be paid in shares and over a time horizon of 3-5 years, according to the cluster to which the beneficiary belongs, after checking the malus conditions, which are defined specularly to the activation conditions, over the years when these are envisaged.

Moreover, in June 2018, the Group signed an assumption of obligations agreement with JP Morgan. That agreement transferred to JP Morgan the obligation to deliver to the Intesa Sanpaolo Group employees any ordinary shares due upon expiration of the POP Options and, consequently, assumption of all the volatility risks of the Plan by the counterparty itself.

In regard to the Managers and remaining staff, the 2018-2021 LECOIP 2.0 retention plan was introduced, substantially continuing the LECOIP 2014-2017.

The LECOIP 2.0 Plan, which is intended to facilitate the sharing at all organisation levels of the value created over time after the Business Plan targets are met and to promote identification with and a spirit of belonging to the Group, is assigned in certificates issued by JP Morgan, i.e. share-based financial instruments. In particular, the LECOIP 2.0 Plan envisages:

- the free assignment to employees of newly issued Intesa Sanpaolo ordinary shares resulting from a bonus issue (free shares);
- the free assignment to employees of additional Intesa Sanpaolo ordinary shares resulting from the same bonus issue (matching shares), and subscription by the employees of newly issued Intesa Sanpaolo ordinary shares in a cash capital increase reserved for employees in which the shares were discounted from their market value (Discounted Shares).

The Certificates are broken down into two categories and have different characteristics according to whether they are allocated to Professional employees or Managers within the Italian operations of the Group. The Certificates reflect the terms of certain options whose underlying consists of Intesa Sanpaolo ordinary shares and allow employees to receive on maturity, unless certain events occur, an amount in cash (or in Intesa Sanpaolo ordinary shares) equal to the original market value of the free shares and the matching shares for the Professional employees and 75% of that market value for the Manager employees, plus any gain from the original market value, connected with the amount of free shares, matching shares, and discounted shares.

The POP and LECOIP 2.0 Plans were submitted for approval at the Shareholders' Assembly on 27 April 2018.

With particular reference to the LECOIP 2.0 Plan, the Extraordinary Shareholders' Meeting resolved to grant the Board of Directors the power to increase the share capital pursuant to article 2443 of the Italian Civil Code, for the purpose of implementing the LECOIP 2.0 Plan. These capital increases were executed on 11 July 2018 concurrently with the launch of the 2018-2021 Long-Term Incentive Plans.

With regard to the POP Plan – in the light of the occurrence of exogenous events of an extraordinary nature (in particular, the reduced distribution of dividends in the European banking sector during the Covid-19 pandemic), and with the aim of neutralising the technical effects on the Plan's operating mechanisms, which compromised its incentive value, i.e., the possibility that the POP Plan could realistically be in the money in view of the recovery in the value of Intesa Sanpaolo shares and the resumption of the regular distribution of dividends – the Ordinary Shareholders' Meeting of 28 April 2021 approved certain amendments.
In particular, the changes provided for concerned the correction mechanism of the strike price according to the amount of dividends actually distributed in each year of the plan compared to the consensus expectations and the postponement of the so-called Averaging Period (i.e., the observation period during which the average price of the Intesa Sanpaolo share is compared to the strike price), originally set in the time interval 11 March 2021-11 March 2022, by one year with consequent postponement of one year also of the exercise date of the POP options.

Both of the long-term incentive plans in question (POP and LECOIP 2.0) fall within the scope of application of IFRS 2 and can be referred to as equity-settled share-based payment transactions ("equity-settled plans").

In regard to the POP Plan, the fair value of the equity instruments covered by the plan was established at the grant date (represented by the fair value of the options adjusted for the availability restriction to which the shares will be subject following exercise of the options) and subsequently updated following changes to the Plan. The Plan requires satisfaction of non-market service and performance conditions (the activation and performance conditions), which were taken into account to determine the number of shares for measuring the cost of the plan. These estimates will be revised during the vesting period and until maturity. The cost of the plan as defined hereinabove is recognised in the profit or loss as the cost of labour pro rata temporis over the vesting period of the benefit, as a balancing entry for a specific shareholders' equity reserve. Similar accounting representation under IFRS 2 is applied to the Plan amendments. Specifically, the cost of the original plan continues to be recognised over the initial vesting period (i.e., through 11 March 2022), while the additional cost related to the plan amendment is recognised over the new vesting period, i.e., through 10 March 2023. The postponement of the observation period by one year, with the consequent lengthening of the period of service, is in fact an increase in the vesting period.
When events occur such as to cause employees to lose their right to the benefits of the POP Plan (performance conditions, activation conditions, and resignation or termination), Intesa Sanpaolo recognises a financial asset in the financial statements as a balancing entry to equity. In subsequent valuations, changes in fair value are recognised in profit or loss. In regard to the right to assume obligations – since it can essentially be construed as the operational method adopted by the Group to fulfil its obligation to make physical delivery of the shares resulting from the Plan – they shall be represented in the accounts as an equity instrument recognised as a balancing entry in shareholders' equity. The amendment to the POP Plan also entailed the consequent amendment to the assumption of obligations agreement already entered into between the Bank, the beneficiaries and the financial partner, by virtue of which the latter assumed the obligation to deliver the Intesa Sanpaolo shares underlying the POP Options to the Beneficiaries.
In regard to the LECOIP 2.0 Plan, the fair value of the instruments representing the capital covered by the plan (equal to the sum of the fair value of the shares assigned for free and the fair value of the discount for the paid shares) was calculated at the grant date and not modified thereafter. The Plan requires satisfaction of non-market service and performance conditions (trigger events), which were taken into account to determine the number of shares for measuring the cost of the plan. These estimates will be revised during the vesting period and until maturity. The cost of the plan as defined hereinabove is recognised in the profit or loss as the cost of labour pro rata temporis over the vesting period of the benefit, as a balancing entry for a specific shareholders' equity reserve.

When events occur such as to cause employees to lose their right to the benefits of the LECOIP 2.0 certificates (trigger events and resignation or termination), Intesa Sanpaolo recognises a financial asset as a balancing entry in shareholders' equity. In particular, under IFRS 9, the Certificates recognised in the Group financial statements have to be classified as Financial assets mandatorily measured at fair value. In subsequent valuations, changes in fair value are recognised in profit or loss.

QUANTITATIVE INFORMATION

2. OTHER INFORMATION

2.1 Development of the bonus scheme based on financial instruments

	NUMBER OF SHARES	PER-SHARE FAIR VALUE (Euro)
Intesa Sanpaolo Shares at 31 December 2020	**11,661,338**	**1.9126**
- Shares acquired in the year	2,387,543	2.3888
- Shares allocated in the year	3,923,136	2.3088
Intesa Sanpaolo Shares at 31 December 2021	**10,125,745**	**2.2740**

2.2 Long-term incentive plans 2018-2021: POP and LECOIP 2.0

	LECOIP 2.0 PLAN									NUMBER OF LECOIP CERTIFICATES AT 31.12.2020	CHANGES IN THE YEAR	NUMBER OF LECOIP CERTIFICATES AT 31.12.2021	AVERAGE FAIR VALUE AT 31.12.2021
	FREE SHARES AT JULY 2018		MATCHING SHARES AT JULY 2018		DISCOUNTED SHARES AT JULY 2018		SELL TO COVER SHARES AT JULY 2018		TOTAL NUMBER OF SHARES ALLOCATED AT JULY 2018				
	NUMBER OF SHARES	AVERAGE PER-SHARE FAIR VALUE	NUMBER OF SHARES	AVERAGE PER-SHARE FAIR VALUE	NUMBER OF SHARES	AVERAGE PER-SHARE FAIR VALUE	NUMBER OF SHARES	AVERAGE PER-SHARE FAIR VALUE					
TOTAL EMPLOYEES	1,166,440	2.4750	3,655,740	2.4750	33,755,260	0.3771	7,414,214	2.5416	45,991,654	4,524,013	(114,423)	4,409,590	2.3897

The income statement effects of the Lecoip Plan 2.0 totalled €12m in 2021.

	PERFORMANCE - BASED OPTION PLAN (POP)										
	POP OPTIONS IN JULY 2018		POP OPTIONS TO 31.12.2020				CHANGES IN THE PERIOD	POP OPTIONS TO 31.12.2021			
					OF WHICH: POP OPTIONS RESTRUCTURED AS AT 07.06.2021					OF WHICH: POP OPTIONS RESTRUCTURED AS AT 07.06.2021	
	NUMBER POP OPTIONS	AVERAGE FAIR VALUE PER UNIT	NUMBER POP OPTIONS	AVERAGE FAIR VALUE PER UNIT	NUMBER POP OPTIONS	AVERAGE FAIR VALUE PER UNIT	NUMBER POP OPTIONS	NUMBER POP OPTIONS	AVERAGE FAIR VALUE PER UNIT	NUMBER POP OPTIONS	AVERAGE FAIR VALUE PER UNIT
TOTAL RISK TAKERS	26,976,939	0.3098	25,613,811	0.0004	19,511,914	0.2049	(2,021,414)	25,613,811	-	19,511,914	0.0819

The income statement effects of the POP Plan totalled €3m in 2021.

PART M - DISCLOSURE ON LEASES

This section provides the information required by IFRS 16 that has not been presented in other parts of the financial statements.

SECTION 1 - LESSEE

QUALITATIVE INFORMATION

The Group mainly has real estate leases and car leases in force.
The number of lease contracts at 31 December 2021 totalled 661, of which 660 for real estate leases, with the rights of use worth a total of €314m.
The real estate leases mainly consist of properties for use as offices, bank branches, or Personal Financial Advisers' offices. Within Italy, the lease contracts normally have a term longer than 12 months and typically feature renewal and termination options that can be exercised by the lessor and the lessee as prescribed by law or specific contractual provisions. These contracts usually do not include the purchase option at the end of the lease term or significant restoration costs. According to the characteristics of Italian lease contracts and the provisions of Law 392/1978, in case of a new lease having a term of six years and the option for tacit renewal of the lease once every six years, the total duration of the lease is set at twelve years. This general guidance is superseded if there are new elements or specific situations within the contract.
The contracts referring to other leases mainly concern cars. These are long-term rental contracts for cars provided to the employees (mixed personal and business use) or the organisational units of the individual companies. These contracts generally have a four-year term, with monthly payments, with no renewal option and do not include a purchase option. The contract may be extended according to management of the car fleet. If it is terminated prematurely, a penalty may apply.
The lease contracts other than those relating to real estate or cars represent a negligible amount.

During 2021, no sale or leaseback transactions were made.
Sublease transactions represent an insignificant amount and concern intercompany relationships.
As previously mentioned in the accounting policies, the Group uses the exemptions allowed by IFRS 16 for short-term leases (having a term less than or equal to 12 months) or leases for assets having a low value (worth less than or equal to €5,000).

QUANTITATIVE INFORMATION

Part B - Assets in the Notes to the consolidated financial statements contains information about the rights of use acquired with leases (Table 9.1 - Property and equipment used in operations: analysis of assets measured at cost) and Part B - Liabilities shows the debts for leases (Table 1.1 - Financial liabilities measured at amortised cost - Due to banks: analysis and Table 1.2 - Financial liabilities measured at amortised cost - Due to customers: analysis).
Part C of the Notes to the consolidated financial statements contain information on the interest expense for debts for leases and the other costs connected with the rights of use acquired with leases. Reference is made to the specific sections for more details.
The following table breaks down the depreciation expenses for right-of-use assets in the various categories, consistently with the presentation of property and equipment.

Depreciation expenses by asset class

	2021	2020
Property and equipment used in operations		
a) buildings	49	42
b) furniture	-	-
b) electronic equipment	-	-
d) other	-	1
Total	**49**	**43**

6. Independent Auditors' Report

EY S.p.A.
Via Lombardia, 31
00187 Roma

Tel: +39 06 324751
Fax: +39 06 324755504
ey.com

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010 and article 10 of EU Regulation n. 537/2014

(Translation from the original Italian text)

To the Shareholder of
Fideuram – Intesa Sanpaolo Private Banking S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Fideuram – Intesa Sanpaolo Private Banking Group (the "Group"), which comprise the balance sheet as at December 31, 2021, the income statement, the statement of comprehensive income, the statement of changes in Shareholders' equity and the statement of cash flows for the year then ended, and notes to the financial statements.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2021, of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38/2005 and article 43 of Legislative Decree n. 136/2015.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated] Financial Statements* section of our report. We are independent of the Fideuram – Intesa Sanpaolo Private Banking S.p.A. (the "Company") in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

EY S.p.A.
Sede Legale: Via Meravigli, 12 – 20123 Milano
Sede Secondaria: Via Lombardia, 31 – 00187 Roma
Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
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We identified the following key audit matters:

Key Audit Matter	Audit Response
Recognition of the Reyl Group's business combination and related "Purchase Price Allocation"	
During 2021, the Company acquired a 69% ownership interest in the share capital of Reyl & Cie S.A. for euro 316 million (the "Transaction"). Since the Transaction qualifies as a business combination, the Company's directors applied the accounting treatment required by IFRS 3 and have therefore identified the acquisition date, determined the cost of the business combination and the allocation of its cost ("*Purchase Price Allocation*"). The purchase price allocation process implied, among others: i) the determination of the fair value of the assets acquired and liabilities assumed, ii) the identification and recognition of a finite useful life intangible asset related to the client assets under management, not previously recognised into the acquiree's financial statements and, iii) the recognition of the residual difference, amounting to euro 216 million, as goodwill in the consolidated financial statements as at December 31, 2021. Considering the materiality of the Transaction and the complex valuations involved, which required a high level of judgement by the Company's directors in the Purchase Price Allocation process, also through the involvement of an external appraiser, we believe that the recognition of the business combination is a key audit matter. The disclosure relating to the recognition of the Transaction is provided in Part G – Business combination transactions of companies or company division of the notes to the financial statements.	Our audit procedures addressing the key audit matter included, amongst others: • the analysis of the contract documents relating to the Transaction; • the analysis of the conformity with the IFRS of the accounting treatment applied by the Company to the Transaction; • the analysis of the accuracy of the accounting entries; • the assessment of the valuation approach, the assumptions and the methods used to measure the fair value at the acquisition date of the assets acquired and liabilities assumed, and of the intangible assets with a finite useful life related to the assets under management, as well as the analysis of the report prepared by the external appraiser; such procedure was also performed with the support of our specialists in business valuation models. Finally, we examined the adequacy of the disclosures provided in the notes to the financial statements.

Key Audit Matter	Audit Response
Measurement of provisions for risks and charges for legal disputes and for costs related to Personal Financial Advisers' contractual indemnities and loyalty schemes	
The consolidated financial statements as at December 31, 2021 include provisions for risks and charges of euro 648 million. They comprise provisions for pending legal and tax disputes (euro 85 million), Personal Financial Advisers' contractual indemnities (euro 273 million) and Personal Financial Advisers networks loyalty schemes (euro 102 million). The measurement of provisions for risks and charges for pending disputes and for Personal Financial Advisers' contractual indemnities and loyalty schemes is a complex activity, with a high degree of uncertainty, with respect to which the directors estimate, also with the support of their own consultants, the risk of loss of legal disputes, the expected disbursement and the timing for its settlement and use actuarial criteria to estimate the contractual indemnities for Personal Financial Advisers and the costs associated with the loyalty schemes, which take into account the allowances actually accrued, the probability of payment of the related charges and the average permanence and composition of the Personal Financial Advisers' networks as well as the assets under management of the customers acquired. For the above reasons, we believe that measuring provisions for risks and charges is a key audit matter. The disclosure relating to the measurement of provisions for risks and charges is provided by directors in Part B - Notes to the balance sheet - section 10 - Provisions for risks and charges, Part C - Notes to the income statement, section 13 - Net provisions for risks and charges and Part E - Information on risks and related hedging policies.	Our audit procedures addressing the key audit matter included, amongst others: • the understanding of policies, process and controls applied by the Group in relation to the measurement of provisions for risks and charges; • the analysis, also with the support of our information technology specialists, of the functionality of the information system used by the Company for remote monitoring of the operability of the Personal Financial Advisers' networks, for the purpose of identifying any fraud or illicit acts; • obtaining written confirmation, from the Group's legal Advisers, of their assessment of the evolution of pending disputes in case of adverse judgment; • the analysis, also with the support of our legal specialists, of the reasonableness of the assumptions used by directors to measure the possibility of loss for pending disputes and the estimation of provisions for risks and charges; • the analysis of the reasonableness of the assumptions, actuarial assumptions and methods used by directors to estimate charges for contractual indemnities and loyalty schemes for Personal Financial Advisers. Such procedure was also performed with the support of our actuarial specialists; • the performance of substantive procedures to verify the completeness and the accuracy of the data used for the determination of provisions for risks and charges and for the estimation of charges for Personal Financial Advisers' contractual indemnities and loyalty schemes. Finally, we examined the adequacy of the disclosures provided in the notes to the financial statements.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38/2005 and article 43 of Legislative Decree n. 136/2015 and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by international standards on auditing (ISA Italia), regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The Shareholders of Fideuram - Intesa Sanpaolo Private Banking S.p.A., in the general meeting held on 30 March 2020, engaged us to perform the audits of the separate and consolidated financial statements of the Company for each of the years ending December 31, 2021 to December 31, 2029.

