FIDEURAM
INTESA SANPAOLO
PRIVATE BANKING

Half-year Report at 30 June 2023

Bank of INTESA SANPAOLO

Mission

of Fideuram - Intesa Sanpaolo Private Banking

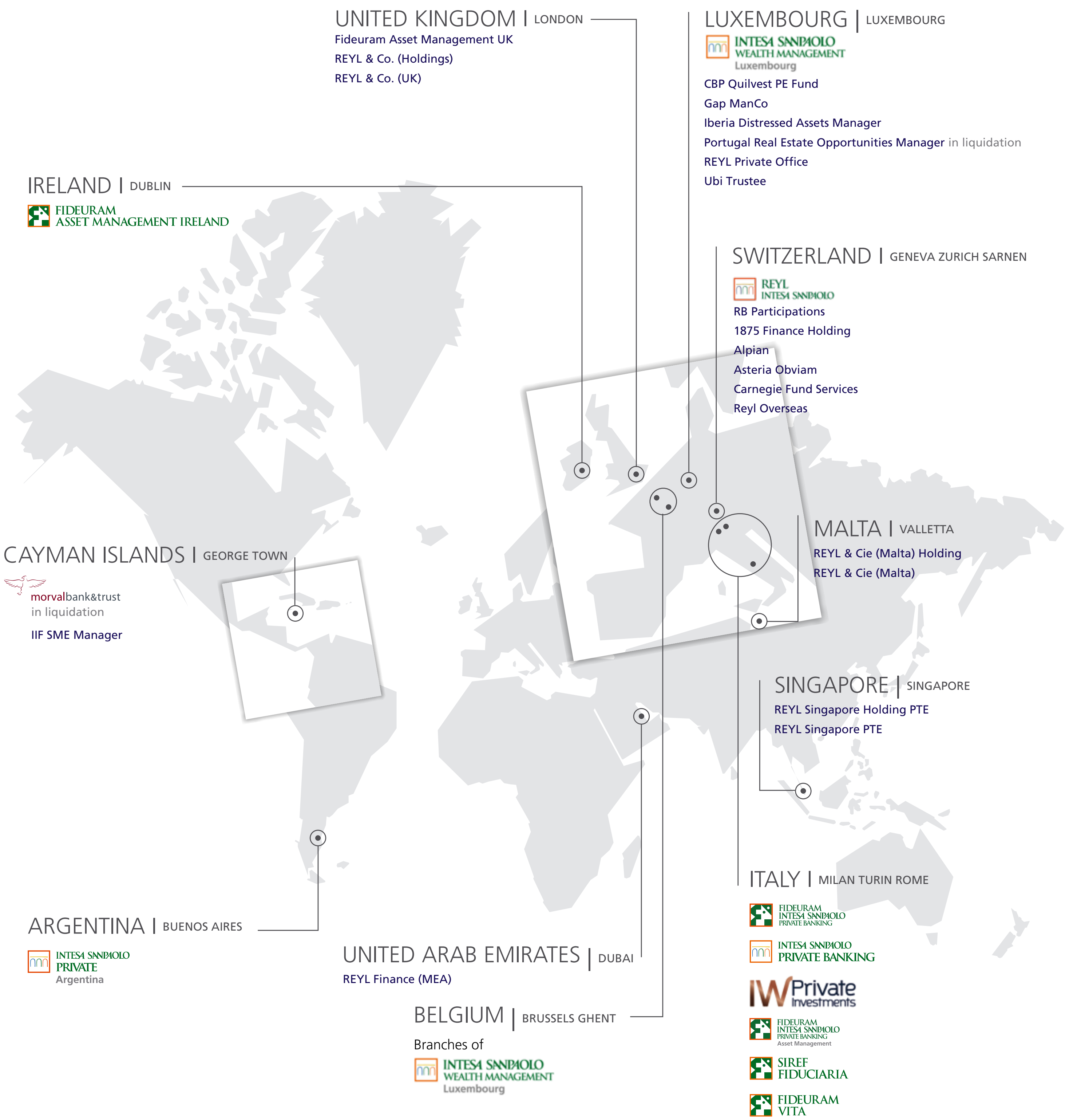
Taking care of our customers' well-being lies at the heart of what we do. We are committed to protecting the assets of those who rely on us with outstanding advice.

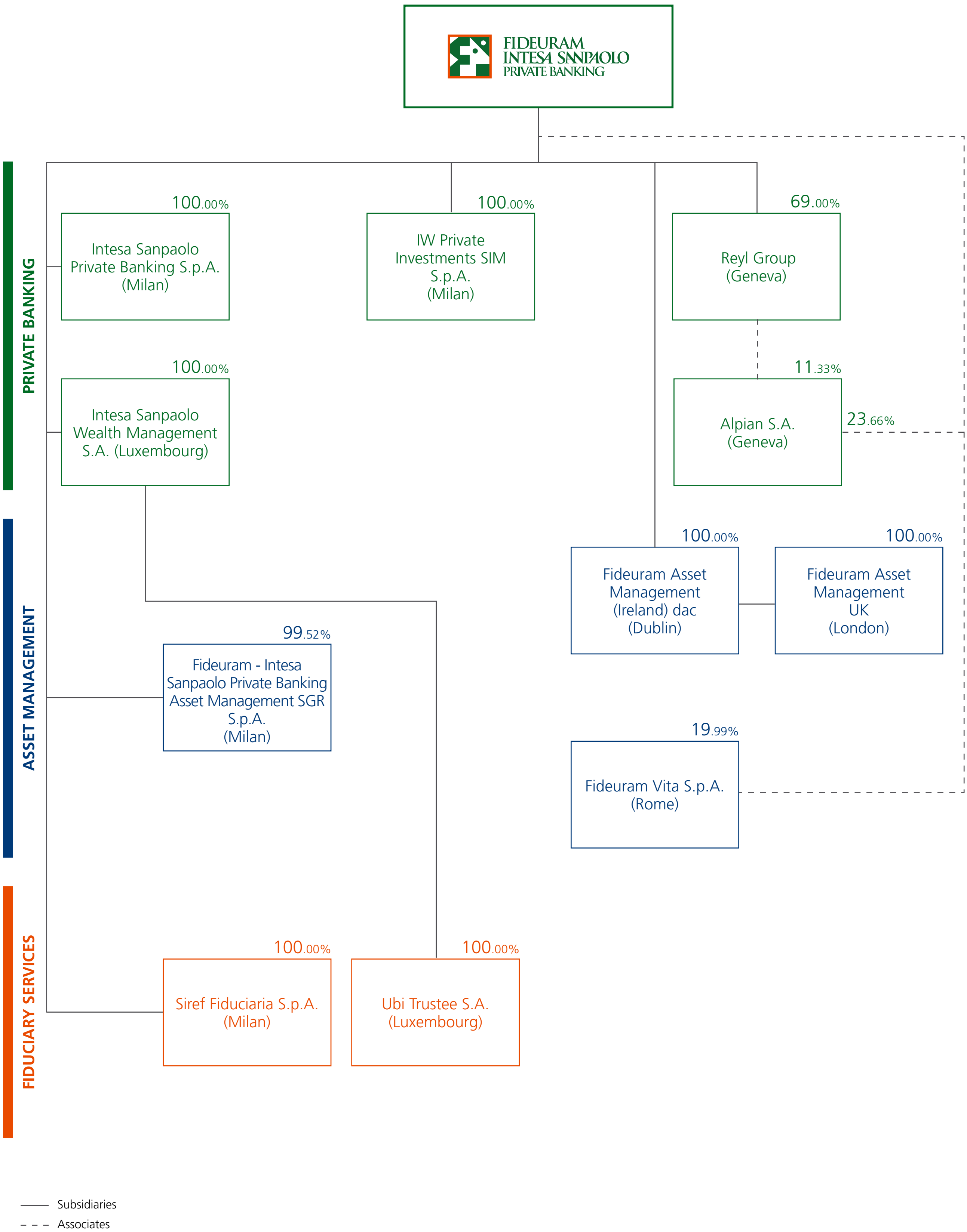
A relationship based on listening, satisfaction and trust between customer and personal financial adviser is what makes our business model unique: we foster it every day with passion, dedication, and transparency and by complying with the rules.

Half-year Report at 30 June 2023

Contents

Group structure




FIDEURAM INTESA SANPAOLO PRIVATE BANKING
PRIVATE BANKING
100.00%
Intesa Sanpaolo Private Banking S.p.A. (Milan)
100.00%
IW Private Investments SIM S.p.A. (Milan)
69.00%
Reyl Group (Geneva)
100.00%
Intesa Sanpaolo Wealth Management S.A. (Luxembourg)
11.33%
Alpian S.A. (Geneva)
23.66%
ASSET MANAGEMENT
100.00%
Fideuram Asset Management (Ireland) dac (Dublin)
100.00%
Fideuram Asset Management UK (London)
99.52%
Fideuram - Intesa Sanpaolo Private Banking Asset Management SGR S.p.A. (Milan)
19.99%
Fideuram Vita S.p.A. (Rome)
FIDUCIARY SERVICES
100.00%
Siref Fiduciaria S.p.A. (Milan)
100.00%
Ubi Trustee S.A. (Luxembourg)
Subsidiaries
Associates

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
FEDERICO TRUTALLI

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
(Business Coordination Area)
LINO MAINOLFI
(Operational and Financial Coordination Area)

Chief Financial Officer

DOMENICO SFALANGA

Independent Auditors

EY S.p.A.

Highlights

OPERATING RESULTS

Personal financial advisers No. 6,682

Customers

Fideuram No. 737,506

Sanpaolo Invest No. 178,989

Siref Fiduciaria No. 1,647 mandates

Intesa Sanpaolo Private Banking No. 47,454 households

Foreign Network No. 8,087

IW Private Investments No. 58,914

Total Net Inflows

€5.2 bn

Client assets

€343.6 bn

of which Managed Assets

€202.8 bn

of which Advanced Advisory Service

€45.4 bn

FINANCIAL RESULTS

Fideuram and Sanpaolo Invest
13 years

Intesa Sanpaolo Private Banking
16 years

Average length of Customer Relationship

IW Private Investments
10 years

Net Recurring Fees
€ 919 m

Cost / Income Ratio
28%
(36% in the first half of 2022)

Consolidated Net Profit
€716 m

R.O.E.
38%
(32% in the first half of 2022)

Key Performance Indicators

	30.6.2023	30.6.2022 (*)	% CHANGE
CUSTOMER FINANCIAL ASSETS			
Net inflows into managed assets (€m)	(2,077)	1,427	n.s.
Total net inflows (€m)	5,227	6,527	-20
Client assets (€m)	343,575	321,768	7
OPERATING STRUCTURE			
Personal Financial Advisers (No.)	6,682	6,641	
Staff (No.)	4,209	4,204	
Bank Branches (No.)	270	269	
Personal Financial Advisers' Offices (No.)	399	380	
CONSOLIDATED FINANCIAL RESULTS			
Consolidated net profit (€m)	716	528	36
Group shareholders' equity (€m)	3,640	3,281	11
Basic consolidated net earnings per share (€)	0.478	0.352	36
Total assets (€m)	56,820	66,292	-14
PROFITABILITY INDICATORS			
Return on Equity (%)	38	32	
Return on Assets (%)	3	2	
Cost / Income Ratio (%)	28	36	
Payroll costs / Operating margin (%)	15	19	
Annualised net profit / Average client assets (%)	0.4	0.3	
Economic Value Added (€m)	595	460	

Counterparty rating (S&P Global Ratings)	**Long term: BBB**	**Short term: A-2**	**Outlook: Stable**

n.s.: not significant

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

Glossary

Net inflows: total subscriptions minus disinvestments.