We declare that we have not provided prohibited non-audit services, referred to article 5, paragraph 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the statutory audit committee (Collegio Sindacale) in its capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated January 27, 2010

The Directors of Fideuram - Intesa Sanpaolo Private Banking S.p.A. are responsible for the preparation of the Directors' Report of the Fideuram - Intesa Sanpaolo Private Banking Group as at December 31, 2021, which comprise paragraphs from 2.1 to 2.3 and 2.5 of the Section 2 "External context and strategies", paragraphs from 3.1 to 3.4, 3.7, 3.8.1 and 3.9 of the Section 3 "Performance" and the paragraph 4.2 of the Section 4 "Governance" of the Integrated Annual Report (the "Directors' Report"), including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Directors' Report with the Group consolidated financial statements as at December 31, 2021 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Directors' Report is consistent with the consolidated financial statements of Fideuram - Intesa Sanpaolo Private Banking Group as at December 31, 2021 and comply with the applicable laws and regulations.

With reference to the statement required by article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated January 27, 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Exemption from the preparation of the non-financial statement

As disclosed in the Directors' Report, the Directors of Fideuram - Intesa Sanpaolo Private Banking S.p.A. availed of the exemption from the preparation of the Non-Financial Statement pursuant to article 6, paragraph 1, of Legislative Decree n. 254, dated December 30, 2016.

Rome, March 14, 2022

EY S.p.A.
Signed by: Francesco Chiulli, Auditor

This independent auditor's report has been translated into the English language solely for the convenience of international readers.

7.1 Non-financial reporting methodology
7.2 Overview tables of GRI indicators
7.3 Index of SASB indicators
7.4 Basis of preparation of the restated financial statements
7.5 Basis of preparation of the reclassified financial statements
7.6 Value Added Statement

7. Schedules

7.1 Non-financial reporting methodology

The non-financial disclosures have been included in the Directors' Report to highlight the connections among the various financial and environmental, social and governance information in the value creation process. These disclosures are addressed to all stakeholders identified in the Fideuram Group Code of Ethical Conduct.

As part of the Group's sustainability policies, a Sustainability Manager was appointed last year to provide overall oversight of ESG initiatives within the Private Banking Division, strategic policymaking on ESG themes, exercising operational coordination for the implementation of the most important ESG initiatives and evaluating the appropriateness and soundness of the new initiatives in that area.
In the context of non-financial reporting, there has been a CSR Officer assigned to the Private Banking Division for several years now.

The Integrated Annual Report is available in Italian and English on the Fideuram website. In addition, an interactive Annual Report with multimedia information (audio and video aids) is available on the homepage, supplementing and enhancing the financial reporting with a varied array of external corporate communications

REFERENCE STANDARDS

Since 2013, the Fideuram Group has reported financial and non-financial information in the Integrated Annual Report. This year's Integrated Annual Report has been prepared on the same basis as the Integrated Annual Report 2020, confirming the Group's commitment to transparent performance reporting.

The non-financial disclosure has been prepared in accordance with the GRI Sustainability Reporting Standards drawn up by the Global Reporting Initiative (GRI) in 2016.
The GRI Standards guidelines offer two options for the preparation of "in accordance" reporting: Core and Comprehensive. Both options can apply for any organisation, irrespective of its size, sector or location. The choice of option does not have any effect on the quality of the reporting. The Group has prepared this Integrated Annual Report in line with the Core option, considered more in keeping with the principles of conciseness and connectivity of an Integrated Report.

In addition, as of this year there is a SASB Indicator Index that includes all of the indicators in the standard covered by this document.
The Report contents have been selected based on the principles outlined in the "Integrated Reporting" Framework 2021 of the IIRC, in the GRI Standards guidelines, and the AA1000APS AccountAbility standard.

In particular, the materiality principle set out in GRI Standards, which considers information material when its omission could significantly influence the decisions of users of the report, has been adopted to define the material topics for reporting the most significant risks and opportunities for the Group.

An aspect is defined as material if it simultaneously:

- reflects the organisation's significant economic, environmental and social impacts (defined on the basis of Management opinion);
- substantively influences the assessments and decisions of stakeholders (defined on the basis of a specific stakeholder engagement).

When implementing the materiality analysis process, the Group was inspired by, among other things, the definition of materiality contained in the "Integrated Reporting" Framework, according to which materiality for the organisation and for its stakeholders is taken to mean the potential to affect, positively or negatively, the ability to create value for the Group.

The principles of stakeholder inclusiveness, sustainability context and completeness were also taken into account in determining the reporting content.

The information quality criteria and scope of reporting were likewise determined taking the related GRI principles into consideration (accuracy, balance, clarity, comparability, reliability, and timeliness).
In addition, Fideuram has decided to express its commitment to sustainable development by identifying which Sustainable Development Goals (SDG) of the UN Agenda 2030 it intends to pursue in the course of company operations. In keeping with the Paris Global Climate Conference, the Group has committed itself to monitoring and reporting on greenhouse gas emissions to identify and implement actions to reduce its ecological footprint.

The data and information provided on Scope 1 and Scope 2 greenhouse gas (GHG) emissions were prepared in accordance with the international Greenhouse Gas Protocol, and with the guidelines set out in the GRI Standards.

In order to give further impetus to the decarbonisation process, the product companies of the Fideuram Group, Fideuram Asset Management SGR and Fideuram Asset Management (Ireland) joined the Net-Zero Asset Managers Initiative in October 2021, committing to zero CO_2 emissions by 2050. Moreover, being part of the Intesa Sanpaolo Group, Fideuram adheres to the commitments made by Intesa Sanpaolo by joining the Net-Zero Banking Alliance.

THE REPORTING PROCESS

The non-financial information reporting process has been formally established through the definition of a specific operating guide under the supervision of the Financial Management Governance Unit. All our company departments contribute to drafting the Integrated Annual Report and operate to establish dialogue with stakeholders. Data collection for the report is centralised in the Administration and Reporting Department and implemented by sending specific requests to the different departments involved.

MEASUREMENT SYSTEMS

The indicators used in our non-financial reporting have been chosen in accordance with the reference standard and the results of the materiality analysis process. Almost all the data are direct measurements obtained from accounting data and other information systems, with the exception of a small number of estimates, which are all appropriately identified. To ensure accuracy of measurement and period-on-period comparability in interpreting the indicators, the Group departments have been equipped with appropriate information to ensure the measurement methods are applied correctly. The financial indicators come from the accounting system and are in line with the International Financial Reporting Standards.

PERIOD AND SCOPE OF REPORTING

The non-financial reporting is published annually. The data presented refer to the 2021 financial year and are, where applicable, compared with the previous two years.
The scope of reporting refers to the companies included in the consolidated financial statements, with any limitations appropriately identified. The non-financial data (economic, social, environmental and governance) have been restated, to take the amendments to the scope of consolidation into account and enable comparison of the data for different periods.

MATERIALITY ANALYSIS

The materiality analysis process involved Group management and stakeholders and was carried out in five stages as follows:

1. **Identification of a list of topics**, in line with the Group's strategic objectives, through an analysis of subjects relevant to the banking sector (for example: "Sustainability Topics for Sectors: what do stakeholders want to know", provided by the GRI, and "Material Sustainability Issues for the Financial Sector", provided by the Sustainability Accounting Standards Board - SASB), study of our internal documents (minutes of the company bodies and Code of Ethical Conduct), and a benchmark analysis of the documents published by our main competitors and comparable operators, as well as by reviewing a media search on coverage of the Group.
2. **Categorisation and selection of material topics** through an internal assessment by the Administration and Reporting Department. A shortlist of topics material to value creation in the Group is drawn up during this phase. The topics identified in the first phase are then assigned to the stakeholder categories: Customers, Shareholders, Colleagues (Personal Financial Advisers and Employees), Suppliers, the Community and Institutions and the Environment.
3. **Prioritisation of material topics** through questionnaires submitted to Group management and a sample of external stakeholders in order to take both internal and external perspectives into consideration. The questionnaire covers 16 material topics and the respondents are asked to assign a materiality (relevance) score of 1 to 7 to each of them. For the internal perspective, Management is asked to assess each topic's capacity to generate opportunities for the Group, influencing its ability to create value. For the external perspective, the aspects that guide the stakeholders' scoring of priorities are as follows:
   - the topic's impact on expectations of the Group;
   - the materiality of the topic in terms of the need to receive information on the performance, actions and future plans of the Group.
4. **Prioritisation of stakeholders** by management, assigning a percentage weight to each category of stakeholders that interact with the Group regarding:
   - the stakeholder category's influence on the Group;
   - the stakeholder category's dependency on the Group.
5. **Process review by management**
   Management reviews the results of the materiality analysis.

Materiality Analysis Process

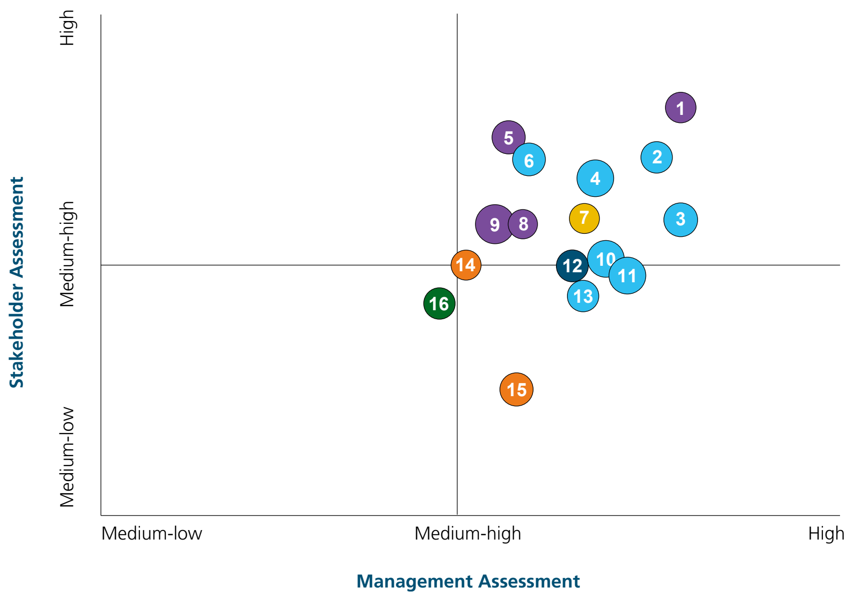
PHASES	1. Identification of a list of topics	2. Categorisation and selection of material topics	3. Prioritisation of material topics	4. Prioritisation of stakeholders	5. Process Review by Management
OBJECTIVES	- Identify the material topics for the sector, for the Fideuram Group and for its stakeholders - Identify and prioritise significant stakeholders	- Identify the material topics for the creation of value in the Fideuram Group through an internal analysis	- Assess the potential of each topic to generate risks and opportunities regarding the ability to create prospective value. Internal analysis and External analysis (Stakeholder Analysis)	- Assess the importance of the main stakeholder categories in terms of influence on the Group and dependency on the Group	- Review prioritisation of the topics in relation to their impact on the Group's strategies - Report procedure followed and results obtained
OUTPUTS	- Tree of topics - Stakeholders tree	- Short list of material topics	- Preparation of materiality matrix	- Preparation of materiality matrix and stakeholder matrix	- Sharing of materiality matrix with Management - Publication of Integrated Annual Report focused on material aspects

The materiality matrix below shows the positioning of topics in relation to their priority for the Group and relevance for stakeholders.

The area between the two variables is divided into bands of increasing materiality for the creation of value. The material topics are those in the top right-hand quadrant of the matrix, and it is on these that the Group has prevalently focused its sustainability performance monitoring and reporting.

The sizes of the circles in the chart are directly proportional to the importance of the individual topics in the value creation process, and were defined in relation to the contribution of each topic to the various different drivers.

Materiality matrix



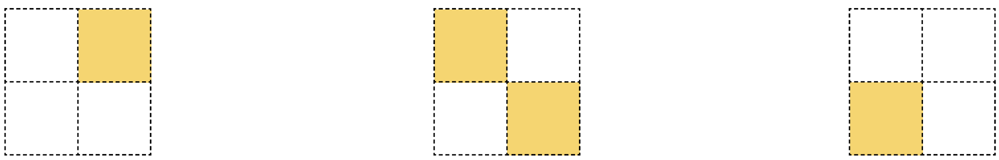
MATERIAL TOPICS (HIGH RELEVANCE)

1 = Maintenance of Group solidity and profitability
2 = Development of sales networks and dissemination of financial literacy
3 = Brand Reputation
4 = Digitalisation
5 = Risk management
6 = Customer Satisfaction
7 = Development and distribution of sustainable (ESG) investments
8 = Corporate governance
9 = Compliance

STAKEHOLDER

Customers
Private Banker
Employees
Community and Institutions
Governance
Environment

The materiality assessments of the individual topics are shown in relation to the matrix quadrants below:



HIGH RELEVANCE

1.	MAINTENANCE OF GROUP SOLIDITY AND PROFITABILITY
2.	DEVELOPMENT OF SALES NETWORKS AND DISSEMINATION OF FINANCIAL CULTURE
3.	BRAND REPUTATION
4.	DIGITALISATION
5.	RISK MANAGEMENT
6.	CUSTOMER SATISFACTION
7.	DEVELOPMENT AND DISTRIBUTION OF SUSTAINABLE (ESG) INVESTMENTS
8.	CORPORATE GOVERNANCE
9.	COMPLIANCE

MEDIUM-HIGH RELEVANCE

10.	MANAGEMENT OF CUSTOMER PORTFOLIOS
11.	ADEQUACY AND INNOVATION OF FINANCIAL PRODUCTS ON OFFER
12.	TRAINING AND DEVELOPMENT OF PERSONAL FINANCIAL ADVISERS
13.	FOCUS ON CUSTOMERS WHO ARE HIGH NET WORTH INDIVIDUALS
14.	EMPLOYEE TRAINING
15.	INCENTIVE SYSTEMS AND CAREER PATHS

MEDIUM-LOW RELEVANCE

16.	CLIMATE CHANGE

The table below shows the material topics and their related indicators when they are linked to given GRI Standards aspects. Topics with medium to low materiality for both management and stakeholders (in the lower left quadrant) are not shown in the table.

Table of impact scope of material aspects of GRI Standards Core option (High relevance)

MACRO-CATEGORY	TOPIC	RELATED GRI STD ASPECT	GRI STD INDICATORS	IMPACT INSIDE THE ORGANISATION	IMPACT OUTSIDE THE ORGANISATION
Maintenance of Group solidity and profitability	- Market competitiveness - Capital adequacy	Economic Performance Market presence	201-1, 201-4, 202-1	Fideuram Group	Customers Supervisory Authority Community
Development of sales networks and dissemination of financial literacy	- Strengthening the sales network and dedicated channels for contacting existing and potential customers - Customisation of product offering to meet customer needs - Developing consulting services, so as to anticipate market requirements - Prompt and effective response to customer needs - Financial education and promotion of a culture for responsible investment management - New tools available to customers	Economic Performance Employment	201-1, 201-4 401-1, 404-2, 404-3	Fideuram Group Personal Financial Advisers	Customers Supervisory Authority Community
Brand reputation	- IT security in terms of preventing online fraud and personal data protection (privacy) of customers - Adequacy of controls over the distribution networks	Anti-corruption Anti-Competitive Behaviour Public Policies Customer Privacy Socioeconomic Compliance	205-2, 205-3, 206-1, 415-1, 418-1, 419-1	Fideuram Group	Customers Supervisory Authority Community
Digitalisation	- E-banking and services virtualization - Availability of diversified and interactive channels for Bank-customer communications - Cybersecurity	Product responsibility	FS14	Fideuram Group	Customers Community
Risk management	- Anti-competitive and antitrust policies - Management of business-related risks	Anti-Competitive Behaviour Public Policy	206-1, 415-1	Fideuram Group	Supervisory Authority Community
Customer satisfaction	- Accessibility of services for customers with physical disabilities - Customer satisfaction evaluation of quality of services offered by the Group - Effective management of customer reports and complaints to improve service	Customer Privacy Compliance Customer satisfaction Socioeconomic compliance Complaints	418-1, 419-1, FS14	Fideuram Group Personal Financial Advisers	Customers Supervisory Authority Community
Development and distribution of sustainable (ESG) investments	- Inclusion of ethical, social and environmental criteria in evaluation of investments (e.g. green bond and social venture fund) - Governance of ESG themes	Customer satisfaction	FS1	Fideuram Group Personal Financial Advisers	Customers Community
Corporate Governance	- Transparency and clarity in management of decision-making processes - Conflict of interest management - Policies and initiatives to limit the risk of incidents of corruption occurring - Remuneration and compensation policies for members of the Board of Directors	Anti-corruption Diversity and Equal Opportunity Socioeconomic compliance	205-3, 405-1, 419-1	Fideuram Group	Supervisory Authority Community
Compliance	- Regulatory compliance - Appropriate updating on developments in the reference regulatory framework	Socioeconomic Compliance	419-1	Fideuram Group	Supervisory Authority Community

Table of impact scope of material aspects of GRI Standards Core option (Medium-high relevance)

MACRO-CATEGORY	TOPIC	RELATED GRI STD ASPECT	GRI STD INDICATORS	IMPACT INSIDE THE ORGANISATION	IMPACT OUTSIDE THE ORGANISATION
Management of customer portfolios	- Transparent management of customer portfolios - Monitoring of Personal Financial Adviser-customer relations - Strengthening retention mechanisms (both for Personal Financial Advisers and customer portfolios)	Marketing and labelling Customer privacy Socioeconomic compliance Complaints	417-3, 418-1, 419-1, FS6, FS16	Fideuram Group Personal Financial Advisers	Customers Supervisory Authority Community
Adequacy and innovation of financial products on offer	- Adequate cost of financial products in relation to the quality of service offered - Appropriateness of the products offered to the financial literacy of customers - Information provided is understandable and relevant (e.g. prospectuses) - Product and service innovation	Marketing and labelling Complaints Product responsibility	417-3, FS14	Fideuram Group Personal Financial Advisers	Customers Community
Training and development of Personal Financial Advisers	- Recruitment and integration of young talent in sales network through diverse systems of entry to the profession - Specialist training for Personal Financial Advisers - Further development of the tools supporting advisory services	Training and Education	404-1	Fideuram Group Personal Financial Advisers	Customers Supervisory Authority Community
Focus on customers who are High Net Worth Individuals	- Customers with financial assets potentially in excess of €10,000,000 - Focus on HNWI customers to obtain economies of scale and ensure creation of value in a manner that is sustainable over time - Growth and development prospects in the market	Economic Performance Marketing and labelling	102-43, 201-1, 417-3	Fideuram Group Personal Financial Advisers	Customers Supervisory Authority
Employee training	- Learning on the job - Induction of new hires and young staff - Monitoring of quality and effectiveness of training measures - Training programmes tailored to individual positions and needs	Training and Education	404-1, 404-2, 404-3	Fideuram Group Employees	Customers
Incentive systems and career paths	- Performance management system (assessment of employee performance and transparency of criteria used) - Remuneration systems with reward mechanisms for management and colleagues (MBO, bonuses, balanced management of remuneration differentials etc.) - Transfer and sharing of competencies between colleagues - Attraction capability, development and retention mechanisms	Employment Labour/Management of relations Remuneration and incentives	202-1, 401-1, 401-2, 402-1, 403-2, 404-3	Fideuram Group Employees	Community

STAKEHOLDER ENGAGEMENT

The Fideuram Group developed and implemented its stakeholder engagement process adopting the principles set out in the AA1000APS standard developed by AccountAbility (the Institute of Social and Ethical Accountability), which identifies the foundations on which effective stakeholder engagement is built in the following principles:

- **inclusiveness**: promoting stakeholder participation in the development and achievement of an accountable and strategic approach to sustainability;
- **materiality**: determining the relevance and significance of an issue to an organisation and its stakeholders;
- **responsiveness**: an organisation's ability to respond to stakeholder issues, through decisions, actions, results and communication.

A management model has been designed to enable us to monitor the entire engagement process with the objective of adhering to the three principles of the AA1000APS standard. This monitoring extends from the mapping of stakeholders and quality assessment of engagement initiatives to the proposals and weaknesses that emerge, and the action plan resulting from balancing corporate strategy and input from stakeholders.
The stakeholders involved in the materiality analysis process were selected at the end of the phase involving Group Management.

The stakeholders were selected to meet the following requirements:

RESPONSIBILITIES	Parties for whom the Group has responsibilities (legal, financial and operational) that are formalised in regulations, contracts and company policies.
INFLUENCE	Parties that are currently or could in the future be able to influence the Group's decision-making processes. Can include parties who have an informal influence over those with formal decision-making powers.
PROXIMITY	Parties with whom the Group has established long-term relations and parties on whom the Group depends for its day-to-day operations.
REPRESENTATION	Parties that by law or culture and tradition act in a representative capacity for other individuals.
STRATEGY	Parties with whom the Group has entered into direct or indirect relations in line with its policies and strategic choices.

The following stakeholder groups were identified: customers, Shareholder, Personal Financial Advisers, employees, suppliers and associations.

7.2 Overview tables of GRI indicators

The following table summarises the GRI indicators (Content Index).

OVERVIEW TABLE OF GRI INDICATORS

GRI STANDARDS	DISCLOSURE		PARAGRAPH
GRI 101: FOUNDATION 2016			
GENERAL DISCLOSURES			
GRI 102: General disclosures 2016	102-1	Name of the organization	Cover (Fideuram - Intesa Sanpaolo Private Banking Group)
	102-2	Activities, brands, products, and services	Business model Advanced advisory services Business segments The Fideuram Group does not finance or invest in the equities of companies which operate in sensitive or controversial sectors, or in blacklisted countries.
	102-3	Location of headquarters	Back cover
	102-4	Location of operations	Group structure
	102-5	Ownership and legal form	Ownership structure Role of sub-holding company
	102-6	Markets served	Business model Business segments Customer segmentation Segment reporting Geographical distribution of Networks
	102-7	Scale of the organization	Key Performance Indicators
	102-8	Information on employees and other workers	Employees Personal Financial Advisers Calculations made per unit.
	102-9	Supply chain	Suppliers
	102-10	Significant changes to the organization and its supply chain	In 2021, there were no significant changes compared with the previous year.
	102-11	Precautionary Principle or approach	The Fideuram Group adopts a precautionary approach to the assessment and management of risks.
	102-12	External initiatives	The values and history of the Group
	102-13	Membership of associations	The financial system and other institutions
	STRATEGY		
	102-14	Statement from senior decision-maker	Chairman's Statement Chief Executive Officer's Statement
	102-15	Key impacts, risks, and opportunities	Key Performance Indicators Financial risk Corruption risk monitoring Suppliers
	GOVERNANCE		
	102-18	Governance structure	Organisational structure Company management Internal controls system
	102-22	Composition of the highest governance body and its committees	Organisational structure Company management A delegation process has not yet been formalised for social and environmental topics. However, responsibility for these topics lies with the Board of Directors. Information on other delegation mechanisms is provided in the section on the Fideuram Group
	102-23	Chair of the highest governance body	Company management
	102-25	Conflicts of interest	Company management Internal controls system

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GRI STANDARDS	DISCLOSURE		PARAGRAPH
GRI 102: General disclosures 2016	**STAKEHOLDER ENGAGEMENT**		
	102-40	List of stakeholder groups	Stakeholders
	102-41	Collective bargaining agreements	Contractual Relations
	102-42	Identifying and selecting stakeholders	Stakeholders Non-financial reporting methodology: Stakeholder engagement
	102-43	Approach to stakeholder engagement	Tools supporting Advisory Services Network services Customer events Non-financial reporting methodology: Stakeholder engagement
	102-44	Key topics and concerns raised	No significant topics or problems were reported by Group stakeholders over the last three years.
	REPORTING CRITERIA		
	102-45	Entities included in the consolidated financial statements	Group structure Role of sub-holding company Non-financial reporting methodology: Period and scope of reporting
	102-46	Defining report content and topic boundaries	Non-financial reporting methodology
	102-47	List of material topics	Sustainability reporting methodology: Materiality analysis - Materiality matrix
	102-48	Inquiries	The comparative figures have been restated on a like-for-like basis to take the contribution of the Reyl Group, IW Bank and UBI Top Private Business Unit.
	102-49	Changes in reporting	No significant changes were made in 2021 from the prior year's report.
	102-50	Reporting period	31.12.2021
	102-51	Date of most recent report	March 2021
	102-52	Reporting cycle	Sustainability reporting methodology: Period and scope of reporting
	102-53	Contact point for questions regarding the report	Group in a click
	102-54	Claims of reporting in accordance with the GRI Standards	About this Report Non-financial reporting methodology: Reference standards
	102-55	GRI content index	Overview tables of GRI indicators
	102-56	External assurance	The Group obtained a limited assurance of the Sustainability Report for the year ended 31 December 2021, consisting of the following sections of the Group's Integrated Annual Report as of the same date: • Chairman's Statement and Chief Executive Officer's Statement. • Section 1 Business Model. • Sections 3.5 Customer segmentation, 3.6 Advanced Advisory, 3.8.1 Financial capital, Distribution of value paragraph, 3.8.2 Productive capital, 3.8.3 Intellectual capital, 3.8.4 Human capital, 3.8.5 Relational capital and 3.8.6 Natural capital. • Sections 4.1 The values and history of the Group, 4.2 Organisational Structure, 4.3 Ownership Structure, 4.4 Role of sub-holding company, 4.5 Company management, 4.6 Remuneration Policies, 4.7 Internal Audit System, Corruption risk monitoring paragraph. • Sections 7.1 Sustainability reporting methodology, 7.2 Overview tables of GRI indicators, 7.6 Value Added Statement. The engagement was carried out by the Independent Auditor EY S.p.A., which issued a conclusion on the compliance of the Sustainability Report with the requirements of GRI Standards, according to the criteria set forth in the "International Standard on Assurance Engagements ISAE 3000 (Revised)".
MATERIAL TOPICS			
ECONOMIC PERFORMANCE			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Financial capital
	103-2	The management approach and its components	Financial capital
	103-3	Evaluation of the management approach	Governance
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Stakeholders Distribution of value Group contributions by sector
	201-4	Financial assistance received from government	Notes to the consolidated financial statements (Section 24 - Other information)
MARKET PRESENCE			

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GRI STANDARDS	DISCLOSURE		PARAGRAPH
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Group structure Distribution of customers by geographical area Financial capital Productive capital
	103-2	The management approach and its components	Financial capital
	103-3	Evaluation of the management approach	Governance
GRI 202: Presenza di Mercato 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Contractual Relations (Employees) Contractual Relations (Personal Financial Advisers) Remuneration and incentives Geographical distribution of Networks
PROCUREMENT PRACTICES			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Suppliers
	103-2	The management approach and its components	Suppliers
	103-3	Evaluation of the management approach	Governance
GRI 204: Procurement Policies 2016	204-1	Proportion of spending on local suppliers	Suppliers
ANTI-CORRUPTION			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Governance
	103-2	The management approach and its components	Governance
	103-3	Evaluation of the management approach	Governance
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	Employees Corruption risk monitoring In compliance with the Regulation implementing the Group's anti-corruption guidelines, for all third parties with which the Fideuram Group establishes relations, the contract governing the relationship itself must contain a commitment by the third party to comply with the applicable anti-corruption legislation and the principles contained in the Guidelines and/or the Regulation. This ensures the communication of anti-corruption policies and procedures to all business partners.
	205-3	Confirmed incidents of corruption and actions taken	No episodes of corruption were reported during the last three years.
ANTI-COMPETITIVE BEHAVIOUR			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	The Group has solutions in place, implemented by its internal audit units, to monitor compliance with current regulations regarding anti-competitive behaviour, anti-money laundering and embargoes, and operates in close collaboration with the relevant authorities to this end.
GRI 206: Anti-Competitive Behaviour 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No legal actions for unfair competition, antitrust or monopolistic behaviour were initiated against the Group over the last three years.
EMPLOYMENT			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Human capital
	103-2	The management approach and its components	Human capital
	103-3	Evaluation of the management approach	Governance
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Personal Financial Advisers Employees
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee healthcare, pensions and services Supplementary pension funds Geographical distribution of Networks
	401-3	Parental leave	Parental leave
LABOR/MANAGEMENT RELATIONS			

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GRI STANDARDS	DISCLOSURE		PARAGRAPH
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Human capital
	103-2	The management approach and its components	Human capital
	103-3	Evaluation of the management approach	Governance
GRI 402: Labour/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	Contractual Relations
OCCUPATIONAL HEALTH AND SAFETY			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Human capital
	103-2	The management approach and its components	Human capital
	103-3	Evaluation of the management approach	Governance
GRI 403: Occupational Health And Safety 2018	403-1	Occupational health and safety management system	Health and safety
	403-2	Hazard identification, risk assessment, and incident investigation	Health and safety
	403-3	Occupational health services	Health and safety
	403-4	Worker participation, consultation, and communication on occupational health and safety	Health and safety
	403-5	Worker training on occupational health and safety	Health and safety
	403-6	Promotion of worker health	Health and safety
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and safety
	403-9	Accidents at work	Health and safety
TRAINING AND EDUCATION			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Human capital
	103-2	The management approach and its components	Human capital
	103-3	Evaluation of the management approach	Governance
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Development of human resources Key Performance Indicators
	404-2	Programs for upgrading employee skills and transition assistance programs	Development of human resources Network training
	404-3	Percentage of employees receiving regular performance and career development reviews	Career development
DIVERSITY AND EQUAL OPPORTUNITIES			

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GRI STANDARDS	DISCLOSURE		PARAGRAPH
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Human capital
	103-2	The management approach and its components	Human capital
	103-3	Evaluation of the management approach	Governance
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Personal Financial Advisers Employees Vulnerable employees Board of Directors
PUBLIC POLICY			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Governance
	103-2	The management approach and its components	Governance
	103-3	Evaluation of the management approach	Governance
GRI 415: Public Policy 2016	415-1	Political contributions	In accordance with internal policy, political parties and movements and their organisational arms cannot receive donations and sponsorships. The only form of loans that may be made to these types of borrowers is an annual advance on public contributions for the reimbursement of election expenses. No loans were made to political parties and movements in 2021.
MARKETING AND LABELLING			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Relational Capital
	103-2	The management approach and its components	Relational Capital
	103-3	Evaluation of the management approach	Governance
GRI 417: Marketing and Labelling 2016	417-3	Incidents of non-compliance concerning marketing communications	No incidents of non-compliance with regulations or voluntary codes on marketing activities, including advertising, promotion and sponsorship, were reported over the last three years.
CUSTOMER PRIVACY			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Intellectual capital Relational capital
	103-2	The management approach and its components	Intellectual capital Relational capital
	103-3	Evaluation of the management approach	Governance
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer feedback
SOCIOECONOMIC COMPLIANCE			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Governance
	103-2	The management approach and its components	Governance
	103-3	Evaluation of the management approach	Governance
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Notes to the consolidated financial statements - Part E

ADDITIONAL INDICATORS

INDICATORS	PARAGRAPH
CUSTOMERS	
Customer complaints by type	Customer feedback
Net Promoter Score (NPS)	Customer satisfaction survey
Customer Satisfaction Index (CSI)	Customer satisfaction survey
SHAREHOLDERS	
Rating	Key Performance Indicators
EMPLOYEES	
Education	Employees, education
Number of participants (enrolled) in training activities	Development of human resources
Training by subject matter	Development of human resources
Trade union freedom: days of work absence for trade union reasons	Relationships with trade union organisations
PERSONAL FINANCIAL ADVISERS	
Ratio of customers to Personal Financial Advisers	Personal Financial Advisers
Ratio of client assets to Personal Financial Advisers	Personal Financial Advisers
Size of Network distribution structure	Size of Networks
Origin of professionals joining Networks	Size of Networks
Turnover by staff age and gender	Size of Networks
Total number of Personal Financial Advisers by Network, area and geographical distribution, gender and rank, average age and length of service	Geographical distribution of Networks Organisational structure
Training by subject matter	Network training
COMMUNITY	
In-house ESG products for client assets	Commitment to sustainable development
Group contributions by sector	The Community
GOVERNANCE	
Composition of the Board of Directors by professional expertise	Governance
NON-DISCRIMINATION	
406-1 Episodes of discrimination and corrective measures taken	One complaint was received during 2021 concerning human rights and Code of Ethical Conduct violations and discriminatory practices.
CLIMATE CHANGE	
301-1 Used materials broken down by weight and volume	Paper
301-2 Used materials resulting from recycling	Paper
302-1 Energy consumption in the organisation	Energy
305-1 Direct greenhouse gas emissions (Scope1)	Atmospheric emissions
305-2 Indirect greenhouse gas emissions (Scope2)	Atmospheric emissions
306-3 (2020) Waste generated	Other consumption - Waste
306-4 (2020) Waste diverted from disposal	Other consumption - Waste
306-5 (2020) Waste directed to disposal	Other consumption - Waste
307-1 Non-compliance with environmental laws and regulations	No significant fines or non-monetary penalties were reported during the last three years.
FINANCIAL SERVICES SECTOR DISCLOSURES	
FS1 Policies with specific environmental and social components applied to the business lines	Sustainable finance
FS2 Procedures to assess and verify social and environmental risks in the business lines	Sustainable finance
FS6 Percentage of the portfolio broken down by business lines, specific geographical areas, size (e.g. micro/SME/large) and sector	Client financial assets
FS9 Scope and frequency of audits to assess the implementation of social and environmental policies and risk assessment procedures	Sustainable finance
FS14 Initiatives to improve access to financial services by disadvantaged persons	Accessibility of services
FS16 Initiatives to improve financial literacy by type of beneficiary	Promoting financial literacy

7.3 Overview tables of SASB indicators

TOPIC	COD	PARAGRAPH
SECTOR - ASSET MANAGEMENT & CUSTODY ACTIVITIES		
Transparent Information & Fair Advice for Customers	FN-AC270a.3	Transparency with customers
Employee Diversity & Inclusion	FN-AC330a.1	Company management Employees
Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory	FN-AC410a.1	Our commitment
	FN-AC410a.3	Our commitment
Business Ethics	FN-AC510a.1	During 2021, the Fideuram Group was not the subject of any legal action or sanctioning measures in the field of competition. Notes Part E - Information on risk and related hedging policies - Legal and tax risk
Systemic Risk Management	FN-AC550a.1	Notes Part E - Information on risk and related hedging policies - 1.4 Liquidity risk
	FN-AC550a.2	Notes Part E - Information on risk and related hedging policies - 1.4 Liquidity risk
	FN-AC550a.3	Notes Part E - Information on risk and related hedging policies - A. Credit quality
Activity Metrics	FN-AC-000.A	Client financial assets
	FN-AC-000.B	Inflows into managed and non-managed assets
SECTOR - COMMERCIAL BANK		
Financial Inclusion & Capacity Building	FN-CB-240a.4	Customer events Promotion of financial literacy
Business Ethics	FN-CB-510a.1	During 2021, the Fideuram Group was not the subject of any legal action or sanctioning measures in the field of competition. Notes Part E - Information on risk and related hedging policies - Legal and tax risk
	FN-CB-510a.2	Audit

The indicators in the table were not subject to a limited review by the appointed auditor, except for the information corresponding to GRI Standards.