Client assets 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.

Personal Financial Adviser: professionals registered in Italy's Unified Register of Financial Advisers, including Trainee Financial Advisers. At the foreign companies, the Personal Financial Advisers are professionals, natural and legal persons, engaged in the sales business.

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

Basic consolidated net earnings per share: ratio of consolidated net profit to weighted average ordinary shares outstanding.

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

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

Cost / Income Ratio: the ratio of net operating expenses to net operating income.

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

Interim directors’ report

Introductory note

In the first half of 2023 the global economy was characterised by contrasting forces. The easing of health restrictions has led to a robust but short-lived economic recovery in China. The monetary restriction, implemented by the central banks of many advanced countries, has begun to slow down domestic demand; high inflation reduced the real disposable income of households and curbed consumption. The impact of the Russian-Ukrainian conflict on energy prices has largely been absorbed. Overall, growth in world GDP and even more in international trade was weak and lower than in 2022.
In the United States, the increase in official rates and the reduction of the Federal Reserve's securities portfolio have already led to a contraction in fixed investments, a drop in real estate prices and a slowdown in the demand for labour by companies. At the same time, the unemployment rate remained stable and wage growth continued to be robust.
In the Eurozone, GDP remained unchanged in the first quarter; growth is believed to have resumed in the second quarter, but at a modest pace. The trend in economic activity was very uneven: the economic activity indices are growing in services, while manufacturing dynamics were negative, particularly in the transition between the first and second quarters. Furthermore, the trend in consumption was further held back by the erosion of households' real disposable income due to high inflation. The latter is declining, but in June it was still equal to 5.5%, well above the target of the European Central Bank.
In Italy, the gross domestic product grew more than expected in the first quarter, but slowed down in the second. The boost from the PNRR to domestic demand has so far been modest, due to the delays that are accumulating in the implementation of the investment plans set out. The unemployment rate fell to 7.6%, in a context that sees an increase in labour force participation rates and robust growth in employment levels. Together with a moderate recovery in wage dynamics and the drop in inflation, the dynamics of the job market allowed a partial recovery in the real disposable income of households in the first quarter.

In the first half of 2023, the international stock markets showed a generally positive trend and a moderate decrease in risk premiums, albeit with large fluctuations in the period. In the early months of the year, the markets recorded significant increases, driven by the reopening of businesses in China and by expectations for an end to restrictive monetary policies. In March, the crisis of some regional banks in the US and that of Credit Suisse in Europe triggered a large correction in equity prices. Prompt action by governments and monetary authorities stemmed the effects of the crises and stock indexes gradually returned to the levels previously reached; among the supporting factors, the satisfactory quarterly results in the eurozone, despite the concerns about the stability of economic growth and the continuing geopolitical uncertainties.

The European corporate bond markets closed the first half of 2023 in positive territory. After a favourable start to the year, the markets were affected by a phase of high risk aversion in March. The following months were characterised by a progressive recovery, with the exception of the month of May during which a slight widening of spreads was recorded. At primary market level, corporate ESG issues in euro recorded volumes up compared to the first half of 2022 (+8%, Bloomberg data). Overall, the weight of ESG securities (mainly green and sustainability-linked bonds) on total issues continued to grow. The breakdown by type of sustainable bonds indicates an increase in use-of-proceeds securities, with green bond issues up 14% year on year (about 61% of the total issued).
In the first half of 2023, the transmission of the increase in official rates to bank rates continued. Rates on new loans to non-financial companies rose by around 1.3 percentage points from January to May, bringing the increase in the average rate to 3.6 percentage points compared to the end of 2021. In terms of level, the rates applied to non-financial companies returned to the values at the end of 2008. The rate on new loans of up to €1 million rose above 5% and the rate on larger transactions amounted to 4.5% in May. As for the disbursements of mortgages to households for the purchase of homes, the first half of 2023 saw more intense increases for the floating rate, while in 2022 the increase affected the fixed rate to a greater extent. The floating rate has risen by 3.1 percentage points since July 2022, about half of which since the beginning of 2023, reaching 4.4% in May, the highest since the end of 2008. The fixed rate has increased less since the beginning of 2023, reaching 4.1% in May. As a result, since April the floating rate has been higher than the fixed rate and the volume of fixed-rate monthly disbursements has returned to being higher than that of floating-rate mortgages. Following the substantial rises in rates on new business, the increase in the average rate on outstanding loans to households and businesses continued, rising above 4% in the second quarter, exceeding the level at the end of 2022 by around 1 percentage point.
Deposit rates remained more resilient, especially the average rate on current accounts, which increased marginally. The viscosity of rates on demand deposits affected the evolution of the average rate on deposits, which rose moderately. Conversely, rates on new deposits with an agreed term continued to show greater reactivity, with notable increases, as evidenced in the second half of 2022. The average rate offered on new term deposits of households and businesses rose by more than 3%, the highest since the end of 2008. The moderate increase in the overall cost of customer deposits continued gradually, incorporating the upward movements in the average rate on bonds. As a result, the gap between lending and deposit rates recorded a significant increase, rising to over 3.2%, the highest since the end of

2008. The contribution of sight deposits also continued to improve considerably.
The credit market in the first half of 2023 was marked by the impacts of the restrictive turn in monetary policy, in particular by the sharp and sudden rise in reference rates, which contributed to a significant drop in the demand for loans from businesses and households. From April, loans to the private sector recorded a decline, the first observed since the beginning of 2016, which intensified slightly in the following two months, driven by the rapid slowdown in loans to non-financial companies. Given the increase in the cost of credit, the decrease reflects the lower need for financing for investments and the recourse to internal sources, in particular the use of liquidity accumulated in past years on bank deposits.
The stock of loans to households continued to grow, albeit with an evident slowdown mainly linked to the slowdown in loans for the purchase of homes, the growth rate of which during the first half of 2023 more than halved compared to the approximately 5% rate recorded in 2022. At the root of the slowdown is the double-digit drop in disbursements for new mortgages, a trend that began in the middle of last year, with the rise in official rates, which was accentuated in 2023 in relation to the decline in residential property sales underway since the last quarter of 2022.
In terms of credit quality, there still are no particular signs of deterioration. The rate of formation of new non-performing loans remained historically low, at 1% in the first quarter of 2023 in terms of flow compared to performing loans and annualised, in line with what was recorded in the previous quarter. In relation to total loans, net non-performing loans remained stable at 0.9% in May, as in the previous months and throughout 2022.
The restrictive turn in monetary policy also had a significant impact on the dynamics of bank inflows. After robust growth that lasted about a decade, household deposits also began to decline in February, following the decline recorded by business deposits from the fourth quarter of 2022. The trend was affected by the net outflows caused by the use of liquidity reserves held in current accounts, as in the case of companies, and by the diversification of savings towards government and corporate bonds, in the light of the increase in the yields offered. Within the aggregate of deposits, the decline in current accounts is offset by inflows to term deposits, both by households and businesses, attracted by the higher remuneration offered by forms of fixed-term savings. The reorganisation of portfolios following the rise in interest rates also led to a rapid recovery in bank bonds, which returned to growth from the start of the year, recording double-digit rates since May. The dynamics of total inflows, down from the fourth quarter of 2022, was affected by the reduction in liabilities to the Eurosystem following the repayments of the TLTRO III transactions, which took place for significant amounts at the end of the half-year.
For inflows of assets under administration, the return of savers' interest in government bonds and bank bonds led to an inversion of the trend, interrupting the long phase of decline and starting a recovery, underway since April 2022, which was consolidated in the first half of 2023. Debt securities in custody showed strong growth, in particular those of households, recording an increase of almost €63bn in the first five months of the year, compared to around +€9bn in the same period of 2022.
Conversely, in the context of a significant rise in yields on debt securities, asset management remained weak. In the first five months of 2023, net inflows in mutual funds was slightly negative, despite inflows into equity and bond funds. New life insurance business continued to decline, due to the continued reduction in unit-linked policies, while there was a recovery in the placement of traditional policies.

OUTLOOK

GDP growth should continue to be positive in the coming months, but will be modest. A rapid decline in inflation is expected during 2023. The phase of raising official rates should be almost over both in the United States and in the eurozone, where the markets are recording an overall increase of 25 to 50 basis points during the second half of the year. In Italy, modest GDP growth is expected, with the effect of the monetary tightening offset by the recovery of real incomes and by the increase in expenditure linked to the PNRR. With regard to the Italian banking system, for the second half of 2023 a continued decline in loans to businesses is expected in the context of the tightening of credit conditions caused by the considerable increase in interest rates. For the same reason, loans to households are experiencing a phase of weakness, also in anticipation of the continued decline in real estate transactions and the cooling of house price dynamics. For direct deposits, the decline in current accounts is expected to continue in the second half of the year, following use by businesses and households of liquid assets and the reallocation of savings towards more profitable forms. The shift towards term deposits will continue, supported by offer policies at attractive rates. The diversification of household investments towards government securities and bank bonds will continue, which will confirm their recovery also thanks to the return to covered bond issues and in general of medium-long term funding instruments against the repayment of TLTRO III. As regards asset management and life insurance, the second half will continue to be affected by the reorganisation of household portfolios towards debt securities, although a moderate improvement in inflows is possible compared to the first half of the year.

SYSTEM INTERVENTION IN FAVOUR OF EUROVITA CUSTOMERS

Eurovita, an insurance company controlled by the English fund Cinven, managed a total of approximately €15bn in insurance reserves at 31 March 2023, divided between Class I and Class V (approximately €9bn, against which the company provides forms of guarantees in terms of capital/yield) and Class III (approximately €6bn, with financial risks borne by policyholders). Following the rapid rise in interest rates starting from the second half of 2022, Eurovita recorded significant potential losses on its portfolio of bond investments covering Class I insurance commitments. Over the last few months, Eurovita has recorded a progressive deterioration in its capital solvency indicators, leading up to the request of the Italian Insurance Regulator (IVASS) to implement a capital consolidation plan. Given the evident impossibility of reaching a satisfactory solution, the company was subsequently the recipient of a ministerial provision which, on 29 March 2023, ordered extraordinary administration and the dissolution of the bodies with administration and control functions. Furthermore, with an IVASS provision, redemptions were suspended until 30 June, a deadline then postponed until 31 October 2023, with the aim of not further aggravating the company's equity and financial imbalance.

In this context, to prevent subscribers of policies issued by Eurovita from being exposed to capital losses and to protect the stability and reputation of the financial system and customer goodwill for the distributing banks, a comprehensive discussion was launched at system level, aimed at identifying a bail-out scheme with the primary objective of guaranteeing policyholders, in the event of early redemption of the policies, the full repayment of capital (including accrued revaluations). On 30 June 2023, an agreement was reached - through the signing of some non-binding term sheets - between five leading Italian insurance companies, twenty-five banks distributing Eurovita policies (including Fideuram and Intesa Sanpaolo Private Banking) and some of the main banks, on a system transaction aimed at protecting the subscribers of Eurovita policies.
In a nutshell, the transaction provides – on the one hand – for the sale, against a symbolic consideration, of the business unit consisting of almost all of Eurovita's assets to a "Newco" company in which they take over, against a dedicated capital increase, five insurance groups operating in Italy (including Intesa Sanpaolo Vita) and – on the other – the granting of lines of credit to the Newco by the financial institutions currently distributing Eurovita policies (moreover assisted, for any need for further support, by a pool of banks) to deal with potential redemptions of Class I and V policies placed by each institution. It should be pointed out that the Newco is set up as a bridge vehicle: at the conclusion of the transaction, approximately within 18-24 months, the insurance portfolio of Eurovita will be taken over by the five insurance groups that hold an interest in the capital of the Newco. Lastly, the preliminary agreements signed set out a specific fee framework, supplementing the existing distribution agreements, which the distributing banks will pay to the Newco against the latter's servicing activities, with the aim of allowing them to preserve and reactivate the business relationships with customers who have signed up for the policies.
As part of the system transaction illustrated above, the involvement of the Intesa Sanpaolo Group as at 30 June 2023 is broken down as follows:

- Intesa Sanpaolo Vita, through the acquisition of a non-controlling interest in the Newco,
- and Fideuram and Intesa Sanpaolo Private Banking, as distributors, through the disbursement of a loan at market conditions to the Newco for a total amount of €210m.
- Intesa Sanpaolo, through the disbursement of a line of credit at market conditions for the eventual benefit of smaller distributing banks.

At 30 June 2023, the term sheets signed by the parties were not binding and, therefore, did not result in a legal obligation for the Group which could give rise to valuation effects or other impacts for the purposes of the half-year report. In any case, at present, the terms of the transaction and the reference values have not yet been defined and the analysis of the commitments that can be undertaken, based on the information known to date, does not seem to show any impact on the Group.

THE PARTNERSHIP WITH THE MAN GROUP

On 29 June 2023, an agreement establishing a strategic partnership in asset management between Fideuram - Intesa Sanpaolo Private Banking and the British Man Group, a global management company that applies cutting-edge technologies in portfolio management, was signed. The new initiative combines Fideuram's private banking expertise and Man's capabilities in the field of investment solutions for customers.
Under the deal, Man will initially take over a 51% interest in Geneva-based ESG-focused asset manager Asteria, including its existing range of funds, while 49% of the company will go to Fideuram. The partnership will focus on building the offering, with the creation of a broad range of alternative and long-only investment strategies applying cutting-edge technologies, combining Man's expertise in developing tailored portfolio solutions, strong investment management capabilities and expertise, the network of financial advisers and Fideuram's customer base. It will also be able to leverage Fideuram and Man's strong distribution capabilities across Europe, with an initial focus on Italy. The deal, subject to customary regulatory approvals, will be finalised by the end of 2023.

CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

In the first half of 2023, as part of the process of reorganising the Group's activities, with the aim of strengthening its positioning in the Private Banking and High Net Worth Individuals segments, while increasing size, market share and profitability, the following operations were carried out:

- the merger by incorporation of Fideuram Bank (Luxembourg) into Compagnie de Banque Privée Quilvest, with the renaming of the merged company as Intesa Sanpaolo Wealth Management;
- the start of operations of Fideuram Asset Management UK, an investment company based in the United Kingdom, which took over the assets previously managed by the London branch of Fideuram Asset Management (Ireland);
- the subscription by Fideuram of the capital increase of Alpian, a Swiss digital bank in the start-up phase based in Geneva;
- the liquidation of the Swiss subsidiary Inveniam SA;
- the acquisition by Reyl & Cie of Carnegie Fund Services SA, a Swiss company that carries out asset services and representation activities for mutual investment funds.

The condensed half-year consolidated financial statements consist of the mandatory accounting schedules required by IAS1 (i.e., balance sheet, income statement, statement of

comprehensive income, statement of changes in shareholders' equity and statement of cash flow) and are accompanied by explanatory notes as indicated by IAS34 - Interim Financial Reporting.
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 notes to the Financial Statements at 30 June 2023 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 this Report.
The comparative analysis of the operating data and accounting balances for the first half of 2023 compared to those of the corresponding comparison periods of 2022 was affected by the impacts of the acquisition of Intesa Sanpaolo Wealth Management, which took place on 30 June 2022. In the explanatory notes, to allow for a comparison on a homogeneous basis and to adequately represent the effects deriving from the aforementioned transaction, the operating data and the accounting balances presented in the statement of financial position schedule have been restated, where necessary. In preparing the restated statement of financial position, appropriate adjustments were made to historical data to reflect retroactively, assuming that the corporate transaction took place starting from 1 January 2022, the changes in the scope of consolidation that occurred during 2022, without however, changing the result for the period with respect to the official statement of financial position schedule published in the previous period. The net effects of the adjustments were recognised in the non-controlling interests in the restated income statement. Detailed information on the restatements and reclassifications is presented in specific reconciliation statements provided in the schedules accompanying these Financial Statements.
The Interim directors' report and the Condensed Half-Year Consolidated Financial Statements also contain some information – such as, by way of example, data relating to quarterly developments and other alternative performance indicators – not directly attributable to the financial statements.

Reclassified financial statements

Consolidated balance sheet

(reclassified - €m)

	30.6.2023	31.12.2022	CHANGE	
			AMOUNT	%
ASSETS				
Cash and cash equivalents	4,608	5,873	(1,265)	-22
Financial assets measured at fair value through profit or loss	639	618	21	3
Financial assets measured at fair value through other comprehensive income	3,431	3,096	335	11
Debt securities measured at amortised cost	19,128	19,916	(788)	-4
Loans to banks	10,377	14,465	(4,088)	-28
Loans to customers	14,631	15,104	(473)	-3
Hedging derivatives	295	317	(22)	-7
Equity investments	249	232	17	7
Property and equipment and intangible assets	1,204	1,227	(23)	-2
Tax assets	248	273	(25)	-9
Other assets	2,010	1,750	260	15
TOTAL ASSETS	**56,820**	**62,871**	**(6,051)**	**-10**
LIABILITIES				
Due to banks	3,905	5,419	(1,514)	-28
Due to customers	46,022	50,847	(4,825)	-9
Financial liabilities held for trading	24	21	3	14
Hedging derivatives	339	344	(5)	-1
Tax liabilities	131	177	(46)	-26
Other liabilities	2,244	1,724	520	30
Provisions for risks and charges	514	523	(9)	-2
Share capital, reserves and equity instruments	2,924	2,745	179	7
Equity attributable to non-controlling interests	1	1	-	-
Net profit	716	1,070	(354)	-33
TOTAL LIABILITIES	**56,820**	**62,871**	**(6,051)**	**-10**

Consolidated income statement

(reclassified - €m)

	1ST HALF 2023	1ST HALF 2022 (*)	CHANGE	
			AMOUNT	%
Net interest income	602	101	501	n.s.
Net profit (loss) on financial assets and liabilities	34	25	9	36
Net fee and commission income	931	1,023	(92)	-9
INTERMEDIATION MARGIN	**1,567**	**1,149**	**418**	**36**
Profit on equity investments and other income (expense)	(1)	9	(10)	n.s.
NET OPERATING INCOME	**1,566**	**1,158**	**408**	**35**
Personnel expenses	(239)	(224)	(15)	7
Other administrative expenses	(151)	(148)	(3)	2
Depreciation and amortisation	(43)	(40)	(3)	8
NET OPERATING EXPENSES	**(433)**	**(412)**	**(21)**	**5**
OPERATING MARGIN	**1,133**	**746**	**387**	**52**
Net impairment of loans	(11)	(3)	(8)	n.s.
Net provisions for risks and charges and net impairment of other assets	(17)	13	(30)	n.s.
GROSS INCOME (LOSS)	**1,105**	**756**	**349**	**46**
Income taxes for the period on continuing operations	(354)	(190)	(164)	86
Integration and voluntary redundancy expenses (net of tax)	(11)	(15)	4	-27
Effects of purchase price allocation (net of tax)	(12)	(10)	(2)	20
Expenses regarding the banking system (net of tax)	(10)	(11)	1	-9
Net profit (loss) attributable to non-controlling interests	(2)	(2)	-	-
NET PROFIT	**716**	**528**	**188**	**36**

n.s.: not significant

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

Economic scenario

The growth of the world economy in the first half of the year was affected by the economic trend in China and in fact picked up speed at the beginning of the year due to the significant impact on Chinese economic activity of the lifting of the restrictions on mobility adopted to contain the spread of the Covid, and then slowed in the second quarter in response to the marked (and largely unexpected) decline in economic activity. In the United States, growth remained relatively buoyant at rates only slightly below those of the second half of 2022, despite the significant tightening of monetary policy. In the eurozone there was a slight drop in GDP in the two quarters around the turn of the new year (and therefore a technical recession, particularly in Germany), but overall the economy held up very well to the enormous shock to trade that occurred in 2021 and 2022 as energy prices soared. As widely expected, inflation in advanced economies has started to correct from the peaks reached during 2022. The decline was relatively rapid in the first part of the year as regards total inflation, which benefited from the significant decline in the prices of raw materials (primarily energy). Core inflation (i.e., excluding food and energy) also fell from its highs, however remaining at levels that are still very far from the targets of central banks and not yet showing (especially in the Eurozone) a clear downward trend. In this overall still resilient growth scenario (and with indications from the labour market that have confirmed to be decidedly robust) the central banks of advanced economies (with the notable exception of Japan) continued with the restrictive monetary policies launched in 2022 also in the first few months of the year, though easing the extent of the increases and signalling in the case of the Fed that the end of the restrictive cycle is near. In Japan, however, the Bank of Japan made no major changes to its monetary policy. On the other hand, monetary policy in China was decisively against the trend, with the PBoC adopting cautiously expansive measures (including a rate cut) in the final part of the semester to respond to the unexpected slowdown of the economy .