7.4 Basis of preparation of the restated financial statements

The comparative analysis of the balance sheet and income statement figures for 2021 compared to the corresponding balances for 2020 is affected by:

- the partial demerger in favour of Intesa Sanpaolo Private Banking of the UBI Banca "Top Private Banking" business unit, which is organised for activities and services for high net worth customers and companies;
- the partial demerger in favour of Fideuram of the entire interest held in IW Bank and of the UBI Banca business unit consisting of the units dedicated to service activities for IW Bank, known as the "IWB Service Business unit";
- the acquisition by Fideuram of a 69% stake in the share capital of Reyl & Cie and the simultaneous contribution to Reyl of the entire stake held by Fideuram in Intesa Sanpaolo Private Bank (Suisse) Morval;
- of the issue by the Bank of Italy of the 7th update of Circular no. 262/2005.

In order to allow for a like-for-like comparison and to adequately represent the effects of the aforementioned transactions, the reconciliation of the official balance sheet and income statement and the corresponding restated statements are shown below, obtained by making appropriate adjustments to the historical data to retroactively reflect the changes that occurred during 2021, without however changing the result for the year and shareholders' equity compared to the official financial statements published in previous periods. The net effects of the adjustments were recognised in profit of non-controlling interests in the restated income statement and in minority interests in the restated balance sheet.

Specifically:

- the balance sheet as at 31 December 2020 has been restated to include, for comparative purposes, the contribution of transactions carried out in the year;
- the income statement has been restated so as to include in the consolidated results, in both 2021 and 2020, the full contribution of these transactions including for the portion prior to the acquisition by the Group.

Reconciliation statements of the official and restated financial statements

Reconciliation between the published consolidated balance sheet as at 31 December 2020 and the restated consolidated balance sheet as at 31 December 2020

(€m)

ASSETS	PUBLISHED BALANCE SHEET AS AT 31 DECEMBER 2020	CHANGE AS PER 7th UPDATE OF CIRCULAR 262 OF THE BANK OF ITALY	BALANCE SHEET AT 31 DECEMBER 2020	CHANGE IN SCOPE OF CONSOLIDATION (*)	RESTATED BALANCE SHEET AT 31 DECEMBER 2020
10. Cash and cash equivalents	288	2,157	2,445	629	3,074
20. Financial assets measured at fair value through profit or loss	422	-	422	11	433
a) financial assets held for trading	47	-	47	9	56
b) financial assets measured at fair value	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	375	-	375	2	377
30. Financial assets measured at fair value through other comprehensive income	2,805	-	2,805	7	2,812
40. Financial assets measured at amortised cost	45,182	(2,157)	43,025	7,911	50,936
a) loans and advances to banks	32,949	(2,157)	30,792	5,628	36,420
b) loans and advances to customers	12,233	-	12,233	2,283	14,516
50. Hedging derivatives	16	-	16	-	16
60. Adjustments to financial assets subject to macro-hedging (+/-)	24	-	24	-	24
70. Equity investments	184	-	184	8	192
80. Reinsurers' share of technical reserves	-	-	-	-	-
90. Property and equipment	354	-	354	42	396
100. Intangible assets	229	-	229	158	387
of which: goodwill	140	-	140	-	140
110. Tax assets	163	-	163	63	226
a) current	21	-	21	10	31
b) deferred	142	-	142	53	195
120. Non-current assets held for sale and discontinued operations	1,065	-	1,065	-	1,065
130. Other assets	1,295	-	1,295	82	1,377
TOTAL ASSETS	**52,027**	**-**	**52,027**	**8,911**	**60,938**

LIABILITIES AND SHAREHOLDERS' EQUITY	PUBLISHED BALANCE SHEET AS AT 31 DECEMBER 2020	CHANGE AS PER 7th UPDATE OF CIRCULAR 262 OF THE BANK OF ITALY	BALANCE SHEET AT 31 DECEMBER 2020	CHANGE IN SCOPE OF CONSOLIDATION (*)	RESTATED BALANCE SHEET AT 31 DECEMBER 2020
10. Financial liabilities measured at amortised cost	45,025	-	45,025	8,675	53,700
a) due to banks	3,615	-	3,615	137	3,752
b) due to customers	41,410	-	41,410	8,538	49,948
c) debt on issue	-	-	-	-	-
20. Financial liabilities held for trading	53	-	53	11	64
30. Financial liabilities measured at fair value	-	-	-	-	-
40. Hedging derivatives	954	-	954	-	954
50. Adjustments to financial liabilities subject to macro-hedging (+/-)	-	-	-	-	-
60. Tax liabilities	74	-	74	72	146
a) current	5	-	5	2	7
b) deferred	69	-	69	70	139
70. Liabilities associated with non-current assets held for sale and discontinued operations	1,065	-	1,065	-	1,065
80. Other liabilities	1,098	-	1,098	61	1,159
90. Provision for employment termination indemnities	43	-	43	7	50
100. Provisions for risks and charges:	568	-	568	52	620
a) commitments and guarantees	3	-	3	1	4
b) pensions and other commitments	30	-	30	21	51
c) other provisions for risks and charges	535	-	535	30	565
110. Technical reserves	-	-	-	-	-
120. Valuation reserves	41	-	41	-	41
130. Redeemable shares	-	-	-	-	-
140. Equity instruments	-	-	-	-	-
150. Reserves	1,783	-	1,783	-	1,783
160. Share premium reserve	206	-	206	-	206
170. Share capital	300	-	300	-	300
180. Treasury shares (-)	-	-	-	-	-
190. Equity attributable to non-controlling interests (+/-)	-	-	-	33	33
200. Net profit (loss) for the year (+/-)	817	-	817	-	817
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**52,027**	**-**	**52,027**	**8,911**	**60,938**

(*) Figures relating to the contribution of the UBI Top Private Business Unit, IW Bank and the Reyl Group.

Reconciliation between the published consolidated income statement as at 31 December 2020 and the consolidated income statement at 31 December 2020 restated

(€m)

CONSOLIDATED INCOME STATEMENT	2020 PUBLISHED	CHANGES IN SCOPE OF CONSOLIDATION (*)	2020 RESTATED
10. Interest and similar income	281	63	344
of which: interest income calculated with the effective interest method	*362*	*61*	*423*
20. Interest expense and similar charges	(84)	(9)	(93)
30. Net interest income	**197**	**54**	**251**
40. Fee and commission income	2,564	284	2,848
50. Fee and commission expense	(847)	(77)	(924)
60. Net fee and commission income	**1,717**	**207**	**1,924**
70. Dividends and similar income	-	-	-
80. Net profit (loss) on trading activities	18	19	37
90. Net profit (loss) on hedging derivatives	4	-	4
100. Net profit (loss) on sale or repurchase of:	6	-	6
a) financial assets measured at amortised cost	1	-	1
b) financial assets measured at fair value through other comprehensive income	5	-	5
c) financial liabilities	-	-	-
110. Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	13	-	13
a) financial assets and liabilities measured at fair value	-	-	-
b) other financial assets mandatorily measured at fair value	13	-	13
120. Net interest and trading income	**1,955**	**280**	**2,235**
130. Net impairment for credit risk related to:	(7)	(3)	(10)
a) financial assets measured at amortised cost	(6)	(3)	(9)
b) financial assets measured at fair value through other comprehensive income	(1)	-	(1)
140. Gains/losses on contractual changes without cancellation	-	(1)	(1)
150. Operating income	**1,948**	**276**	**2,224**
160. Net insurance premiums	-	-	-
170. Other income/expense from insurance activities	-	-	-
180. Operating income from financing and insurance activities	**1,948**	**276**	**2,224**
190. Administrative expenses:	(897)	(217)	(1,114)
a) personnel expenses	(392)	(116)	(508)
b) other administrative expenses	(505)	(101)	(606)
200. Net provisions for risks and charges	(78)	(4)	(82)
a) commitments and guarantees	(1)	(1)	(2)
b) other net provisions	(77)	(3)	(80)
210. Depreciation of property and equipment	(48)	(9)	(57)
220. Amortisation of intangible assets	(35)	(2)	(37)
230. Other income/expense	256	12	268
240. Operating costs	**(802)**	**(220)**	**(1,022)**
250. Profit (loss) on equity investments	10	10	20
260. Net fair value gains (losses) on property and equipment and intangible assets	-	-	-
270. Goodwill impairment	-	(42)	(42)
280. Profit (loss) on disposal of investments	-	-	-
290. Profit (loss) before tax from continuing operations	**1,156**	**24**	**1,180**
300. Income taxes for the year on continuing operations	(340)	(17)	(357)
310. Profit (loss) after tax from continuing operations	**816**	**7**	**823**
320. Profit (loss) after tax from discontinued operations	-	-	-
330. Net profit (loss) for the year	**816**	**7**	**823**
340. Net profit (loss) for the year attributable to non-controlling interests	1	(7)	(6)
350. Parent company interest in net profit (loss) for the year	**817**	**-**	**817**

(*) Figures relating to the contribution of the UBI Top Private Business Unit, IW Bank and the Reyl Group.

Reconciliation between the published consolidated income statement as at 31 December 2021 and the consolidated income statement at 31 December 2021 restated

(€m)

CONSOLIDATED INCOME STATEMENT	2021 PUBLISHED	CHANGES IN SCOPE OF CONSOLIDATION (*)	2021 RESTATED
10. Interest and similar income	283	14	297
of which: interest income calculated with the effective interest method	*356*	*14*	*370*
20. Interest expense and similar charges	(104)	(3)	(107)
30. Net interest income	**179**	**11**	**190**
40. Fee and commission income	3,069	90	3,159
50. Fee and commission expense	(1,033)	(23)	(1,056)
60. Net fee and commission income	**2,036**	**67**	**2,103**
70. Dividends and similar income	2	-	2
80. Net profit (loss) on trading activities	30	8	38
90. Net profit (loss) on hedging derivatives	(1)	-	(1)
100. Net profit (loss) on sale or repurchase of:	3	-	3
a) financial assets measured at amortised cost	(3)	-	(3)
b) financial assets measured at fair value through other comprehensive income	6	-	6
c) financial liabilities	-	-	-
110. Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	34	1	35
a) financial assets and liabilities measured at fair value	-	-	-
b) other financial assets mandatorily measured at fair value	34	1	35
120. Net interest and trading income	**2,283**	**87**	**2,370**
130. Net impairment for credit risk related to:	6	3	9
a) financial assets measured at amortised cost	4	3	7
b) financial assets measured at fair value through other comprehensive income	2	-	2
140. Gains/losses on contractual changes without cancellation	-	-	-
150. Operating income	**2,289**	**90**	**2,379**
160. Net insurance premiums	-	-	-
170. Other income/expense from insurance activities	-	-	-
180. Operating income from financing and insurance activities	**2,289**	**90**	**2,379**
190. Administrative expenses:	(1,127)	(65)	(1,192)
a) personnel expenses	(462)	(40)	(502)
b) other administrative expenses	(665)	(25)	(690)
200. Net provisions for risks and charges	(62)	(1)	(63)
a) commitments and guarantees	1	-	1
b) other net provisions	(63)	(1)	(64)
210. Depreciation of property and equipment	(54)	(3)	(57)
220. Amortisation of intangible assets	(37)	(2)	(39)
230. Other income/expense	334	3	337
240. Operating costs	**(946)**	**(68)**	**(1,014)**
250. Profit (loss) on equity investments	15	2	17
260. Net fair value gains (losses) on property and equipment and intangible assets	-	-	-
270. Goodwill impairment	-	-	-
280. Profit (loss) on disposal of investments	219	-	219
290. Profit (loss) before tax from continuing operations	**1,577**	**24**	**1,601**
300. Income taxes for the year on continuing operations	(456)	(9)	(465)
310. Profit (loss) after tax from continuing operations	**1,121**	**15**	**1,136**
320. Profit (loss) after tax from discontinued operations	-	-	-
330. Net profit (loss) for the year	**1,121**	**15**	**1,136**
340. Net profit (loss) for the year attributable to non-controlling interests	(20)	(15)	(35)
350. Parent company interest in net profit (loss) for the year	**1,101**	**-**	**1,101**

(*) Figures relating to the contribution of the UBI Top Private Business Unit, IW Bank and the Reyl Group.

7.5 Basis of preparation of the reclassified financial statements

The balance sheet and income statement as at and for the period ended 31 December 2021 have been reclassified to facilitate comparison of the figures for different periods and to enable a clearer and more immediate understanding of the financial position and results. These statements were prepared using appropriate groupings of the items in the official financial statements.

Moreover, the reclassified consolidated 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 financial assets mandatorily measured at fair value, which – as pertaining to the Personal Financial Advisers – have been recognised as commission expense and provisions.
- The reversal of the time value for the provision for employment termination indemnities and provisions for risks and charges arising from the application of the amortised cost method has been reclassified to net interest income.
- Expenses for stamp duty on current and deposit accounts, which are recognised in the official Bank of Italy schedule under administrative expenses, have been stated net of income from amounts recovered.
- The soft commissions have been reallocated to the administrative expenses that generated them.
- Expenses for fee and commission income, which are recognised in the official Bank of Italy schedule under administrative expenses, have been reclassified among fee and commission income.
- Net provisions for risks and charges relating to credit risk on commitments and guarantees issued have been reclassified among net impairment of loans.
- Net impairment on debt securities have been reclassified among "Net provisions for risks and charges and net impairment of other assets".
- Non-recurring income and expenses have been reclassified as a separate item in the line "Net non-recurring income (expenses)".
- Integration and voluntary redundancy expenses have been reclassified, net of tax effect, in a separate item designated "Integration and voluntary redundancy expenses (net of tax)".
- The effects of purchase price allocation have been recognised in a specific item, net of the tax effect, designated "Effects of purchase price allocation (net of tax)".
- The expenses incurred for maintaining the stability of the banking system (consisting of the contributions to the Deposit Guarantee Scheme and to the Single Resolution Fund) have been reclassified in a separate item, net of tax, designated "Expenses regarding the banking system (net of tax)".

Reconciliation statements of the restated and reclassified financial statements

Reconciliation of the restated consolidated balance sheet and reclassified consolidated balance sheet

(€m)

RECLASSIFIED BALANCE SHEET ITEMS – ASSETS	RESTATED CONSOLIDATED BALANCE SHEET ITEMS – ASSETS	31.12.2021	31.12.2020 RESTATED
Cash and cash equivalents		3,707	3,074
	10. Cash and cash equivalents	*3,707*	*3,074*
Financial assets measured at fair value through profit or loss		552	433
	Item 20. Financial assets measured at fair value through profit or loss	*552*	*433*
Financial assets measured at fair value through other comprehensive income		2,908	2,812
	Item 30. Financial assets measured at fair value through other comprehensive income	*2,908*	*2,812*
Debt securities measured at amortised cost		20,776	20,144
	Item 40. a) (partial) Financial assets measured at amortised cost - Loans and advances to banks - securities	*18,554*	*17,766*
	Item 40. b) (partial) Financial assets measured at amortised cost - Loans and advances to customers - securities	*2,222*	*2,378*
Loans to banks		20,334	18,654
	Item 40. a) Financial assets measured at amortised cost - Loans and advances to banks	*38,888*	*36,420*
	Item 40. a) (partial) Financial assets measured at amortised cost - Loans and advances to banks - securities	*(18,554)*	*(17,766)*
Loans to customers		13,833	12,138
	Item 40. b) Financial assets measured at amortised cost - Loans and advances to customers	*16,055*	*14,516*
	Item 40. b) (partial) Financial assets measured at amortised cost - Loans and advances to customers - securities	*(2,222)*	*(2,378)*
Hedging derivatives		32	16
	Item 50. Hedging derivatives	*32*	*16*
Equity investments		238	192
	Item 70. Equity investments	*238*	*192*
Property and equipment and intangible assets		1,099	783
	Item 90. Property and equipment	*393*	*396*
	Item 100. Intangible assets	*706*	*387*
Tax assets		191	226
	Item 110. Tax assets	*191*	*226*
Non-current assets held for sale and discontinued operations		-	1,065
	Item 120. Non-current assets held for sale and discontinued operations	*-*	*1,065*
Other assets		1,606	1,401
	Item 60. Adjustments to financial assets subject to macro-hedging (+/-)	*8*	*24*
	Item 130. Other assets	*1,598*	*1,377*
Total assets	**Total assets**	**65,276**	**60,938**

RECLASSIFIED BALANCE SHEET ITEMS – LIABILITIES	RESTATED CONSOLIDATED BALANCE SHEET ITEMS – LIABILITIES	31.12.2021	31.12.2020 RESTATED
Due to banks		3,988	3,752
	Item 10. a) Financial liabilities measured at amortised cost - due to banks	*3,988*	*3,752*
Due to customers		54,619	49,948
	Item 10. b) Financial liabilities measured at amortised cost - due to customers	*54,619*	*49,948*
Financial liabilities held for trading		28	64
	Item 20. Financial liabilities held for trading	*28*	*64*
Hedging derivatives		730	954
	Item 40. Hedging derivatives	*730*	*954*
Tax liabilities		204	146
	Item 60. Tax liabilities	*204*	*146*
Liabilities associated with non-current assets held for sale and discontinued operations		-	1,065
	Item 70. Liabilities associated with non-current assets held for sale and discontinued operations	*-*	*1,065*
Other liabilities		1,711	1,209
	Item 50. Adjustments to financial liabilities subject to macro-hedging (+/-)	*(4)*	*-*
	Item 80. Other liabilities	*1,668*	*1,159*
	Item 90. Provision for employment termination indemnities	*47*	*50*
Provisions for risks and charges		648	620
	Item 100. Provisions for risks and charges	*648*	*620*
Equity, reserves and equity instruments		2,218	2,330
	Items 120., 140., 150., 160., 170. Equity attributable to owners of the parent company	*2,218*	*2,330*
Equity attributable to non-controlling interests		29	33
	Item 190. Equity attributable to non-controlling interests (+/-)	*29*	*33*
Net profit		1,101	817
	Item 200. Net profit (loss) for the year	*1,101*	*817*
Total liabilities	**Total liabilities and shareholders' equity**	**65,276**	**60,938**

Reconciliation of the restated consolidated income statement and reclassified consolidated income statement

(€m)

RECLASSIFIED CONSOLIDATED INCOME STATEMENT ITEMS	RESTATED CONSOLIDATED INCOME STATEMENT ITEMS	2021	2020
Net interest income		212	251
	Item 30. Net interest income	*190*	*251*
	- Item 30. (partial) Net interest income PPA IW Bank	*22*	*-*
Net profit (loss) on financial assets and liabilities		46	48
	Item 70. Dividends and similar income	*2*	*-*
	Item 80. Net profit (loss) on trading activities	*37*	*37*
	Item 90. Net profit (loss) on hedging derivatives	*(1)*	*4*
	Item 100. Gains (losses) on disposal or repurchase of financial assets	*3*	*6*
	Item 110. Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	*35*	*13*
	- Item 110. (partial) Component of the returns on insurance policies for the Networks	*(30)*	*(12)*
Net fee and commission income		2,097	1,921
	Item 60. Net fee and commission income	*2,103*	*1,924*
	- Item 60. (partial) Soft commission	*(1)*	*(2)*
	- Item 110. (partial) Component of the returns on insurance policies for the Networks	*5*	*3*
	- Item 190. a) (partial) Component of staff expenses relating to fee and commission income	*(2)*	*-*
	- Item 190. b) (partial) Component of administrative expenses relating to fee and commission income	*(8)*	*(4)*
Net interest and trading income		**2,355**	**2,220**
Profit on equity investments and other income (expense)		22	2
	Item 230. Other income/expense	*339*	*268*
	Item 250. Profit (loss) on equity investments	*17*	*20*
	- Item 230. (partial) Recovery of indirect taxes	*(334)*	*(276)*
	- Item 250. (partial) Profit (loss) on equity investments	*-*	*(10)*
Net operating income		**2,377**	**2,222**
Personnel expenses		(480)	(464)
	Item 190. a) Personnel expenses	*(502)*	*(508)*
	- Item 190. a) (partial) Component of staff expenses relating to fee and commission income	2	-
	- Item 190. a) (partial) Recovery of staff expenses	*-*	*(3)*
	- Item 190. a) (partial) Integration expenses	*20*	*47*
Other administrative expenses		(276)	(262)
	Item 190. b) Other administrative expenses	*(690)*	*(607)*
	- Item 60. (partial) Soft commission	*1*	*2*
	- Item 190. b) (partial) Integration expenses	*24*	*11*
	- Item 190. b) (partial) Costs related to banking system	*47*	*34*
	- Item 190. b) (partial) Component of administrative expenses relating to fee and commission income	*8*	*4*
	- Item 190. b) (partial) Recovery of other administrative expenses	*-*	*18*
	- Item 230. (partial) Recovery of indirect taxes	*334*	*276*
Depreciation and amortisation		(73)	(68)
	Item 210. Depreciation of property and equipment	*(57)*	*(57)*
	Item 220. Amortisation of intangible assets	*(39)*	*(37)*
	- Item 220. (partial) Integration costs	*11*	*24*
	- Item 220. (partial) Amortisation of client assets recognised in intangible assets following PPA Morval, IW Bank, UBI Top Private and Reyl	*12*	*2*
Net operating expenses		**(829)**	**(794)**
Net operating income (expenses)		**1,548**	**1,428**
Net impairment of loans		3	(14)
	Item 130. Net impairment for credit risk	*8*	*(10)*
	Item 140. Gains/losses on contractual changes without cancellation	*-*	*(1)*
	Item 200. a) Provisions for commitments and guarantees issued	*1*	*(2)*
	- Item 130. a) (partial) Net impairment/reversal of impairment for credit risk related to financial assets measured at amortised cost - Debt securities	*-*	*(4)*
	- Item 130. b) (partial) Net impairment/reversal of impairment for credit risk related to financial assets measured at fair value through other comprehensive income - Debt securities	*(2)*	*1*
	- Item 130. b) (partial) Net impairment/reversal of impairment for credit risk (Effect of allocation of acquisition costs)	*(4)*	*2*

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RECLASSIFIED CONSOLIDATED INCOME STATEMENT ITEMS	**RESTATED CONSOLIDATED INCOME STATEMENT ITEMS**	**2021**	**2020**
Net provisions for risks and charges and net impairment of other assets		(37)	(46)
	Item 200. b) Net provisions for risks and charges	*(64)*	*(80)*
	- Item 110. (partial) Component of the returns on insurance policies for the Networks	*25*	*9*
	- Item 130. a) (partial) Net impairment/reversal of impairment for credit risk related to financial assets measured at amortised cost - Debt securities	*-*	*4*
	- Item 130. b) (partial) Net impairment/reversal of impairment for credit risk related to financial assets measured at fair value through other comprehensive income - Debt securities	*2*	*(1)*
	- Item 200. (partial) Risk provision for tax dispute	*-*	*5*
	- Item 200. (partial) Integration costs	*-*	*17*
Net non-recurring income (expenses)		219	5
	- Item 200. (partial) Risk provision for tax dispute	*219*	*(5)*
	- Item 250. (partial) Profit (loss) on equity investments	*-*	*10*
Gross income (loss)		**1,733**	**1,373**
Income taxes for the year on continuing operations		(505)	(405)
	Item 300. Income taxes for the year on continuing operations	*(465)*	*(357)*
	- Item 300. (partial) Tax impact on integration costs	*(17)*	*(29)*
	- Item 300. (partial) Tax impact on costs related to the banking system	*(15)*	*(11)*
	- Item 300. (partial) Tax impact on PPA Morval, IW Bank and UBI Top Private Business unit	*(8)*	*(3)*
	- Item 300. (partial) Tax impact on recoveries of administrative expenses	*-*	*(5)*
Integration and voluntary redundancy expenses (net of tax)		(38)	(70)
	- Item 190. a) (partial) Integration expenses	*(20)*	*(47)*
	- Item 190. b) (partial) Integration expenses	*(24)*	*(11)*
	- Item 200. (partial) Integration costs	*-*	*(17)*
	- Item 220. (partial) Integration costs	*(11)*	*(24)*
	- Item 300. (partial) Tax impact on integration costs	*17*	*29*
Effects of purchase price allocation (net of tax)		(22)	(48)
	- Item 270. Goodwill impairment	*-*	*(42)*
	- Item 130. b) (partial) Net impairment/reversal of impairment for credit risk (Effect of allocation of acquisition costs)	*4*	*(2)*
	- Item 30. (partial) Net interest income PPA IW Bank	*(22)*	*-*
	- Item 220. (partial) Amortisation of client assets recognised in intangible assets following PPA Morval, IW Bank, UBI Top Private and Reyl	*(12)*	*(2)*
	- Item 270. (partial) Goodwill impairment for IW Bank	*-*	*(5)*
	- Item 300. (partial) Tax impact on PPA Morval, IW Bank, UBI Top Private Business unit	*8*	*3*
Expenses regarding the banking system (net of tax)		(32)	(23)
	- Item 190. b) (partial) Costs related to banking system	*(47)*	*(34)*
	- Item 300. (partial) Tax impact on costs related to the banking system	*15*	*11*
Net profit (loss) attributable to non-controlling interests		(35)	(10)
	Item 340. Minority interest profit (loss) for the year	*(35)*	*(6)*
	- Item 190. a) (partial) Recovery of staff expenses	*-*	*3*
	- Item 190. b) (partial) Recovery of other administrative expenses	*-*	*(18)*
	- Item 300. (partial) Tax impact on recoveries of administrative expenses	*-*	*5*
	- Item 340. Profit (loss) for the year IW Bank	*-*	*6*
Net profit	**Item 350. Parent company interest in net profit (loss) for the year**	**1,101**	**817**

7.6 Value Added Statement

The Group's Value Added Statement shown below has been prepared using the income statement figures from the 2021 Consolidated Financial Statements. These figures have been reclassified following the guidelines of the Italian Banking Association (Associazione Bancaria Italiana - ABI), updated on 24 October 2019, which comply with the Global Reporting Initiative's guidelines.

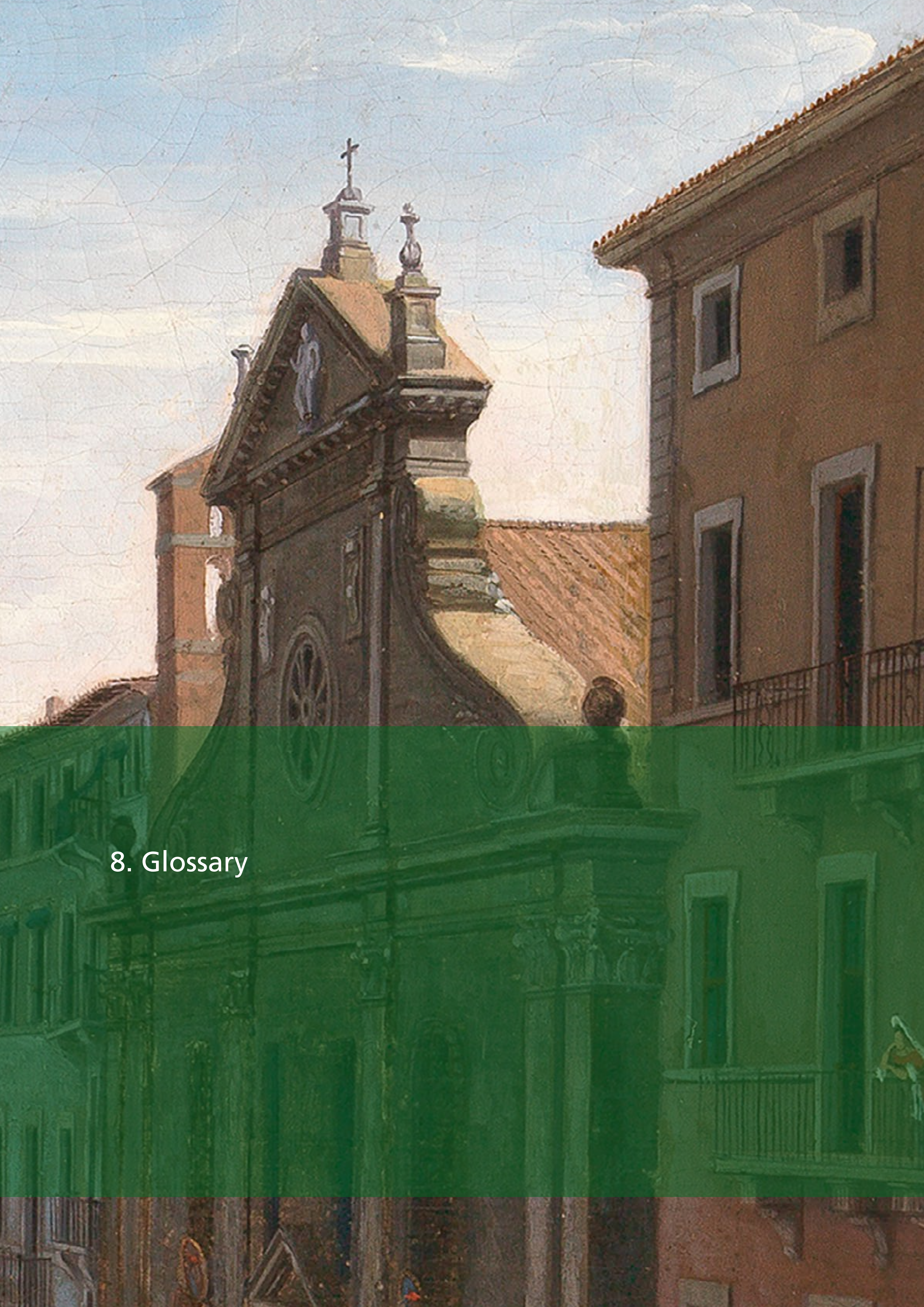
The statement prepared using these reclassified figures breaks the economic value added down into three main components:

- Wealth created.
- Value distributed.
- Economic value retained by the Group.

Value Added Statement

(€m)

		2021	2020
10.	Interest and similar income	297	344
20.	Interest expense and similar charges	(107)	(93)
40.	Fee and commission income	3,159	2,848
50.	Fee and commission expense (not including expense for Personal Financial Advisers Network)	(148)	(139)
70.	Dividends and similar income	2	-
80.	Net profit (loss) on trading activities	38	37
90.	Net profit (loss) on hedging derivatives	(1)	4
100.	Net profit (loss) on sale or repurchase of:	3	6
	a) financial assets measured at amortised cost	(3)	1
	b) financial assets measured at fair value through other comprehensive income	6	5
	c) financial liabilities	-	-
110.	Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	35	13
	a) financial assets and liabilities measured at fair value	-	-
	b) financial assets mandatorily measured at fair value	35	13
130.	Net impairment for credit risk related to:	9	(10)
	a) financial assets measured at amortised cost	7	(9)
	b) financial assets measured at fair value through other comprehensive income	2	(1)
140.	Gains/losses on contractual changes without cancellation	-	(1)
160.	Net insurance premiums	-	-
170.	Other income/expense from insurance activities	-	-
230.	Other income/expense	338	268
250.	Profit (Loss) on equity investments (profit/losses from sales)	-	-
260.	Net fair value gains (losses) on property and equipment and intangible assets	-	-
280.	Profit (loss) on disposal of investments	219	-
320.	Profit (Loss) after tax from discontinued operations	-	-
A.	**Total Wealth created**	**3,844**	**3,277**
190.b	Other administrative expenses (net of indirect taxes, gifts/donations and charges for termination provisions and deposit guarantees)	(302)	(289)
	Value distributed to suppliers	**(302)**	**(289)**
190.a	Personnel expenses (including Personal Financial Advisers Network)	(1,467)	(1,344)
	Value distributed to employees and Personal Financial Advisers	**(1,467)**	**(1,344)**
340.	Profit (Loss) for the year attributable to non-controlling interests	(35)	(6)
	Value distributed to third parties	**(35)**	**(6)**
	Profit distributed to shareholders	(701)	(678)
	Value distributed to shareholders	**(701)**	**(678)**
190.b	Other administrative expenses: indirect taxes	(341)	(282)
190.b	Other administrative expenses: charges for termination provisions and deposit guarantees	(47)	(34)
300.	Income taxes for the year on continuing operations (for the portion for current taxes, changes in current taxes from previous years and the reduction in current taxes for the year)	(423)	(348)
	Value distributed to Central and Branch Administration	**(811)**	**(664)**
190.b / 220.	Other administrative expenses /Other income (expense): donations and gifts	(1)	(1)
	Value distributed to community and environment	**(1)**	**(1)**
B.	**Total Value distributed**	**(3,317)**	**(2,982)**
C.	**Total Value retained**	**527**	**295**



8. Glossary

Additional Tier 1 capital (AT1): comprised of equity instruments other than ordinary shares (which are included in CET1) that comply with the regulatory requirements for inclusion in this tier of own funds (such as savings shares). A series of items are then subtracted from the foregoing amount.

Adviser: financial adviser who assists companies involved in corporate finance transactions. Their tasks include providing advisory services and preparing valuations.

Alternative investment: alternative investments are generally characterised by certain innovative elements compared to traditional investments. These innovative elements may concern the asset class of the investment (considered to be alternative) or the investment strategy used.

American Option: an option that may be exercised at any time before and not only at the expiry date of the option.

Amortised cost: differs from cost in providing for the cumulative amortisation of the difference between the value at initial recognition of an asset or liability and its nominal value using the effective interest rate method.