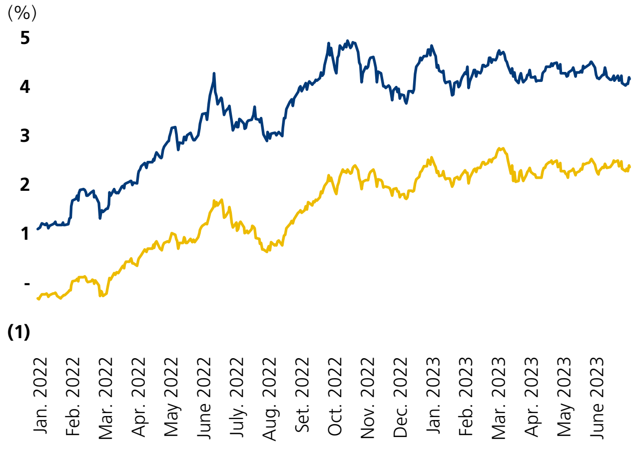
In the **United States**, the trend in economic activity was still quite lively and GDP growth in the first half of the year slowed down only moderately compared to the rates recorded during the second half of 2022. This increase was mainly supported by household consumption, which recorded a decidedly lively trend especially at the beginning of the year, also thanks to very favourable climate conditions. The increase in consumption continued to be buoyed by the labour market conditions, which remained very solid throughout the period: the rate of growth in employment, albeit gradually slowing down, continued to show conditions inconsistent with the start of a recession. The unemployment rate also remained at historically very low levels throughout the period. The stability of growth was challenged in March by the emergence of tensions in the banking system, with the sudden bankruptcy of Silicon Valley Bank and then, in early May, that of First Republic. In the following weeks, the conditions of the regional banks, the epicentre of the crisis, gradually stabilised, also thanks to the rapid action of the Fed, which prepared a new financing programme for the banks (the Bank Term Funding Program) with very advantageous terms. The tightening of credit conditions already appeared decidedly marked even before the crisis of the regional banks and has further accentuated with the recent tensions, but the impact on economic activity so far seems to have been rather limited. However, risks related to banking sector conditions have probably led the Fed to a more cautious stance: at the beginning of the year the central bank had reduced the magnitude of the rate hikes, going from an increase of 50 basis points at the December meeting to one of 25 basis points at the beginning of February and this rate of hikes was then maintained at the mid-March and early May meetings. At the latter meeting, the Fed clearly aired the possibility of a pause at the next meeting in June, when rates were left unchanged, but a resumption of increases was proposed at the subsequent meetings.

The start of 2023 for the **eurozone** was decidedly better than expected: it was feared that the surge in energy prices and the strong terms-of-trade shock since late 2021 (further exacerbated by the war in Ukraine) would lead to a scenario of significant weakness. The recession actually occurred in the two quarters between 2022 and 2023, but it was very mild. The winter was characterised by an exceptionally mild climate and the energy saving efforts of businesses and households, combined with the wide availability of liquefied natural gas on international markets, facilitated a considerable drop in the price of natural gas, which, at the end of the first half, returned to levels not seen since 2021. The most energy-intensive industrial sectors were thus able to restart production after the sharp contraction in the second half of 2022. Other important elements of support came from the still accommodating fiscal policies and, above all, from the surprising strength of the labour market, with employment growing continuously in the first half. The resilience of the labour market, combined with the savings accumulated during the pandemic, bolstered the recovery in the consumption of services starting in the spring. The services sector has shown greater dynamism than the manufacturing sector, which has slowed instead by the rebalancing in the post-pandemic world demand for goods and by a disappointing recovery in China. The drop in energy prices and the resolution of malfunctioning problems in production chains also triggered a sharp drop in inflation which, from the maximum of 10.6% in October 2022, closed the six-month period at 5.5%. Despite the drop in inflation, the ECB maintained an aggressive stance, albeit reducing the amount of rate hikes in the second quarter. Contrary to total inflation, core inflation continued to rise, settling at 5.4% at the end of the six-month period, just below the absolute highs of 5.7% reached in March. In the light of this dynamic, as well as the significant wage increases observed since the beginning of the year and considering the economy's resilience to the energy shock, the ECB continued to raise rates at each meeting during the first half: rates increased by 50 basis points in February and March and by 25 basis points at the May and June meetings without the ECB highlighting, in the June meeting, its intention to end the restrictive cycle, but rather announcing another hike for the July meeting.

In **Asia**, economic growth showed a recovery in the first few months of the year, benefiting from the rapid reopening in China. Inflation remained at moderate levels in some countries, while in others it slowed down after the restrictive measures of the central banks. In China, the performance of economic activity at the beginning of the year positively surprised expectations, benefiting from the lifting of the zero tolerance strategy for Covid and the rapid reduction in infections. However, the positive effects of the reopening quickly wore off, leading to a significant slowdown in growth since April. The signs of weakness led the PBoC to take a more expansive turn during the month of June, culminating in a cut in interest rates. Inflation also continued to remain surprisingly low. Also in Japan, growth at the beginning of the year positively surprised expectations thanks to the recovery in domestic demand. Inflation has picked up significantly especially in the core component, but the BOJ has not made any significant changes to its strategy.

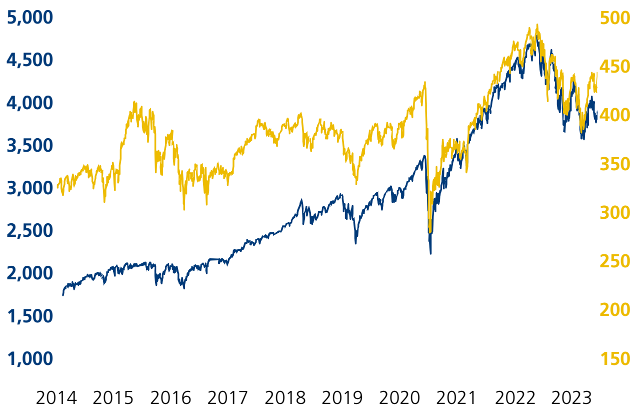
The resilience of growth and the reduction in total inflation in the United States and in the eurozone, together with the perception that the restrictive monetary policy cycle is nearing its end, were reflected in a rather lively trend in stock prices, particularly in the United States (with the S&P 500 index up 15.9% in the period) and to a lesser extent in the eurozone (+8.7% for the Stoxx-600 index, with the Italian market clearly overperforming). The performance was decidedly positive also in Japan, with the Topix index up by 20.9%, while the progress of the emerging market indices was much more modest (+3.5% for the related MSCI index in dollars). On the bond side, changes in rates were relatively moderate, with yields on 10-year government bonds ending the period substantially unchanged for US Treasuries, while in the case of the Bund, the yield was down by just under 20 basis points (with a significant reduction in the spread of Italian treasuries compared to German treasuries).

10-year Bund and BTP yields



Source: Bloomberg

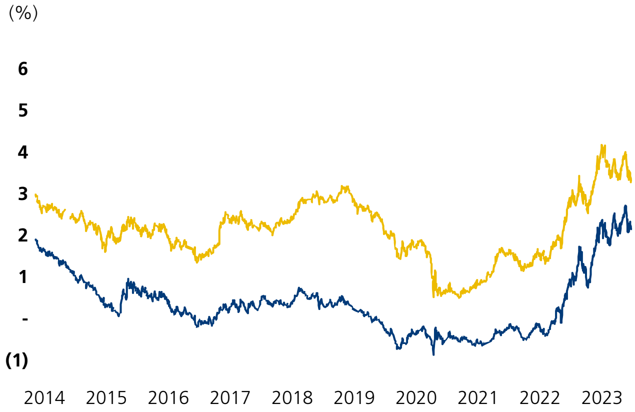
Stock market performance



Source: Bloomberg

Bond market performance

(10-year government bond yields)



Source: Bloomberg

The consolidated results at a glance

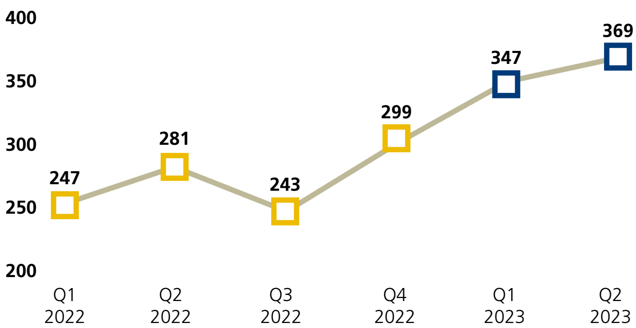
The Fideuram - Intesa Sanpaolo Private Banking Group closed the first half of 2023 with a consolidated net profit of €716m, up by €188m compared to the first half of 2022 (+36%). The Cost/Income Ratio stood at 28%, an improvement from 36% the previous year. The Return On Equity (R.O.E.) was 38% (30% at the end of 2022).

An analysis of the main economic aggregates shows that operating income increased by €408m (+35%) compared to the first half of 2022. This trend is due to the strong growth in net interest income (+€501m) and in the result on financial assets (+€9m), partially offset by the reduction in net fee and commission income (-€92m) and in the result on equity investments and other income (-€10m). The changes in net operating expenses (+€21m), impairment of loans (+€8m) and provisions for risks and charges (+€30m) was in the opposite direction. Gross income amounted to €1.1bn, up 46% over the comparative period.

At 30 June 2023, there were a total of 6,682 Personal Financial Advisers, up from 6,648 at 31 December 2022. Personal Financial Adviser assets at 30 June 2023 amounted to approximately €51m compared to €49m at the end of 2022. The Group's workforce consisted of 4,209 employees, up from 4,185 employees at 31 December 2022. There were 270 bank branches and 399 Personal Financial Advisers' offices.

Trend in Consolidated net profit

(€m)



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 equal to €343.6bn, with an international asset management presence boasting 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 has over 6,600 Personal Financial Advisers in five Networks: Fideuram, Intesa Sanpaolo Private Banking, Sanpaolo Invest, IW Private Investments and the International 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 and ESG issues.
With the aim of offering a wide and dedicated range of products, benefiting from digital solutions that will be expanded over time, the new business unit Fideuram Direct was created to meet the needs of customers who want to operate independently with investments and online trading. As regards trading, customers have the option of 24-hour trading through advanced platforms on more than fifty cash and derivative markets, both Italian and international, also with long and short leverage.
Fideuram - Intesa Sanpaolo Private Banking considers environmental, social and governance issues to be key values in its way of being and operating, promoting a balanced development that directs capital flows towards sustainable investments.

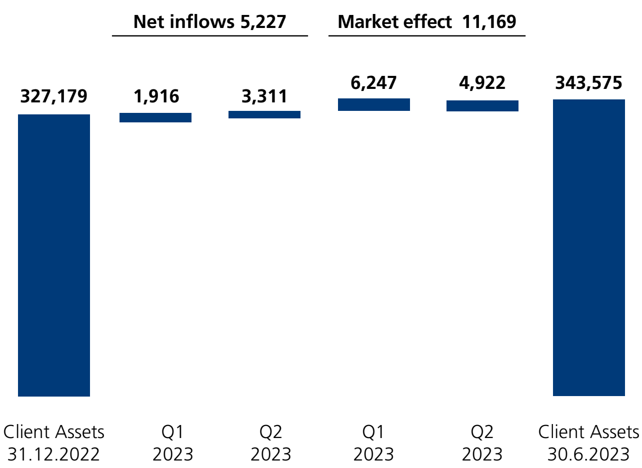
Client financial assets

Client assets at 30 June 2023 amounted to **€343.6bn**, up €16.4bn, compared to 31 December 2022. This trend is mainly due to the market performance, which had a positive impact on assets for €11.2bn and, to a lesser extent, to positive net inflows for €5.2bn.

An analysis by aggregate shows that the **managed assets** component (59% of total client assets) amounted to **€202.8bn**, up €2.7bn over the end-2022 figure. The increase regarded discretionary accounts (+€2.7bn) and mutual funds (+€200m), while life insurance moved in the opposite direction (-€321m). **Non-managed assets** increased to a total of **€140.8bn**, or €13.7bn higher than at 31 December 2022.

Trend in Client Assets

(€m)



Client Assets

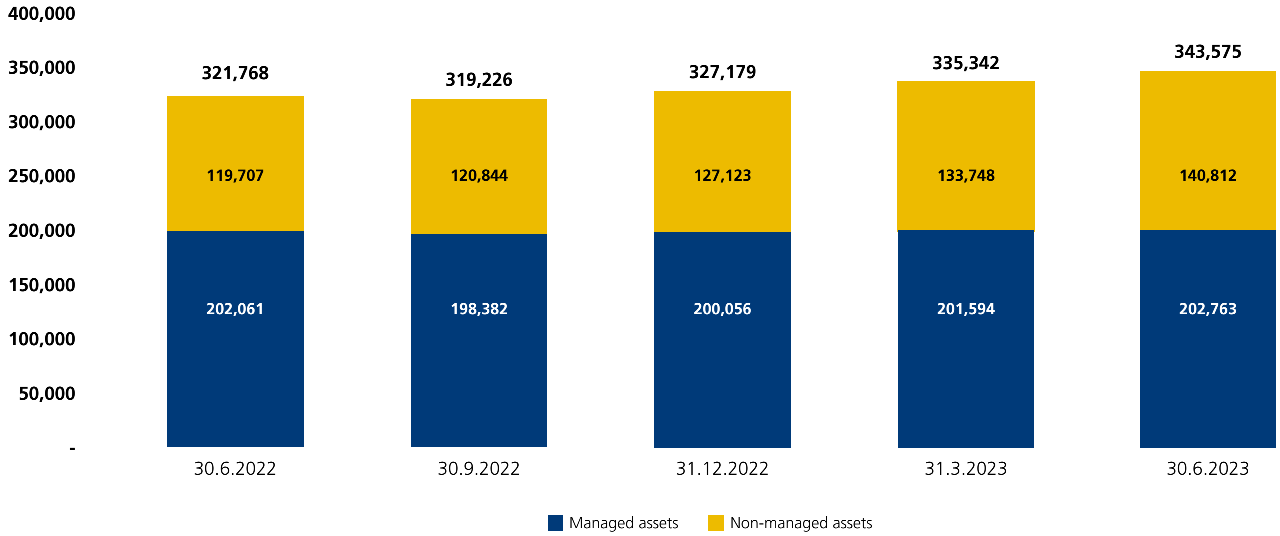
(€m)

	30.6.2023	31.12.2022	CHANGE	
			AMOUNT	%
Mutual funds	69,935	69,735	200	-
Discretionary accounts	65,043	62,337	2,706	4
Life insurance	64,513	64,834	(321)	-
including: Fideuram Vita / Intesa Sanpaolo Vita unit linked	*40,777*	*40,245*	*532*	*1*
Pension funds	3,272	3,150	122	4
Total managed assets	**202,763**	**200,056**	**2,707**	**1**
Total non-managed assets	**140,812**	**127,123**	**13,689**	**11**
including: Securities	*98,144*	*82,157*	*15,987*	*19*
Total client assets	**343,575**	**327,179**	**16,396**	**5**

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

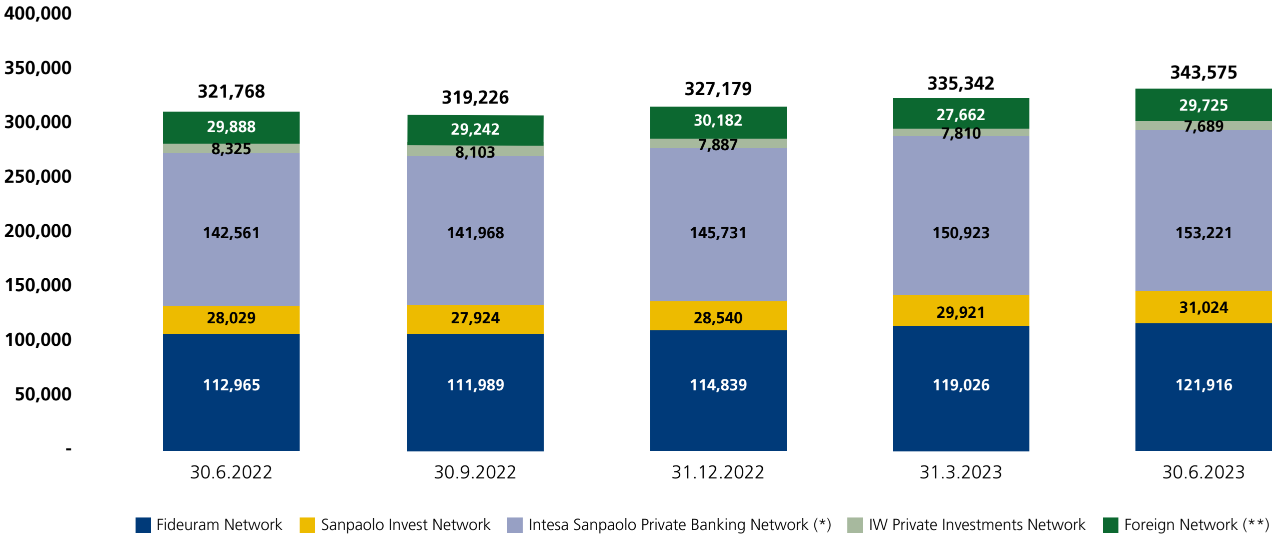
Client Assets - by type of inflows

(€m)



Client Assets - by sales network

(€m)



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

(**) The foreign network includes the CA of Reyl and Intesa Sanpaolo Wealth Management.

Inflows into managed and non-managed assets

In the first half of 2023, the Group's distribution networks acquired **net inflows** of **€5.2bn**, down by €1.3bn compared to the same period of 2022 (-20%). Aggregate analysis shows that inflows into managed assets, negative by €2.1bn compared to the previous year, recorded a decline of €3.5bn in the first half of the last year, attributable to the activities of the Group's financial advisers who directed customer savings flows towards the bond and money markets. Non-managed assets, positive by €7.3bn, increased by €2.2bn compared to the same period in 2022.

Net inflows

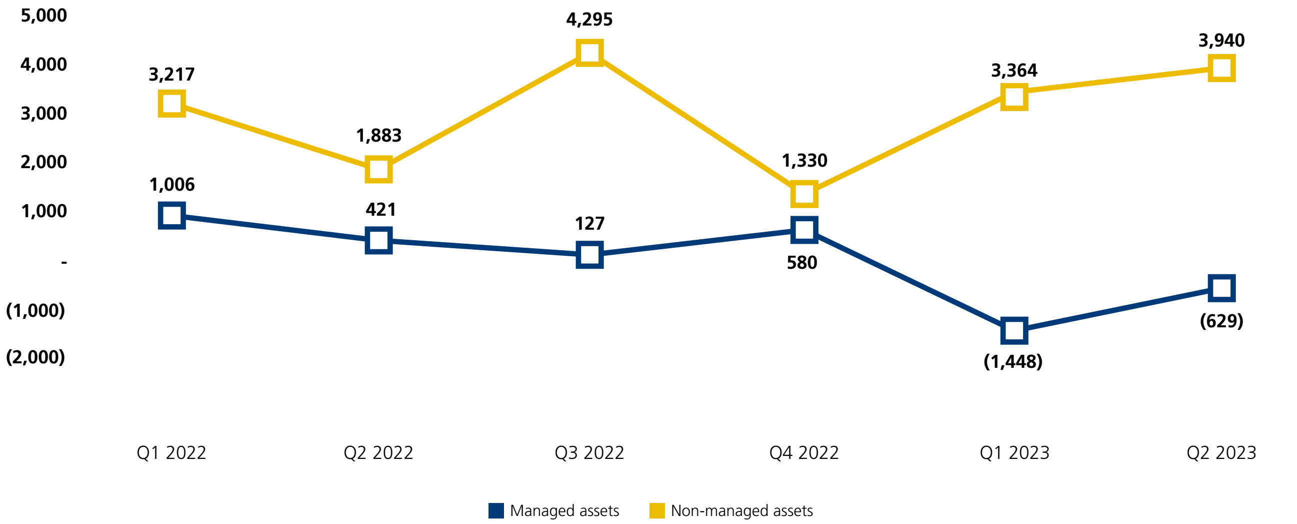
(€m)

	1ST HALF 2023	1ST HALF 2022	CHANGE	
			AMOUNT	%
Mutual funds	(895)	(924)	29	-3
Discretionary accounts	773	1,729	(956)	-55
Life insurance	(2,051)	514	(2,565)	n.s.
including: Fideuram Vita / Intesa Sanpaolo Vita unit linked	*(879)*	*365*	*(1,244)*	*n.s.*
Pension funds	96	108	(12)	-11
Total managed assets	**(2,077)**	**1,427**	**(3,504)**	**n.s.**
Total non-managed assets	**7,304**	**5,100**	**2,204**	**43**
including: Securities	*10,468*	*4,927*	*5,541*	*112*
Total net inflows	**5,227**	**6,527**	**(1,300)**	**-20**

n.s.: not significant

Trend in net inflows

(€m)



Customer segmentation

CLIENT ASSETS AT 30 JUNE 2023

- Fideuram: €121.9bn
- Sanpaolo Invest: €31bn
- Intesa Sanpaolo Private Banking: €149bn
- IW Private Investments: €7.7bn
- Siref Fiduciaria: €4.3bn (*)
- Foreign network: €29.7bn

(*) The figure does not include the fiduciary mandates regarding Group client assets. The total number of fiduciary mandates is 52,504, with total client assets of €11.8bn.