Asset allocation: procedure adopted by an asset manager that consists in distributing a portfolio across a variety of financial instruments in different investment markets.

Asset class: these represent the categories into which the various types of financial instruments are divided, according to the specific details (e.g. legal nature, their implicit risk factors, market behaviour, etc.).

Asset Liability Management (ALM): body of techniques that enables the integrated management of financial statement assets and liabilities, typically used for measuring interest rate risk.

Asset management: the activity of managing and administering assets on behalf of customers.

Associazione Bancaria Italiana (ABI): the association that represents, defends and promotes the interests of the Italian banking and financial system.

Associazione fra le Società italiane per Azioni (Assonime): the association representing Italian joint stock companies of all kinds (industrial, financial, insurance and service companies). Its mission is to contribute to building a regulatory system that is favourable to economic activity, to interpret, adapt and apply legislation for effective operation of the market and, lastly, to assist member companies in their application of the law.

Associazione Italiana Private Banking (AIPB): Association of Private Banking operators that numbers Italy's leading operators amongst its members. AIPB's members include Banks and Banking Groups, Associations, Universities, Research Centres, Asset Management Companies and Advisors who share their expertise to establish, develop and extend private banking culture at the service of high net worth individuals.

Associazione Nazionale Consulenti Finanziari (ANASF): advocates and provides continuing professional development and information for financial advisors, supporting their interests in tax, legal, contractual and pension matters, while also offering specialist consultancy services.

Assogestioni: Italian association of fund managers that represents Italy's leading asset management companies and a large number of banks and insurance companies offering discretionary accounts and complementary social security. A number of non-Italian asset management companies operating in Italy are also members. Assogestioni's various activities include drawing up a ranking of mutual funds.

Assoreti: association of banks and investment companies that provide advisory support regarding investments, as defined in article 1, subparagraph 5, f), of Italian Legislative Decree No. 58 of 24 February 1998, acting through their own financial advisors authorised to offer products and services outside company premises. The association's purpose is to research and follow developments in the legislation, maintain constant contact with the relevant institutions and provide statistical processing of data that enables analysis of the development of the sector.

Audit: the body of activities for monitoring company processes and accounting, carried out both by internal departments (internal audits) and by independent auditors (external audits).

Backtesting: historical testing to assess the reliability of asset portfolio risk source measurements.

Bancassurance: the offer of insurance products through a bank's branch network.

Bank of Italy: a public-law institution that acts in the general interest in the monetary and financial sector, maintaining price stability, the stability and effective operation of the financial system and undertaking other duties assigned by Italian law.

Banking book: the portion of a bank's holdings, and securities holdings in particular, that is not held for trading purposes.

Banking direct inflows: deposits by and bonds issued by banks.

Banking indirect inflows: debt securities and other instruments received by the bank for custody, management or in relation to the management of equity investments.

Basel II: the common name for the Capital Accord which came into effect on 1 January 2007.
The Accord is based on three "pillars":
- Pillar 1: while the objective of a minimum capital requirement of 8% of risk-weighted assets remains unchanged, a new system of rules was developed for measuring typical banking and financial sector risks (credit risk, counterparty risk, market risk and operational risk) that provides for alternative calculation approaches with different levels of complexity and offers the option, following prior authorisation by the Regulator, of internally-developed approaches.
- Pillar 2: requires banks to adopt processes and tools that equip them with an Internal Capital Adequacy Assessment Process (ICAAP) that is appropriate for every type of risk,

including forms other than those covered by the minimum capital requirement (first pillar), for the purposes of assessing current and prospective risk in a manner that takes strategies and developments in the reference scenario into account. The Supervisory Authorities are tasked with examining the ICAAP process, formulating an overall judgement and specifying appropriate corrective measures where necessary.
- Pillar 3: introduces obligations regarding the publication of information on capital adequacy, risk exposure and the general characteristics of the systems in place for identifying, measuring and managing risk.

Basel III: set of reforms drawn up by the Basel Committee on Banking Supervision following the 2007-2008 financial crisis with the aim of improving the existing capital adequacy framework for the banking sector (Basel II), the effectiveness of supervision and the ability of intermediaries to manage the risks they assume.

Basel Committee: international forum for regular periodic cooperation on banking supervisory matters with two main objectives: to disseminate and enhance understanding of key supervisory issues and to improve the quality of banking supervision worldwide.

Basis point: unit of measurement for interest rate spread or changes in interest rates, equal to one hundredth of a percentage point. Example: If rates rise from 9.65% to 9.80%, they have risen by 15 basis points.

Benchmark: financial parameter or indicator or financial instrument with characteristics that brokers consider sufficiently representative to be adopted as a reference for understanding whether a financial instrument with similar characteristics has performed better or worse than the benchmark over a given period.

Best practice: generally speaking, identifies a way of doing something that may be considered representative of the best level of knowledge and its implementation within a given technical and/or professional area.

Bid-ask spread: the difference between the prices quoted for an immediate sale and an immediate purchase of a given financial instrument or group of financial instruments.

Board of Directors: company body responsible by law for the management of a company and the direction of its business.

Board of Statutory Auditors: internal supervisory body in joint stock companies.

Bond: a security in the form of a loan contracted between a legal person and members of the public that incorporates two rights: the right to repayment of the nominal value upon maturity and the right to the payment of interest on the amount (coupon). Bonds pay interest, calculated in relation to the nominal value, that can be fixed, floating or index-linked, which is to say linked to price indices or reference rates using specific mechanisms.

Borsa Italiana S.p.A: the private company managing the organisation and operation of Italy's financial markets.

Branches: the bank's area branches.

Broker: a financial intermediary who executes their customers' instructions to buy and sell for which they receive payment in commission that is usually stated as a percentage of the value of the transaction.

Budget: the planned future costs and income of a company.

Bund: a long-term government bond issued by the German government.

Buono del Tesoro Poliennale (BTP): acronym of Treasury Bonds with a long-term maturity, a medium-to-long-term government bond issued by the Italian Ministry of Economy and Finance to finance public debt, which pays a fixed-rate yield.

Business model: the system of inputs, added-value activities and outputs by means of which an organisation creates and preserves value in the short, medium and long term.
From the point of view of financial reporting, it is a driver that guides, together with the SPPI test, the classification of financial instruments in the categories provided for by the accounting standard IFRS 9. The objective of the business model is to reflect the ways in which groups of financial assets are managed to generate cash flows.

Call option: an option contract that, upon payment of a premium, gives the buyer the right to buy a given asset at a price set by the contract (exercise price or strike price) on or by a given date.

Capital: the assets forming the inputs in an organisation's business model, which are used, improved, consumed, changed or influenced through its activities in the process of creating value.

Cash Generating Unit (CGU): a cash generating unit is the smallest identifiable group of assets generating cash inflows that are largely independent of the cash inflows generated by other assets or groups of assets.

Certificates: investment certificates are financial instruments that can have the contractual characteristics of derivatives that are linked to the performance of an underlying asset. The purchase of a certificate gives the investor the right to receive a sum linked to the value of the underlying asset at a given date. In certain cases, an option may provide the investor with partial or total protection of the premiums paid irrespective of the performance links stipulated in the contracts.

CET1 Ratio, Common Equity Tier 1 ratio: comprised of Common Equity Tier 1 capital (CET1) plus additional Tier 1 capital (AT1).

Client assets (CA): these consist of:
- Managed assets, which include mutual funds and pension funds, asset management and life insurance technical reserves.
- Non-managed assets, which include securities deposited (net of units in Group mutual funds), non-life insurance technical reserves and current account overdrafts.

Collateral: pledge of financial instruments or cash offered as security by a borrower to a lender that the lender can take possession of or sell on the market if the borrower defaults on their obligations. Collateral provides banks with a guarantee, in relation to their market counterparties, of the successful conclusion of the transactions in progress and of future transactions, effectively releasing the risk profile of its investments from considerations connected with the counterparty risk.

Commissione Nazionale per le Società e la Borsa (CONSOB) - Italian National Commission for Listed Companies and the Stock Exchange: an entirely autonomous administrative body with the status of a legal person and the object of promoting the protection of investors' interests and of ensuring the effective operation, transparency and growth of the Italian securities market.

Common Equity Tier 1 Capital - CET1: as defined by the new regulatory provisions for banks set out in European Union Regulation No. 575/2013 (Capital Requirements Regulation or CRR) and by Directive 2013/36/EU (Capital Requirements Directive CRD IV), which implement the standards developed by the Basel Committee on Banking Supervision (Basel III) in the European Union. CET1 is calculated as the algebraic sum of ordinary shares issued by the Bank that meet the classification criteria for regulatory purposes, the share premium deriving from the issue of the instruments included in CET1, profits carried forward, revaluation reserves and other reserves. A series of items are then deducted from the foregoing amount (e.g. anticipated losses, equity investments, deferred tax assets), which moreover benefit from the allocation mechanism and, in the transitional period, gradual application through the phase-in arrangements.

Common Equity Tier 1 ratio (CET1 ratio): ratio between the bank's Common Equity Tier 1 capital and total risk-weighted assets (RWA).

Community Directives: European Union legislative instruments directed at member states, which are obliged to achieve the objectives specified in the directives, and in turn issue implementation legislation for application within each individual state.

Compound interest: percentage of principal formed when accrued interest is added to the principal and generates interest in its turn.

Core Business: principal business towards which company strategies and policies are directed.

Corporate Customers: customer segment made up of medium and large enterprises (mid-corporate and large corporate).

Corporate governance: the body of rules and regulations that govern the life of a company, in particular with respect to the transparency of its documents and company minutes, and to the completeness of the information it provides the market.

Corporate Social Responsibility (CSR): is the voluntary integration of social and environmental matters in a company's business operations and stakeholder relations.

Cost/Income ratio: the financial ratio of net operating expenses to net operating income. One of the key ratios showing the efficient running of a bank. The lower it is, the higher the efficiency.

Counterparty risk: the risk of a potential loss due to a counterparty failing to meet their contractual obligations.

Country risk: set of economic, financial and political factors that may make it difficult to obtain the repayment of debts contracted by trusted foreign customers irrespective of their individual solvency.

Country Risk Premium (CRP): premium for country risk, a cost of capital component aimed specifically at compensating the risk associated with a given country (which is to say the risk connected with economic, financial, political or currency instability).

Credit risk: the risk that a change in the credit rating of a trusted counterparty with whom a bank has an exposure could generate a corresponding change in value of the credit position.

Customer Satisfaction Index (CSI): this is an indicator that measures customer satisfaction with regard to the company.

The CSI is based on a simple question to the customer to see what assessment they attribute to the company: from 1 to 10 where 10 is the highest and 1 the lowest.

Default: the situation in which it is impossible for a party to meet their contracted financial obligations.

Deficit: a situation in which spending exceeds revenue. A Public Deficit is when the difference between government revenue and spending forms a public debt.

Deposit Guarantee Scheme: one of the three pillars of the euro area banking union, this was set up in 2014 to meet the challenges of fragmentation in the European financial market. Bank deposits of up to €100k are protected using a single guarantee fund.

Depository bank: a bank providing third parties with a custody and administration service for assets (cash and financial instruments) under management with an asset management company. In the case of mutual funds and pension funds, the depository bank also acts in a supervisory role with respect to the work of the asset management company, regarding both respect for the fund regulations and the correct accounting of the transactions conducted, and calculates the Net Asset Value (NAV).

Derivative: term for a type of financial instrument, the price/ return of which is based on the price/return of other assets known as underlying assets, which can be financial instruments, indices, interest rates, currencies or raw materials.

Dividend: amount distributed by a company to its shareholders by way of remuneration for the capital they have invested (risk capital), representing the distribution of net profit for the year.

Donor Advised Fund: is a kind of juridical tool that ensures donors to maintain direction and control powers, while alleviating them from the responsibilities of management and administration. These funds can be created through foundations which already exist and offer to act as philanthropic intermediaries.

Doubtful loan: loan to a party that is insolvent or in a substantially equivalent situation.

Dow Jones: index showing the performance of the New York Stock Exchange.

Duration: financial duration of a security, or its residual life, weighted by the flow of coupons that the security will pay in the future. The duration is generally used to measure investments in bonds. The duration expressed in years and days indicates the date by which the holder of a bond regains possession of the principal initially invested, taking the coupons into account. It is an indicator of the interest rate risk of a bond or bond portfolio. In its most frequent configuration it is calculated as the average due date of the projected cash flows, weighted for the contribution of the current value of each flow to the price.

Earnings per Share (EPS): ratio of net profit to the average number of outstanding shares at period end, net of treasury shares.

E-banking: the use of an electronic network (Internet or similar) that allows customers to carry out a vast range of banking and financial transactions online.

ECB reference interest rates: interest rates set by the Governing Council that reflect European Central Bank monetary policy. Currently they include the minimum bid rate on the main refinancing transactions, the interest rate on the marginal lending facility and the interest rate on the deposit facility of the central bank.

Effective interest rate: the effective interest rate is the rate that discounts the current value of the future cash flows arising from a loan - in relation to both principal and interest - to the amount disbursed inclusive of the costs/ income arising from the loan. This method of accounting using financial logic makes it possible to spread the economic effect of costs/ income throughout the residual life of the loan.

E-learning: distance training using computer aids.

Emerging markets: the financial markets of developing countries. These markets offer considerable opportunities to obtain high yields, but are characterised by high risk and volatility.

EONIA (Euro overnight index average): the effective overnight euro interest rate for the interbank market. It is calculated as a weighted average of all overnight unsecured lending transactions in the interbank market, initiated within the euro area by a panel of contributing banks.

ESG: identifies three areas that constitute the concept of social awareness and guide the choices taken by business operators with their investment policies and pursued strategies.

Euribor: reference interbank rate used in European Union countries. It is calculated as the weighted average of the interest rates at which the major banks operating in the European Union grant loans. It is calculated daily and used as a parameter for setting the variable interest rates on loans.

European Banking Authority (EBA): EU body established by Regulation (EU) No. 1093/2010 made up of representatives of the member states' central banks and supervisory authorities and operating as part of the framework of regulatory activities regarding banking policy. It promotes cooperation and convergence in the financial supervisory practices of the different member states.

European Central Bank (ECB): European Union institution tasked with managing monetary policy in the euro area with the objective of maintaining price stability. The main governing bodies of the ECB are the Governing Council, Executive Board and General Council.

European Commission: executive body of the European Union tasked with the implementation of European Laws (Directives, Regulations and Decisions), and the financial statements and programmes of the European Parliament and Council. It has power of legislative initiative and negotiates international agreements, mainly regarding commerce and cooperation. The President and members of the European Commission are appointed by the member states following the prior approval of the European Parliament.

European Financial Reporting Advisory Group (EFRAG): a committee set up to assist the European Commission with prior technical advice regarding the endorsement of new International Financial Reporting Standards (IFRS).

European Option: an option that may be exercised only at the expiry date of the option.

European Securities and Markets Authority (ESMA): EU body established by Regulation (EU) No. 1095/2010 responsible for safeguarding the stability of the European Union's financial system by ensuring the integrity, transparency, efficiency and orderly functioning of securities markets, as well as enhancing investor protection.

Euro Short-Term Rate (€STR): new rate for loans, also known as Ester. This new index will definitively replace Eonia (Euro Overnight Index Average) to become the official average short-term interest rate of transactions on the European interbank market i.e. those transactions that need to be settled by the end of the day following the day they were set up.

European Stability Mechanism (ESM): financial stability mechanism with a maximum lending capacity of €500bn that provides financial assistance to euro area Member States experiencing or threatened by financing difficulties. The main difference with respect to the earlier European Financial Stability Facility (EFSF) regards private sector involvement. The ESM is able to provide loans, buy government bonds on the primary and secondary markets and recapitalise banks, albeit not yet directly.

European Union (EU): currently made up of 27 members, the European Union is governed by five institutions: the European Parliament, the European Council, the European Commission, the Court of Justice and the Court of Auditors.

European Union Regulations: regulations that are directly applicable and compulsory in all member states of the European Union without any national transposition legislation being required.

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

Exchange rate risk: the risk that the fair value or future cash flows of a financial instrument could fluctuate as a result of exchange rate fluctuations.

Exchange-traded funds (ETF): mutual funds which track a given market index. The certificates representing units can be traded on regulated markets.
The sole investment objective of an ETF is to passively match the composition and return of a market index (stock market, sector, geographical area, bond market) which is the benchmark. When one of the components of the benchmark changes, the corresponding financial asset in the fund is also changed.

Expected loss: expected loss on lending activities. It has the aim of promptly recognising losses on outstanding loans in the financial statements. The ECL will be calculated according to the stage in which the instruments are classified from the time that they are first recognised, with a time horizon of 12 months (stage 1) or lifetime (stages 2 and 3).

Exposure At Default (EAD): EAD is an estimation of future on-balance sheet and/or off-balance sheet exposure in the event and at the time of a debtor's default.

Fair value: the purchase price for which an asset can be traded or a liability settled in a free transaction between informed and independent parties.

Fair value hedge: a hedge of the exposure to fluctuations in fair value of a recognised asset or liability that are attributable to a particular risk.

Fair value option (FVO): the fair value option permits entities to designate a financial instrument to be measured at fair value. The option can also be exercised for financial instruments that are not derivatives and not held for trading, allowing them to be measured at fair value in the income statement.

Fairness/Legal opinion: opinion provided upon request by experts recognised for their professionalism and competence regarding the congruence of economic conditions and/or the legitimacy and/or technical aspects of a given transaction.

Federal funds rate: short-term interest rate in the United States federal funds market, in which banks excess reserves with the Federal Reserve are traded. Although it is a market rate, the Federal Reserve announces a short-term rate target for its open market transactions, and the effective rate is generally close to this target rate.

Federal Reserve (FED): the Federal Reserve (Bank) or just Fed is the Central Bank of the United States.

Financial instruments quoted in an active market: financial instruments are considered to be listed in an active market when the price quotations representing effective, standard market transactions that have occurred over a normal reference period are readily and regularly available through stock exchanges, dealers, brokers, sector companies, pricing services or authorised bodies.

Financial intermediary: professional figure who provides the public with financial products and services (purchase of equities, granting of loans, provision of payable services and foreign exchange broking).

Financial Stability Board (FSB): international body tasked with monitoring the global financial system in order to develop and promote policies in the interest of financial stability.

Forborne exposures: forborne exposures can be non-performing or performing as follows:
- Non-performing exposures with forbearance measures. These exposures can be an item under doubtful loans, unlikely to pay or non-performing past due or overdue loans. They do not represent a category of non-performing assets of their own.
- Forborne performing exposures.

Forwards: forward contracts on interest rates, exchange rates or stock market indices, generally traded in Over The Counter markets, in which the conditions are stipulated when the contract is agreed but performance occurs at a predetermined future date, through the receipt or payment of differentials calculated with reference to parameters that differ depending on the subject of the contract.

Front-end fees: fees paid by customers when signing a contract and when making any subsequent payments.

FTSE MIB: the principal benchmark index for the Italian equity markets. The index measures the performance of the 40 most-capitalised Italian shares and seeks to replicate the broad sector weights of the Italian stock market. The FTSE MIB Index is market capitalisation-weighted after adjusting constituents for float.

Funding: obtaining, in various forms, the funds needed to finance company operations or specific financial transactions.

Futures: standardised forward contracts with which the parties commit to exchanging assets or commodities at a predetermined price on a future date. These contracts are as a rule traded on regulated markets, where their performance is guaranteed. In practice, futures on assets often do not involve the physical exchange of the underlying asset.

Gain: positive economic amount resulting from the sale of an asset at a higher price than the purchase price.

Global Reporting Initiative (GRI): an independent international organisation with the object of developing and disseminating guidelines for the proper reporting of the three elements of sustainability: the economy, environment and society.

Goodwill: the goodwill paid for the acquisition of an equity investment in a company equals the difference between the purchase price and the corresponding portion of shareholders' equity, for the part that cannot be attributed to the separable assets of the company purchased.

Greenhouse gas emissions: total amount of greenhouse gas emissions produced by an entity.

Gross Domestic Product (GDP): the total value of the end goods and services produced by a country in a given period of time using its own home market input. When calculated at current prices, it is known as nominal GDP, and when calculated at constant prices (base-year prices), it is known as real GDP.

Gross inflows: assets gathered through new business in mutual funds, asset management and life insurance (inflows) gross of payments (outflows) in the same period.

Harmonised mutual funds: open-ended mutual funds able to offer units (shares) to the public with certain investment limits. These limits include the requirement to invest predominantly in quoted financial instruments.

Hedge accounting: rules regarding the accounting of hedging transactions.

Hedge fund: mutual fund that uses hedging instruments to obtain a better risk/return ratio. It is not limited in terms of objective or investment instrument and can even finance positions through high levels of borrowing.

Hedging: hedging transactions are entered into to cover the risk of undesirable fluctuations in exchange rates, securities, interest rates, commodities, etc..

Holding: a company that has controlling interests in several companies.

Home Banking: banking service for private customers which allows them to use a computer at home and to mobile to execute transactions such as payment instructions and utility payments, to request services such as the issue of new cheque books and to obtain information on their banking situation.

IAS/IFRS: the International Accounting Standards/International Financial Reporting Standards issued by the International Accounting Standards Board (IASB), adopted by the countries of the European Union from 2005 for companies listed on the stock exchange.

Impairment: a financial asset is considered to be impaired when its book value is higher than its estimated recoverable value.

Impairment test: an impairment test is an estimate of the recoverable value (which is the higher of fair value less costs to sell and the value in use) of an asset or group of assets. Pursuant to IAS 36, the following must be tested for impairment on an annual basis:
- intangible assets with an indefinite useful life;
- goodwill acquired in a business combination transaction;
- any asset, if there is an indication that it may have suffered a permanent impairment loss.

Incurred loss: a loss that is already inherent in a portfolio but not yet identifiable at individual loan level. Also known as "incurred but not reported loss". It represents the credit risk inherent in a portfolio of performing loans, and is a basic indicator of the total presumptive adjustments required in the financial statements.

Index-Linked Policies: life insurance policies where the benefit upon maturity depends on the performance of a reference parameter that can be a share price index, a basket of securities or other indicator.

Inflation: phenomenon in which price changes impact on asset purchasing power expressed in nominal terms. Measured statistically by an index regarding a basket of specific goods.

Information system: the system of infrastructures, personnel and procedures used to manage important information for a company. The part of this system which is managed using information technology is generally called the information technology (IT) system.

Initial public offering (IPO): offering to the public of the shares of a company that intends to be listed on a regulated market.

Insolvency: situation in which a debtor is no longer able to meet their financial commitments as they fall due.

Institutional investors: entities such as banks, insurance companies, asset management companies and stockbrokers which invest in securities for professional reasons.

Integrated Report: a document reporting on how the governance, business model and overall vision of an organisation, its operating context, opportunities and risks, strategy and plans for the allocation of its resources, its performance and future prospects contribute to the creation and preservation of value in the short, medium and long term.

Integrated reporting: body of processes and activities through which an organisation communicates its ability to create and preserve value in the short, medium and long term, integrating financial reporting with reporting on strategies, future development plans, risks, opportunities and topics relating to governance and to economic, environmental and social impacts.

Interbank Deposit Protection Fund (IDPF): a deposit guarantee scheme, set up in the form of a private consortium recognised by the Bank of Italy. Its members are Italian banks other than mutual savings banks and its purpose is to guarantee the depositors of member banks for amounts up to €100k. The Fund intervenes in cases of compulsory administrative liquidation or extraordinary administration, following authorisation by the Bank of Italy. The resources for these interventions are provided by the member banks subsequent to the emergence of the crisis affecting the bank (ex post), at the request of the Fund.

Interbank market: a residual money market, offered by banks with excess funds and taken up by banks that need additional funds to meet their liquidity requirements. The introduction of the euro created a single large European interbank market with the Euribor as its reference rate.

Interest: remuneration for principal borrowed.

Interest rate risk: the financial risk to which a bank is exposed as a result of a fluctuation in interest rates, which can be measured in terms of potential changes in future net interest income or in the current value of shareholders' equity (considered as the difference between the current value of interest-bearing assets and interest-bearing liabilities).

Interest Rate Swap (IRS): a contract in which the counterparties agree to exchange cash flows, paying a fixed/floating or floating/floating rate on a given notional principal amount.

International Accounting Standards Board (IASB): the international body responsible for issuing the IAS/IFRS international accounting standards.

International Integrated Reporting Council (IIRC): an international committee whose mission is to create a global framework that integrates financial, environmental, social and governance information in a manner that is clear, concise, cohesive, comparable and able to respond to the complexities of the current socio-economic environment, cohesively integrating different reporting models.
IIRC merged with SASB in June 2021, creating the Value Reporting Foundation.

In the money: expression regarding option contracts. A call option is in the money when the market price is higher than the strike price, whereas a put option is in the money when the market price is lower than the strike price.

Investment grade: term for a medium-to-high rating of an issuer or bond (higher than S&P Global Ratings BBB and Moody's Baa2). Classifying a financial instrument as investment grade implicitly means it is of medium-to-high quality.

ISIN: a 12-digit alphanumeric code that uniquely identifies the securities in circulation of all member countries of the International Organization for Standardization (ISO).

ISTAT: Italy's National Institute of Statistics, founded in 1926, which produces statistics on all aspects of Italian economic and social life.

Istituto per la Vigilanza sulle Assicurazioni (IVASS) - Italian Insurance Regulator: independent authority that works to ensure the stability of the market and insurance companies, as well as the transparency of insurance products, in the interest of insurees and users in general.

Joint venture: agreement between two or more companies to undertake a given business activity, generally by establishing a joint stock company.

Junior bond: in a securitisation transaction, the most subordinated tranche of securities issued and the first to absorb any losses that may be encountered in the process of recovering the underlying assets.

Lease liability: this represents the payable recognised in the lessee's balance sheet for a leasing transaction and is equal to the present value of the instalments due under the lease and discounted at the marginal financing rate of the lessee itself.

Liquidity: convertibility into cash. When liquidity regards an investment, it refers to the potential of that investment to be converted into cash quickly and without difficulty.

Liquidity risk: the risk of an entity encountering difficulties in obtaining the funds to meet the obligations deriving from financial instruments.

Lock-up: period of time during which management and large investors are prohibited from selling their shares.

London Benchmarking Group (LBG): a network of companies committed to measuring and reporting the value and impact of their community investment. The London Benchmarking Group has drawn up a comprehensively-structured reporting model that has become an internationally-recognised standard, widely endorsed by many organisations, including the main sustainability indices (such as the Dow Jones Sustainability Index).

Long position: the market purchase of a security with the expectation that the asset will rise in value on any market.

Loss Given Default (LGD): the estimated share of an asset that is lost if a debtor defaults.

Market: a place where demand and supply for one or more goods or services meet, and where this meeting leads to the determination of a price at which sellers are prepared to sell their assets and buyers to purchase them.

Market making: a financial activity carried out by specialist brokers with the aim of ensuring the liquidity and depth of the market, both through their continuous presence and through their function as a competitive guide for determining prices.

Market risk: the risk of losses on balance-sheet and offbalance-sheet positions that could result from unfavourable fluctuations in market prices. The variables that constitute the different types of risks forming market risk are: interest rates (interest rate risk), market prices (price risk) and exchange rates (exchange rate risk).

Mark to Market: a process for valuing a portfolio of securities or other financial instruments on the basis of market prices.

Materiality: consists in determining the relevance and significance of a topic for an organisation and its stakeholders. A topic is material to an organisation and its stakeholders if it influences their decisions, actions and performance.

Mercato interbancario dei depositi (e-MID - interbank market of deposits): electronic market for trading in interbank deposits operated by the company e-MID S.p.A..

Mercato Telematico Azionario (MTA): the electronic stock exchange division of the Italian stock exchange on which ordinary shares, preference shares, savings shares, convertible bonds, pre-emption rights, warrants, covered warrants and units in closed-ended equity and real-estate funds are traded.

Merger: transaction in which a number of legal entities are replaced with one.

Mezzanine bond: in a securitisation transaction, the intermediate subordinated tranche between the junior tranche and senior tranche.

MiFID (Markets in Financial Instruments Directive): is Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 regarding investment services in the financial instruments sector.

MiFID 2: the new European directive 2014/65/EU on investment services addresses the goal of creating a single market for financial services in Europe, which guarantee complete and fair disclosure to investors, management of potential conflicts of interest, and adequate customer profiling.

Morgan Stanley Capital International All Country World Index (MSCI ACWI): an index measuring the stock performance of principal listed companies worldwide. The vast measurement basis of the index reflects the average situation of stock markets worldwide and provides information on the performance of a hypothetical equity investment on the world market, measured as the weighted average of the performance of the regional markets. The MSCI ACWI is made up of 48 country indices, comprising 23 of securities traded on developed country markets and 25 of securities traded on emerging country markets.

Mutual fund: independent assets in the form of a diversified portfolio of financial assets divided up into units belonging to a large number of holders and managed by a special management company.

NASDAQ (National Association of Securities Dealers Automated Quotation): US electronic stock exchange for securities which usually have lower capitalisation than those listed on the New York Stock Exchange.

Net Asset Value (NAV): the value per unit (share) of a fund's assets minus its liabilities.

Net inflows: assets gathered through new business in mutual funds, asset management and life insurance (inflows) net of payments (outflows) in the same period.

Net Promoter Score (NPS): this is an indicator that measures the propensity of customers to recommend a product, service or company. The NPS is based on a simple question to the customers to understand to what extent they would recommend the bank to a friend, relative or business partner (depending on the interlocutor). Based on the opinion expressed, respondents are divided into:
- detractors: unhappy customers who could damage the company through negative word of mouth;
- passive customers: satisfied but not devoted customers, who could be influenced by competitors;
- promoters: customers who are loyal to the company and recommend it to other people.

The NPS is calculated by subtracting the percentage of detractors from the percentage of promoters. The result, however, is not expressed in percentage points, but as an absolute number between -100 and +100.

New York Stock Exchange (NYSE): the New York Stock Exchange is the world's largest stock exchange by market capitalisation of its listed companies. The NYSE was founded in 1817 and merged with Euronext in 2007, creating a global capital market that includes the principal European markets.

Nikkei 225: Tokyo stock market index of the top 225 shares listed in the first section of the stock exchange, with the highest capitalisation and liquidity.

Nominal value: for shares is the fraction of share capital represented by a single share. For bonds is the value that the issuer commits to repaying upon maturity and on which the interest is calculated. It does not change over time and is not influenced by the issuer's financial situation. In the case of shares, it can only be changed by means of a change to the Articles of Association and the consequent splitting or consolidation of shares. The nominal value (also known as par value or face value) is not the same as the issue price (shares can be issued for a higher amount than their nominal value, that is to say with a premium, while bonds can not only be issued above par but below par as well); nor is it the same, for shares, as the current value or market value.

Non-financial disclosure: a non-financial disclosure covering environmental, social, human resources and human rights compliance issues, and measures against bribery and extortion. This disclosure, introduced by Legislative Decree 254/2016, is mandatory for all large businesses and groups.

Non-performing loans: loans that show evidence of a possible decline in value (impairment loss) as a result of events occurring after their initial recognition. They include loans that have been given the status of doubtful loans, debtor unlikely to pay loans and non-performing past due loans in accordance with the Bank of Italy rules in line with the IAS/IFRS.

Official reserves: the official reserves held by central banks consist of universally-accepted means of payment, mainly dollars and gold, on which they can draw to finance the import of essential goods in the event of a crisis or to intervene on the foreign exchange market to support their currency.

Online trading: system for trading financial assets on the stock exchange using a computer.

Open market operations: the purchase or sale of government bonds by a country's central bank with the aim of controlling the monetary base of an economy.

Operational risk: the risk of loss arising from inadequate or ineffective internal processes, human resources or systems, or from external events. This definition includes legal risk.

Option: the entitlement but not the obligation, acquired through the payment of a premium, to buy (call option) or sell (put option) a financial instrument at a predetermined price (strike price) by or at a given future date.

Organismo Italiano di Contabilità (OIC - Italian accounting standards body): standards setting organisation for accounting matters in Italy. It issues accounting standards for financial statements for which the application of IAS/IFRS is not mandatory, provides support regarding the application of the IAS/IFRS in Italy and assists Italian lawmakers in the issue of accounting regulations.

Out of the money: said of a call option when the strike price is above the spot price of the underlying asset, and of a put option when the strike price is below the spot price.

Outright Monetary Transaction (OMT): programme launched by the Governing Council of the European Central Bank in 2012. It provides for unlimited purchases, without the subordination of private investors, of short-term government bonds issued by euro area countries which have declared they are in economic difficulty. It requires the submission of a formal request for help to the ESM bailout fund in order to be activated, and that the specified conditions of the intervention be respected in the future.

Outsourcing: use of an outside company to provide goods or services.

Overdue loan: loans to parties with loans that are overdue or past due at period end as defined by the related Bank of Italy rules.

Overnight: interbank transaction in which one bank lends money to another bank with the commitment that the loan will be repaid the following day. The interest is also paid upon repayment.

Over The Counter (OTC): transactions entered into directly by the parties concerned without using a regulated market.

Own funds: in the new regulatory framework, own funds are composed of the sum of Tier 1 capital and Tier 2 capital.

Pay-out Ratio: the percentage of a company's income that is distributed to shareholders in the form of a dividend related to the company's total income.

Pension funds: bodies/management companies (in certain cases with the status of a legal person) which pay out supplementary pension benefits.

Performance: result obtained by a mutual fund over a given period of time. Performance is measured by the increase in value of a unit in the reference period with respect to a benchmark.

Performance fees: recurring fees withheld by an asset management company exclusively on the basis of the performance of the product managed. The percentage charged is usually linked to any increase in the value of a unit with respect to a reference parameter. This reference parameter can be a benchmark or another indicator, such as the rate of inflation, for example.

Performing loan: loan to a party that did not present any specific insolvency risks at period end.

Personal Financial Adviser: a natural person who – as an employee, agent or authorised representative – is professionally engaged in the off-premises offer of financial instruments and/or investment services in accordance, in Italy, with the provisions of the Italian Finance Consolidation Act and the laws and regulations implementing them. The work of a personal financial adviser is carried out exclusively in the interest of a single principal. In order to practice the profession in Italy, a personal financial adviser must be registered in a register kept for the purpose by the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB).