CUSTOMERS AT 30 JUNE 2023

- Fideuram: no. 737,506
- Sanpaolo Invest: no. 178,989
- Intesa Sanpaolo Private Banking: no. 47,454 (**)
- IW Private Investments: no. 58,914
- Siref Fiduciaria: no. fiduciary mandates 1,647 (*)
- Foreign network: no. 8,087

(**) 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 77% 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 CA by type of customer.

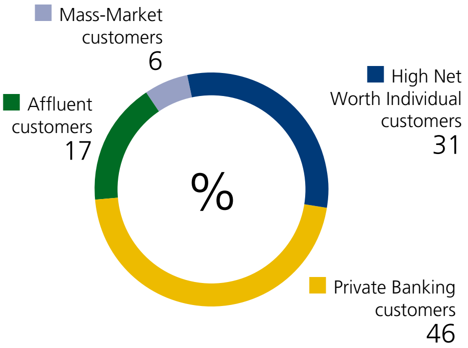
Client assets by type of customer (***)

(€m)

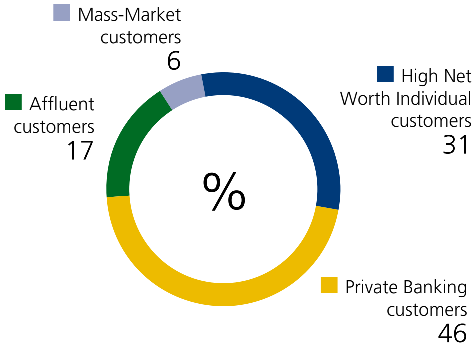
	30.6.2023	31.12.2022 (****)	CHANGE	
			AMOUNT	%
High Net Worth Individual customers	107,630	102,492	5,138	5
Private Banking customers	158,512	149,175	9,337	6
Affluent customers	57,057	54,930	2,127	4
Mass-Market customers	20,376	20,582	(206)	-1
Total	**343,575**	**327,179**	**16,396**	**5**

Analysis of client assets by type of customer

30.6.2023



31.12.2022 (****)



(***) 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 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.

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, and is supported by the strength of a Group with recognised brands: Fideuram, Intesa Sanpaolo Private Banking, Sanpaolo Invest, IW Private Investments and Intesa Sanpaolo Wealth Management that contribute decisively 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, Sanpaolo Invest and IW Private Investments. 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 service.
- **WE ADD Advanced Advisory Service:** new advanced advisory service offered by Intesa Sanpaolo Private Banking, which from 1st April 2023 replaced the previous VIEW service and the related Advisory, Real Estate and Asset Protection related services. WE ADD was designed with the aim of enriching and strengthening the advanced advisory service thanks to competence, method and vision. Personal Financial Advisers, as qualified professionals, are the sole contact in the relationship with the customer: they are supported and assisted by the investment strategies set out by the Investment Committee, by the Analysis and Strategies Unit and by a new digital and innovative platform, which allows them to maximise and rationalise the information system in support of investment choices. A structured process allows them to get to know the customer, his/her needs and his/her investment objectives, to analyse and monitor over time, thanks to multiple and professional detailed views, the single financial instrument and the portfolio as a whole, identifying concrete solutions that can respond to specific customer needs.
- **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 Financial Advisory Unit specialists.
- **ISWM Advanced Advisory Service:** personalised and continuous advisory service offered by Intesa Sanpaolo Wealth Management, which makes use of the specialist skills of dedicated, highly trained professionals and an advanced technological platform to constantly monitor the balance between risk and return of the customer's portfolio.

A total of over 61,000 customers were subscribed to our Advanced Advisory Services at the end of June 2023, accounting for approximately €45.4bn of CA.

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

Customers subscribed to Advanced Advisory Services

(number)

	30.6.2023	31.12.2022	CHANGE	
			AMOUNT	%
High Net Worth Individual customers	1,356	1,264	92	7
Private Banking customers	17,257	16,413	844	5
Affluent customers	28,625	29,011	(386)	-1
Mass-Market customers	14,275	15,100	(825)	-5
Total	**61,513**	**61,788**	**(275)**	**-**

Advanced Advisory Service client assets

(€m)

	30.6.2023	31.12.2022	CHANGE	
			AMOUNT	%
High Net Worth Individual customers	10,882	9,732	1,150	12
Private Banking customers	26,140	23,830	2,310	10
Affluent customers	7,485	7,545	(60)	-1
Mass-Market customers	861	964	(103)	-11
Total	**45,368**	**42,071**	**3,297**	**8**

Advanced Advisory Service fee and commission income

(€m)

	1ST HALF 2023	1ST HALF 2022	CHANGE	
			AMOUNT	%
Fee and commission income	57	60	(3)	-5
Fee and commission expense	(23)	(21)	(2)	10
Net fee and commission income	**34**	**39**	**(5)**	**-13**

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 private asset management 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 detailed analysis presents 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 30 June 2023

(€m)

	MANAGED FINANCIAL ASSETS	LIFE INSURANCE ASSETS	BANKING SERVICES	TOTAL FOR FIDEURAM GROUP
Net interest income	-	-	602	602
Net profit (loss) on financial assets and liabilities	-	-	34	34
Net fee and commission income	636	264	31	931
Intermediation margin	**636**	**264**	**667**	**1,567**
Net operating expenses	(189)	(47)	(197)	(433)
Other	(11)	(5)	(13)	(29)
Gross income (loss)	**436**	**212**	**457**	**1,105**
Average client assets	**134,249**	**68,128**	**133,188**	**335,565**
Client assets	**134,978**	**67,785**	**140,812**	**343,575**
Net inflow	**(122)**	**(1,955)**	**7,304**	**5,227**
Key indicators				
Cost / Income Ratio	30%	18%	30%	28%
Annualised net fee and commission income / Average client assets	0.9%	0.8%	-	0.6%
Annualised gross income (loss) / Average client assets	0.6%	0.6%	0.7%	0.7%

MANAGED FINANCIAL ASSETS SEGMENT

The Managed Financial Assets Segment covers the Group's asset management and mutual fund business, which totalled €135bn at 30 June 2023 (39% of total client assets), up €1.4bn on 30 June 2022. Net inflows, negative by €122m, recorded a sharp reduction year-over-year (-€927m) due to the effect of new savings flows that were largely directed towards non-managed assets already from the beginning of the year. The segment's contribution to gross income (loss) totalled €436m, down €37m from the first half of 2022, mainly due to the reduction in net fee and commission income. The ratio of net fee and commission income to client assets was 0.9%, while the ratio of gross income (loss) to client assets was 0.6%.

Managed financial assets

(€m)

	1ST HALF 2023	1ST HALF 2022 (*)	CHANGE AMOUNT	CHANGE %
Net interest income	-	-	-	-
Net profit (loss) on financial assets and liabilities	-	-	-	-
Net fee and commission income	636	662	(26)	-4
Intermediation margin	**636**	**662**	**(26)**	**-4**
Net operating expenses	(189)	(197)	8	-4
Other	(11)	8	(19)	n.s.
Gross income (loss)	**436**	**473**	**(37)**	**-8**
			-	
Average client assets	**134,249**	**142,554**	**(8,305)**	**-6**
Client assets	**134,978**	**133,560**	**1,418**	**1**
Net inflow	**(122)**	**805**	**(927)**	**n.s.**
Key indicators				
Cost / Income Ratio	30%	30%		
Annualised net fee and commission income / Average client assets	0.9%	0.9%		
Annualised gross income (loss) / Average client assets	0.6%	0.7%		

n.s.: not significant

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

The financial context in the first half of 2023 was affected by the persisting geopolitical tensions and by the monetary policy measures implemented by the main central banks worldwide to deal with the surge in inflation on a global scale after the pandemic. Against this backdrop, bonds consolidated their yields and equities continued to post positive results, despite expectations of a slowdown in the cycle. On the investment side, there has been a strong return of interest in non-managed savings to the detriment of managed savings, with Treasury bonds among the main catalysts. To guide customers through investment opportunities in this new context, numerous solutions have been proposed through high-quality bond portfolios in the credit spectrum and diversified portfolios, with the equity component built with progressive entry mechanisms. Business is also strong on the primary market, with various issues linked to the protection of capital at maturity. In the search for distinctive solutions, activity on private markets also continued with the identification of new opportunities, even outside the listed markets, for investment in the real economy and the diversification of the portfolios of private and HNWI customers.
Through the development of the product range, the process to harness sustainability factors also continued, with a particular focus on environmental and social sustainability issues and characterised by investment policies integrated with ESG factors both in the creation of asset management solutions for the Group and in the selection of new products from third-party partners.

The first focus is dedicated to the new **funds managed by the Intesa Sanpaolo Group's asset management companies** during the first half of 2023 with contributions from all our Asset Managers:

- Fideuram Asset Management (Ireland) enriched Willerfunds Private Suite with two new segments:
  - Willerfunds Private Suite - Man AHL Multi-Asset Target Climate Change with investment management entrusted to Man Asset Management (Ireland) Limited, classified as article 9 pursuant to Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR);
  - Willerfunds Private Suite - JPM Europe Equity with investment management entrusted to JP Morgan Asset Management (UK) Limited, classified as article 8 SFDR.
- Fideuram Asset Management SGR released Target Bond 2028, the new window fund under Italian law with simplified regulation, designed to give exposure to the bond market with a portfolio characterised by an investment horizon of approximately 5 years.
- Fideuram Asset Management SGR created portfolios for Fideuram Direct. These are diversified by risk profile with underlying funds and ETFs to support the Direct Advisory activity.
- The following Eurizon Capital SGR products have been proposed:
  - Eurizon Diversified Income - Edition 3, the third edition of the Italian window fund which invests over a five-year time horizon in the European bond market, both in traditional instruments and in structured credit, with the aim of distributing an attractive coupon flow every year.
  - Epsilon Difesa 100 Riserva – edition 3 dedicated to natural persons, and Epsilon Imprese Difesa 100 Riserva – edition 5 dedicated to sole proprietorships, companies, associations, foundations, as well as to lay and religious congregations and entities and Third Sector Entities, two new capital protected funds with two-year maturity of Epsilon SGR, which pursue the dual objective of participating in the growth of global equity markets and providing 100% capital protection at maturity, through the Euro bond component. Both Funds are classified as article 8 SFDR.

As regards **third-party** companies, Franklin Responsible Income 2028 was launched during the period, a placement window sub-fund of the open-ending investment company Franklin Templeton Global Funds Plc., which invests in a diversified portfolio of euro-denominated fixed-income debt securities issued by government, supranational and corporate issuers of developed countries and emerging markets. The sub-Fund is classified article 8 SFDR.

The usual update and maintenance activity of the products of the investment companies already distributed also continued.

In the **alternative funds** sector, the first half of 2023 was characterised by the release of a new platform for accessing investments on private markets for professional clients and the distribution of the Luxembourg open-ended investment company iCapital Luxembourg Strategies GP was launched with the aim of offering on a more regular basis individual strategies managed by large international operators in the sector, accessing opportunities traditionally reserved for institutional operators. The first placement, carried out by all the Group's distribution networks, involved the EQT X (NO. 1) EUR – iCAPITAL Lux Access Fund. It is a fund that allows access to the management excellence of EQT Fund Management S.à r.l., a leading asset manager specialised in private equity with investments mainly in the Healthcare and Tech sectors. The fund is classified article 8 SFDR.

With regard to **individual asset management**, the main changes affected the entire scope of investment services in the range. Specifically:

- Fideuram Asset Management SGR introduced, as part of Intesa Sanpaolo Private Banking's single multi-line management contract "Wealth Collection", four new lines, including Private Bond 2027, Private Bond Euro and Credit Subordinato and the new Accumulo 30 line for the construction of a balanced portfolio with progressive investment in the equity component, starting from a conservative strategy.
- The main initiatives by Fideuram Asset Management SGR for the Fideuram, Sanpaolo Invest and IW Private Investments networks concerned Fogli Fideuram and Omnia. Specifically:
  - for Fogli Fideuram, various credit and equity placement window lines were created, with a progressive entry logic (Equity Strat. 50 Step-in Dyn. Plus, Equity Strategies Step-in 36+, Equity Strategies 70 Step-in Dyn., and Equity Strategies 100 Step-in Dyn.). Again on the Fogli contract, lines were introduced to protect capital at maturity (Bond Italia 2026 and Protezione 2028) and finally three catalogue lines for specific asset classes (Foglio Subordinated Bond, Foglio Net Zero Transition and Foglio Small Cap);
  - for Fideuram Omnia, a new system of customised lines was reviewed and released, with actions aimed at streamlining the process of defining and activating the specific management line along with the introduction of the possibility of structuring solutions intended for HNWI customers. The placements of window lines with step-in Dynamic structure on the Active Beta 100 line also continued.

The Group offers asset management products classified according to articles 8 and 9 pursuant to the SFDR Regulation, which account for 64% of total client assets.

LIFE INSURANCE ASSETS SEGMENT

This area comprises assets relating to the life insurance and pension funds segment, which at 30 June 2023 totalled €67.8bn (20% of total client assets), down €716m compared to 30 June 2022. Net inflows, negative by €2bn, decreased by €2.6bn compared to the same period last year. The contribution to gross income (loss) amounted to €212m, down €33m compared to the same period last year. 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 0.6%.

Life insurance assets

(€m)

	1ST HALF 2023	1ST HALF 2022 (*)	CHANGE	
			AMOUNT	%
Net interest income	-	-	-	-
Net profit (loss) on financial assets and liabilities	-	-	-	-
Net fee and commission income	264	287	(23)	-8
Intermediation margin	**264**	**287**	**(23)**	**-8**
Net operating expenses	(47)	(46)	(1)	2
Other	(5)	4	(9)	n.s.
Gross income (loss)	**212**	**245**	**(33)**	**-13**
			-	
Average client assets	**68,128**	**71,136**	**(3,008)**	**-4**
Client assets	**67,785**	**68,501**	**(716)**	**-1**
Net inflow	**(1,955)**	**622**	**(2,577)**	**n.s.**
Key indicators				
Cost / Income Ratio	18%	16%		
Annualised net fee and commission income / Average client assets	0.8%	0.8%		
Annualised gross income (loss) / Average client assets	0.6%	0.7%		

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

In the area of **insurance products** designed for the Fideuram, Sanpaolo Invest and IW Private Investments Networks, the first half of 2023 was characterised by the launch of new insurance solutions, concomitant restyling actions and expansion of the offer. With reference to the insurance products of the company Fideuram Vita, the range of solutions available in the unit-linked product "Fideuram Vita Futura" continued to be enhanced with the creation of the new internal fund FV Equity World Step-In 36, which allows progres-

sive entry into the stock market. As regards Intesa Sanpaolo Private Banking, the new Intesa Sanpaolo Vita Progetto Garanzia Private was added to the catalogue in the first half of 2023. It is a single-premium, full-life, Class I insurance-based investment product dedicated exclusively to natural persons. It is characterised by the fact that it invests in an innovative segregated account management called "Fondo Base Performance" and that it is classified under Article 8 pursuant to the SFDR regulation.
With reference to the products already being placed, a restyling action was launched for the Synthesis multi-class policy of Intesa Sanpaolo Vita with an increase from 50% to 70% in the maximum percentage that can be invested in segregated account management. The action also regarded the versions of the policy present in the portfolio and no longer marketed. The offer of Private Insurance solutions continued as part of the Collaboration Agreements with the Broker Firstance. In particular, the "Alternative Absolute Return" collective internal fund was introduced for the Prestigio Evolution multi-branch insurance product of the La Mondiale Europartner company, characterised by a strategy that also provides for investment in alternative UCITS up to a maximum of 20%. The collective internal fund is managed by Intesa Sanpaolo Wealth Management.

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 €140.8bn at 30 June 2023 (41% of total client assets), up €21.1bn compared to the amount at 30 June 2022. Net inflows were positive at €7.3bn, up sharply compared to the same period of last year (+€2.2bn), due to the activity of the Group's financial advisers who directed new customer savings flows towards bond and money market instruments.
The contribution of this area to the gross income (loss) amounted to €457m, up by €419m compared to the first half of last year due to the strong growth in net interest income. The ratio of gross income (loss) to client assets was 0.7%.

Banking Services

(€m)

	1ST HALF 2023	1ST HALF 2022 (*)	CHANGE	
			AMOUNT	%
Net interest income	602	101	501	n.s.
Net profit (loss) on financial assets and liabilities	34	25	9	36
Net fee and commission income	31	74	(43)	-58
Intermediation margin	**667**	**200**	**467**	**n.s.**
Net operating expenses	(197)	(169)	(28)	17
Other	(13)	7	(20)	n.s.
Gross income (loss)	**457**	**38**	**419**	**n.s.**
Average client assets	**133,188**	**122,355**	**10,833**	**9**
Client assets	**140,812**	**119,707**	**21,105**	**18**
Net inflow	**7,304**	**5,100**	**2,204**	**43**
Key indicators				
Cost / Income Ratio	30%	81%		
Annualised net fee and commission income / Average client assets	-	0.1%		
Annualised gross income (loss) / Average client assets	0.7%	0.1%		

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

In the first half of 2023, for **banking services**, initiatives to support banking and the acquisition of new customers continued. For the Fideuram, Sanpaolo Invest and IW Private Investments networks, commercial initiatives were proposed with liquidity products such as cash deposits with subsidised rates. Similarly, Intesa Sanpaolo Private Banking implemented initiatives aimed at customers who are individuals and family holding companies through savings vouchers at subsidised rates, also combined with the subscription of asset management products. Finally, an initiative was also launched for Fideuram Direct using cash deposits, again aimed at new inflows combined with investment in managed assets.

Furthermore, Fideuram and IW Private Investments finalised a distribution agreement with Intesa Sanpaolo Wealth Management for the promotion and distribution to customers, through its branches, of a series of ISWM's products and services, such as multi-currency current accounts and payment services, custody and securities administration services and Internet banking. The offer is for customers, both natural and legal persons, with international diversification needs and/or with entrepreneurial activities also abroad, who invest both directly and through investment vehicles.

The development activities in lending continued with the release of new products. Particularly, in line with aligning solutions for the Group's customers, credit facilities for financial investments were introduced exclusively for individual retail customers within the Fideuram, Sanpaolo Invest, and IW Private Investments networks. As regards Intesa Sanpaolo Private Banking, the pledge on the value of the whole was issued for both natural and legal person customers. This is a pledge made on the value of all the dematerialised financial instruments under centralised management with fixed-term non-managed deposit and sums credited to the related fixed-term current account.

With reference to **non-managed assets**, the offer in the first half was designed for customers more sensitive to the issue of capital protection, with the issue of Intesa Sanpaolo Investment Certificates on equity indices, with total protection of the capital at maturity, participation in the performance of the underlyings and sometimes annual digital bonuses. Intesa Sanpaolo also created Investment Certificates on individual shares and with conditional capital protection for Intesa Sanpaolo Private Banking,

During the half-year, the Group's networks placed two Intesa Sanpaolo bonds on an exclusive basis. In addition, some Intesa Sanpaolo issues dedicated to individual customers (private placements) were made: two certificates and two bonds for Intesa Sanpaolo Private Banking, one bond for Fideuram.

The Group took part in the Public Offering for Subscription of the ENI Sustainability Linked Bonds, an offer entirely and exclusively intended for the general public in Italy. Again in the area of bond products, the Group participated in the placement of the nineteenth BTP Italia issue and the first BTP Valore issue, entirely dedicated to retail customers. Lastly, the Group participated in the offer of shares of the company EuroGroup Laminations S.p.A., intended for professional customers only.