Plain vanilla (derivatives): expression identifying financial instruments characterised by their simple, standardised composition. Although this is a relative and not absolute concept, plain vanilla instruments have pre-set characteristics that leave no room for discretion.

Portfolio: the real and financial assets held by an individual investor.

Position: market commitment to buy or sell financial instruments.

Price risk: the risk that the fair value or future cash flows of a financial instrument could fluctuate following fluctuations in market prices (other than the fluctuations caused by interest rate risk or exchange rate risk) arising from factors specific to the individual instrument or to its issuer, or due to factors that influence all similar financial instruments traded on the market.

Pricing: generally speaking, the procedures used to calculate the returns/yields and/or costs of the products and services offered by a bank.

Primary market: complex of underwriting or sale transactions for the issuance of securities to the public.

Prime Rate: the interest rate that banks offer for loans to their most important customers. The Prime Rate depends on general market conditions, the availability of reserves and the amount of the loan, and can vary from one country to another.

Private Banking: financial services for the global management of private customers' financial requirements.

Prospectus: a document prepared on the basis of templates prescribed by the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB) and approved by it, in which an issuer provides adequate disclosure to investors about the characteristics of an investment and the risks associated with it.

PSD2: Directive 2015/2366/EU on payment services promotes the development of an efficient, secure and competitive internal market for retail payments by strengthening user protection, supporting innovation and improving the security levels of services.

Public offer for sale: offering, to the public, of a block of shares by the controlling group, through a placement.

Public offer for subscription: an offer to the public of shares in the process of issue regarding which the old shareholders have waived their pre-emption rights either partially or totally.

Public purchase and exchange offer: a mixed purchase and exchange offering in which shares can be purchased or exchanged with others.

Public Purchase Offer (PPO): transaction by which a substantial number of shares in a listed company is purchased in order to acquire control of said company. The Italian National Commission for Listed Companies and the Stock Exchange (CONSOB) has set the maximum ownership limit for any controlling shareholder at 30%, above which it is obligatory to launch a PPO for the remaining shares on the market.

Put option: an option contract that, upon payment of a premium, gives the buyer the right but not the obligation to sell a given asset at a predetermined price (strike price).

Quantitative easing: in monetary policy, quantitative easing identifies one of the unconventional procedures that a central bank uses to intervene in a country's financial and economic system to increase the cash in circulation through the purchase of government securities or other bonds on the market.

Rating: an assessment of the creditworthiness of a company or of the debt securities it issues on the basis of the financial soundness of the company and of its prospects. This assessment is carried out by specialist agencies.

Rating Agency: independent company that specialises in assigning credit ratings to the issuers of financial instruments. The rating is expressed as a combination of letters and/or digits.

Recession: commonly used to mean an extended decline in Gross Domestic Product (GDP). In economics, this means a decline in GDP for at least two consecutive quarters.

Repurchase agreement: financial instruments largely consisting in lending agreements in accordance with which the holder sells securities to or buys them from a bank or other financial institution at a predetermined price with a commitment to buy back or resell the same securities at a future date.

Residual public purchase offer: public purchase offer provided for by Italian law to protect non-controlling shareholders against the possibility of shares being delisted or traded irregularly. A shareholder owning more than 90% of the ordinary share capital of a listed company is required to launch a residual public purchase offer.

Recurring fees: fees withheld by an asset management company by way of remuneration for their management activities, calculated in relation to the market value of client assets.

Retail Customers: a customer segment that principally comprises private individuals, professionals, retailers and the owners of small enterprises.

Return: the total profit on an investment expressed as a percentage of the capital invested.

Return On Asset (R.O.A.): the ratio of net profit to total assets.

Return On Equity (R.O.E.): the ratio of net profit to average shareholders' equity.

Right of use asset (RoU asset): this identifies the asset carried on the lessee's balance sheet and corresponds to the value of the right of use of an asset held under a finance lease. The fundamental prerequisites for recognition of the RoU in the balance sheet are the possibility to identify the asset, the right to control its use and enjoy its future economic benefits.

Risk factors: the factors that give rise to the risk of a financial instrument or portfolio (e.g. exchange rates, interest rates etc.).

Risk-free interest rate: the interest rate of a risk-free investment, which is to say an investment where there is no uncertainty regarding the cash flows generated. Risk-free investments are generally identified with short-term high investment grade government securities. The return required of any security can be expressed as the sum of the nominal risk-free rate plus the risk premium.

Risk Management: the acquisition, measurement, evaluation and global management of the various different types of risk and their respective hedging.

Risk-weighted assets (RWA): on and off-balance sheet assets (derivatives and guarantees) classified and weighted in relation to risk ratios in accordance with the banking regulations issued by the supervisory authorities for calculating capital ratios.

Scope1 emissions: greenhouse gas emissions generated by the head office of an enterprise and by the vehicles owned by that same enterprise.

Scope2 emissions: greenhouse gas emissions deriving from the consumption of electricity, heating and air conditioning that the company purchases from outsourcers.

Scope3 emissions: indirect emissions produced by the activity of an organisation (excluding the emissions already counted in Scope2). This category includes both "upstream" emissions, i.e. emissions deriving from production of the tools that the company needs during its own production process, and "downstream" emissions, i.e. the emissions caused by the goods produced by the company during their life cycle.

Secondary market: market on which previously-issued financial instruments are bought and sold.

Securitisation: transactions in which pools of assets are transferred to a "Special Purpose Vehicle" company and the latter issues securities with different degrees of subordination regarding potential losses on the underlying assets.

Segment reporting: the reporting of financial results by business segment and geographical area.

Senior bond: in a securitisation transaction, the most privileged tranche in terms of priority of payment of principal and interest.

Sensitivity: identifies the greater or lesser sensitivity with which certain assets or liabilities react to changes in rates or other reference parameters.

SEPA: Single Euro Payments Area, comprised of the 27 Member States of the European Union and other countries not belonging to the EU. All traders within this area may make and receive payments in Euro according to harmonised rules, procedures and practices.

Share: a unit of ownership of the share capital of a joint stock company or a partnership company limited by shares. The owner of a share has the status of shareholder. Should the company go into liquidation, repayment of the share capital is made on a residual basis after all the other creditors have been paid.

Share capital: the sum of the nominal values of all the shares issued by a company, corresponding to the capital received from shareholders at its foundation and subsequent changes.

Shareholders' equity: on a company balance sheet, the shareholders' equity is the difference between the assets and liabilities.

Short position: the market sale of a security with the expectation that the asset will fall in value.

Single Resolution Mechanism (SRM): one of the three pillars of the euro area banking union, this was set up in 2014 to meet the challenges of fragmentation in the European financial market. The mechanism provides for a Single Resolution Committee that resolves bank and investment firm crises in the euro area, operating in accordance with harmonised regulations and making use of the Single Resolution Fund.

Single Supervisory Mechanism (SSM): one of the three pillars of the euro area banking union, this was set up in 2014 to meet the challenges of fragmentation in the European financial market. The mechanism grants the European Central Bank a direct supervisory role regarding the major euro area banks, with the objective of ensuring harmonised supervisory criteria.

Società di intermediazione mobiliare (SIM - stockbrokers): an intermediary authorised to provide investment services including, amongst others, dealing on their own behalf and on behalf of third parties, the receipt and transmission of trading orders, the broking of services and asset management.

Società di gestione del risparmio (SGR - asset management company): a joint stock company under Italian law with registered office and general management in Italy that is authorised to provide collective asset management and individual portfolio management services for third parties, together with any other services and activities provided for by the relevant laws and regulations in force.

Società di investimento a capitale variabile (SICAV - open-ended investment company): a mutual fund with the structure of a joint stock company and the exclusive object of investing its assets. In contrast to a mutual fund, in which one owns units, one owns shares in a SICAV. The subscribers of a SICAV are therefore entitled to take part in the Shareholders' Meeting.

Special Purpose Vehicles (SPV): Special Purpose Vehicles are companies that are set up by one or more entities to fulfil a specific objective.

Speculative grade: term for a low rating of an issuer or bond (less than S&P Global Ratings BBB and Moody's Baa2). Classifying a financial instrument as speculative grade implicitly means that it is exposed to high credit risk.

Spin off: this is when part of the assets of a company is separated from it to form a new legal entity.

SPPI test: this is a test used to analyse whether the cash flows of a certain financial instrument represent solely payments of principal and interest. The result of the test, together with the adopted business model, determines the balance sheet classification of the financial instrument pursuant to IFRS 9.

Spread: the difference between the interest rates of different securities with the same maturities. Normally used by Banca Fideuram to measure the difference in yield between the ten-year Bund, Germany's ten-year government bond, and Italy's equivalent, the Buono del Tesoro Poliennale (BTP). When the BTP/Bund spread widens it means that the interest the Italian government has to pay market investors rises in comparison with the equivalent German government bond. In practice, it is a measure of Italy's risk compared to Germany, the benchmark country.

Stakeholder: parties who for various reasons interact with the activities of a company, being involved in its results, influencing its performance and evaluating its economic, social and environmental impact.

Stakeholder engagement: the process of exchanging information with, listening to and learning from stakeholders with the intention of building mutual understanding and trust regarding problems of mutual interest. Its value lies in the possibility of combining the achievement of corporate goals with meeting the expectations of stakeholders.

Statutory reserve: the minimum amount that a bank is required to hold in reserves at the National Central Bank. Compliance with this requirement is assessed on the basis of the average daily reserve holdings over a maintenance period.

Stock options: option contracts which grant the entitlement to purchase shares in a company within a predetermined time and at a predetermined price. They are used as a form of supplementary remuneration in bonus and loyalty schemes.

Stress test: a simulation procedure used to measure the impact of extreme market scenarios on the bank's total risk exposure.

Strike price: the exercise price of an option.

Structured security: a security comprising a fixed component which is similar to a normal bond and a derivative component which is similar to an option, linked to the performance of an external factor.

Sub-fund: subdivision of an umbrella fund or SICAV, distinguished by its management characteristics. A sub-fund represents capital that is independent of the asset management company's capital and of all the other funds or sub-funds that it manages.

Sustainability Accounting Standards Board (SASB): international body responsible for issuing standards for financial sustainability reporting.

Sustainability Reporting: the process by which an organisation measures, communicates and takes responsibility for its performance from the standpoint of achieving the objective of sustainable development.

Sustainable Finance Disclosure Regulation (SFDR): new regulatory framework on sustainability in the financial services industry, effective 10 March 2021, adopted by the European Union to create a consistent system of dialogue between industry players and investment customers. The system provides for a classification of products connotated as ESG based on the extent to which sustainability principles and criteria are integrated into their investment objectives or approaches.

Swaps: transactions that generally consist in the exchange of cash flows between operators in accordance with different types of contracts. In the case of an interest rate swap, the counterparties exchange payment cash flows, which may or may not be linked to interest rates, calculated on a notional principal amount (e.g.: one counterparty pays a fixed-rate while the other pays a floating-rate). In the case of a currency swap, the counterparties exchange specific amounts in different currencies, repaying them over time following predetermined procedures, which may regard both the notional principal and the interest-rate-linked cash flows.

Taxonomy: classification tool provided by Regulation (EU) 2020/852 that allows to identify eco-friendly economic activities.

Tax rate: effective tax rate, resulting from the relationship between income taxes and income before taxes.

Technical form: the type of contract used for a given inflow or investment relationship.

Tier 1 ratio: ratio of the bank's Tier 1 capital to its total risk-weighted assets (RWA).

Tier 2 capital (T2): principally comprised of eligible subordinated liabilities and any excesses of write-downs for anticipated losses (excess reserves) for loan positions risk-weighted following the IRB - Internal Rating Based approach.

Time value: change in the financial value of an instrument in relation to the different time horizon at which given cash flows become available or fall due.

Total Capital Ratio: ratio of own funds to total risk-weighted assets (RWA).

Trading book: the portion of a bank's securities or financial instruments in general that is held for trading purposes.

Underlying instrument: financial instrument that determines the value of a derivative instrument or structured security.

Unit Linked Policies: life insurance policies where the benefits are linked to the value of investment funds. A policy may provide a capital guarantee or guaranteed minimum return.

Unlikely to pay: loans that are not doubtful loans, where the bank assesses the borrower as being unlikely to meet their payment obligations in full (principal and/or interest) without recourse to action such as the enforcement of collateral are classified as "Debtor unlikely to pay".

Value added: the total wealth created by a company and distributed to its stakeholders (community, financial partners, human resources, business partners/shareholders and Local and Government Bodies) or reinvested in the company (undistributed net profit and depreciation allowances). The difference between gross production and the consumption of goods and services.

Value in use: the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value Reporting Foundation (VRF): in June 2021, the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB) merged into the Value Reporting Foundation, with the aim of providing investors and companies with a comprehensive framework for corporate reporting using the entire range of drivers of business value and standards to guide the performance of global sustainability.

VaR: criterion for measuring market risk that follows a probabilistic approach, quantifying the risk in relation to the maximum loss that may be expected with a certain probability, on the basis of historical price fluctuations, with respect to a single position or an entire portfolio of securities for a specific time horizon.

Volatility: statistical indicator for measuring the price fluctuation of a financial instrument with respect to its average price in a given period. The greater the volatility of a financial instrument, the riskier it is.

9. Contact us

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(Update at 31 December 2021)

The Group in a click

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Contacts
Websites:
www.fideuram.it/gruppo-en
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Intesa Sanpaolo Private Banking Online Branch Customers: 800.99.55.33
Email: DAB-BilancioconsolidatoBF@fideuram.it

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GALLERIE D'ITALIA.
FOUR MUSEUMS, A NATIONWIDE CULTURAL NETWORK.

Gallerie d'Italia enables Intesa Sanpaolo to share its artistic and architectural heritage with the general public: the art collections of the Bank, ranging from archaeological artefacts to contemporary works of art, are housed in historic buildings located in four cities, in a unique network of museums.

Gallerie d'Italia - Piazza Scala in Milan hosts, in a highly prestigious architectural setting, a selection of two hundred masterpieces of the nineteenth century in Lombardy, that are part of art collections of Fondazione Cariplo and Intesa Sanpaolo, and an exhibition dedicated to twentieth century Italian art.

Gallerie d'Italia - Palazzo Leoni Montanari, Vicenza is home to art of the region Veneto from the 1700s as well as pottery from Attica and Magna Graecia. It also holds one of the most important collections of Russian icons in the West.

Gallerie d'Italia - Palazzo Zevallos Stigliano, Naples hosts the Martyrdom of Saint Ursula, the last known painting by Caravaggio, alongside more than 120 examples of Neapolitan art dating from the early 17th to the early 20th century. New premises within the majestic building which was formerly the Bank of Naples in Via Toledo mean that the museum space is tripled in size, increasing exhibition opportunities.

There is also the newly-open fourth location of **Gallerie d'Italia in Piazza San Carlo in Turin**, a site which is mainly dedicated to photography and the digital world.

Cover photo:

Gaspar van Wittel (also known as Gaspare Vanvitelli, or Gaspare degli Occhiali)
(Amersfoort, 1652 - Rome, 1736)
A View of the Piazza Navona in Rome, 1688-1721
oil on canvas, 62.5 x 125.5 cm
Intesa Sanpaolo Collection
Gallerie d'Italia -
Palazzo Zevallos Stigliano, Naples

A *View of the Piazza Navona in Rome* is a work by Gaspar van Wittel. A Dutch painter who relocated to Italy, he is considered the forerunner of modern vedutism, as a result of the almost topographic precision of the scene.

The painting belongs to a series of nine landscapes that van Wittel dedicated to Piazza Navona between 1688 and 1721, the largest square in Rome after St. Peter's Square, and undoubtedly the most picturesque thanks to its market and countless related activities. The piazza, a "grand example of theatrical Baroque" was blessed in the mid-seventeenth century with an architectural renovation that gave it a reputation as one of the most beautiful squares in Rome, famous for the magnificence of its buildings and fountains. The view is from the first floor of Palazzo Lancelotti; on the left, the light highlights a series of buildings including the Church of Sant'Agnese in Agone which was rebuilt under the guidance of Francesco Borromini. On the right, in the shadows and strongly shortened, it is possible to see the sixteenth century façade of San Giacomo degli Spagnoli; the roof terrace of Palazzo Altemps stands out against the background, while in the centre there is the *Fontana dei Fiumi* by Gian Lorenzo Bernini and the sixteenth-century fountains known as *del Moro* and *dei Calderari*.
The painting excels for its splendid colours and the clarity of its lines and volumes. The sky is intensely bright with a hue of light blue that is characteristic of the Dutch artist's best works.

The work is part of the art collections on permanent display in Gallerie d'Italia of Intesa Sanpaolo in Naples. The collection traces the most important moments of art in Naples and Campania from the early seventeenth century up to the first decades of the twentieth century, from Caravaggio and the naturalist turning point which took place with the artist's arrival in the city in 1606, right up to the works by Vincenzo Gemito, through the pomp and splendour of the Spanish viceroyalty and the Bourbon era.

FIDEURAM
INTESA SANPAOLO PRIVATE BANKING

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

Milan - Permanent Secondary Office
18 Via Montebello - 20121 Milan
Tel. 02 85181 - Fax 02 85185235

www.fideuram.it

Bank of INTESA SANPAOLO