Human capital

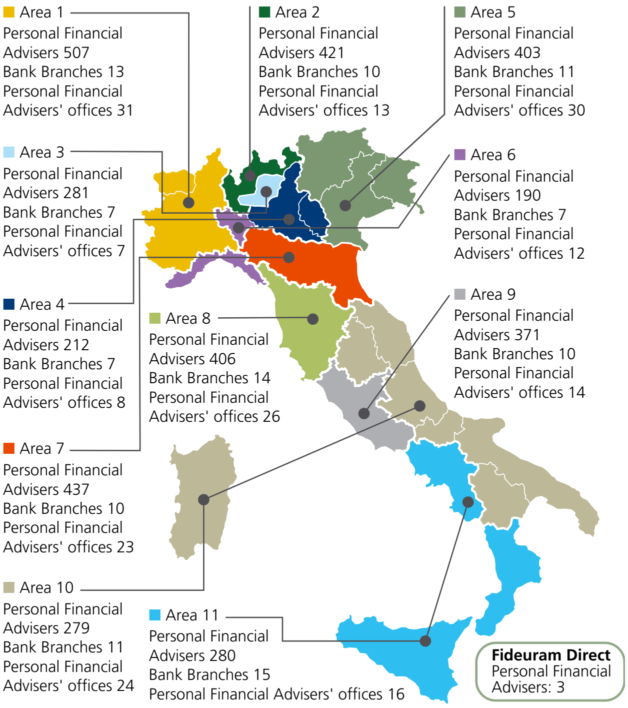
DISTRIBUTION NETWORKS

At 30 June 2023, the Group's distribution structure (Fideuram, Sanpaolo Invest, Intesa Sanpaolo Private Banking, IW Private Investments Networks and the Foreign Network) consisted of 6,682 Personal Financial Advisers compared to 6,648 professionals at the beginning of 2023.

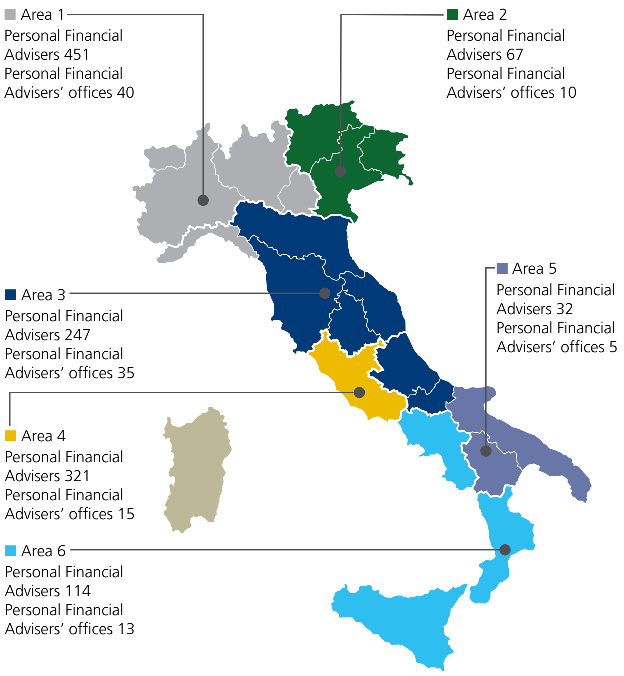
	BEGINNING OF PERIOD 1.1.2023	IN	OUT	NET	END OF PERIOD 30.6.2023
Fideuram Network	3,746	142	98	44	3,790
Sanpaolo Invest Network	1,205	50	23	27	1,232
IW Private Investments Network	557	18	62	(44)	513
Intesa Sanpaolo Private Banking Network	1,047	37	33	4	1,051
Foreign Network	93	10	7	3	96
Total	**6,648**	**257**	**223**	**34**	**6,682**

	BEGINNING OF PERIOD 1.7.2022	IN	OUT	NET	END OF PERIOD 30.6.2023
Fideuram Network	3,692	299	201	98	3,790
Sanpaolo Invest Network	1,204	93	65	28	1,232
IW Private Investments Network	599	23	109	(86)	513
Intesa Sanpaolo Private Banking Network	1,048	54	51	3	1,051
Foreign Network	98	19	21	(2)	96
Total	**6,641**	**488**	**447**	**41**	**6,682**

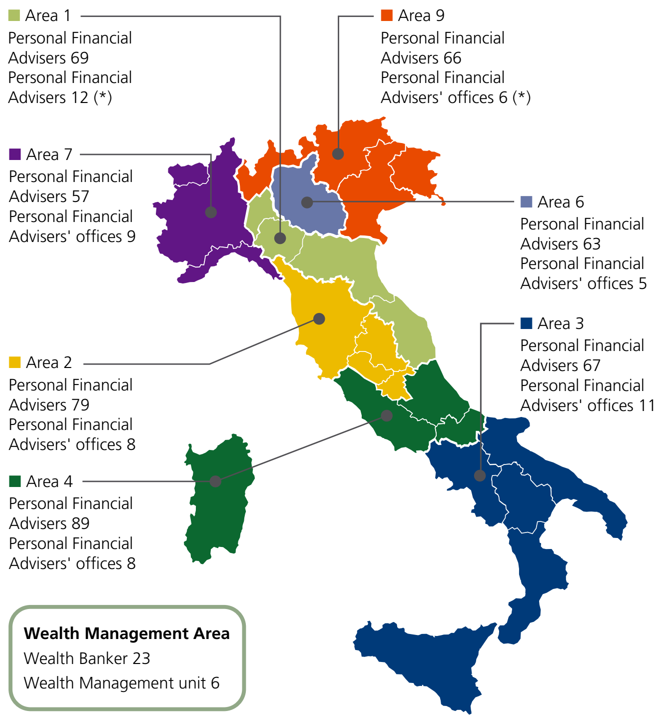
Fideuram Network: 11 areas



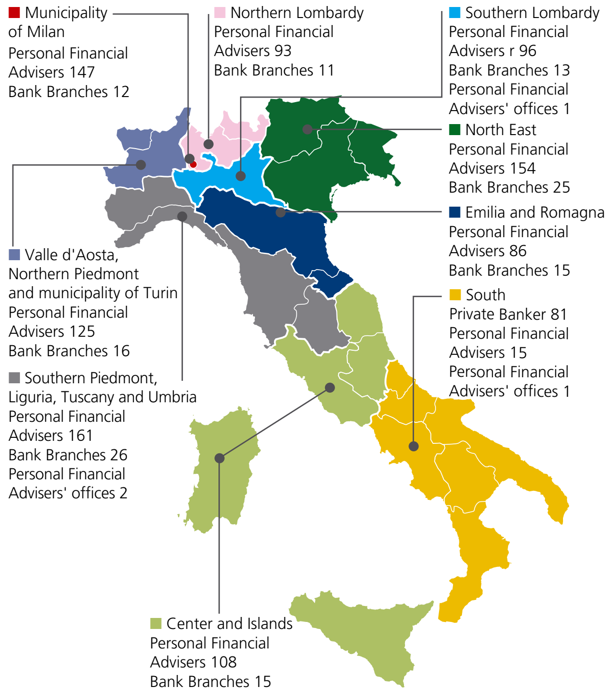
Sanpaolo Invest Network: 6 areas



IW Private Investments: 8 areas



Intesa Sanpaolo Private Banking Network: 9 areas



(*) The Milan and Monza offices are shared by the Personal Financial Advisers of areas 1 and 9.

For the Fideuram, Sanpaolo Invest and IW Private Investments networks, the recruitment activity resulted in the hiring of 210 new professionals in the first half of 2023 (188 new Personal Financial Advisers recruited in the corresponding period of 2022); on an annual basis there were 415 new hires in the last 12 months compared to 371 new hires in the previous 12 months. During the first half of the year, 183 Personal Financial Advisers left the Group and 43% of them moved to competitor networks.

Fideuram Network Personal Financial Advisers

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1ST HALF					
1.1.2023 - 30.6.2023	3,746	142	98	44	3,790
1.1.2022 - 30.6.2022	3,638	131	77	54	3,692
TWELVE-MONTH PERIOD					
1.7.2022 - 30.6.2023	3,692	299	201	98	3,790
1.7.2021 - 30.6.2022	3,621	257	186	71	3,692

Sanpaolo Invest Network Personal Financial Advisers

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1ST HALF					
1.1.2023 - 30.6.2023	1,205	50	23	27	1,232
1.1.2022 - 30.6.2022	1,191	46	33	13	1,204
TWELVE-MONTH PERIOD					
1.7.2022 - 30.6.2023	1,204	93	65	28	1,232
1.7.2021 - 30.6.2022	1,213	80	89	(9)	1,204

IW Private Investments Network Personal Financial Advisers

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1ST HALF					
1.1.2023 - 30.6.2023	557	18	62	(44)	513
1.1.2022 - 30.6.2022	629	11	41	(30)	599
TWELVE-MONTH PERIOD					
1.7.2022 - 30.6.2023	599	23	109	(86)	513
1.7.2021 - 30.6.2022	653	34	88	(54)	599

The Intesa Sanpaolo Private Banking Network numbered 939 Personal Financial Advisers who are salaried employees registered in Italy's Unified Register of Financial Advisors and 112 freelance professionals on agency contracts.

Intesa Sanpaolo Private Banking Network Personal Financial Advisers

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1ST HALF					
1.1.2023 - 30.6.2023	1,047	37	33	4	1,051
1.1.2022 - 30.6.2022	1,056	34	42	(8)	1,048
TWELVE-MONTH PERIOD					
1.7.2022 - 30.6.2023	1,048	54	51	3	1,051
1.7.2021 - 30.6.2022	1,068	53	73	(20)	1,048

The Foreign Network is made up of 50 Personal Financial Advisers belonging to the Reyl Group and 46 Personal Financial Advisers belonging to Intesa Sanpaolo Wealth Management.

Personal Financial Advisers of the Foreign Network

	BEGINNING OF PERIOD	IN	OUT	NET	END OF PERIOD
1ST HALF					
1.1.2023 - 30.6.2023	93	10	7	3	96
1.1.2022 - 30.6.2022	107	16	25	(9)	98
TWELVE-MONTH PERIOD					
1.7.2022 - 30.6.2023	98	19	21	(2)	96
1.7.2021 - 30.6.2022	117	22	41	(19)	98

The recruitment programmes were conducted with the greatest rigour and professionalism by the managements of the Group's Networks, and focused on finding Personal Financial Advisers of high standing in line with the role of market leader which has always distinguished the Fideuram Group. The training and work of the best professionals 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 constant growth of agreements signed online for the Team project also continues, which aims to increase collaboration between several Personal Financial Advisers in customer development and assistance. At the end of June 2023, 2,259 Personal Financial Advisers worked in teams, collaborating in the management of approximately €28.4bn assets relating to over 181 thousand customers.

STAFF

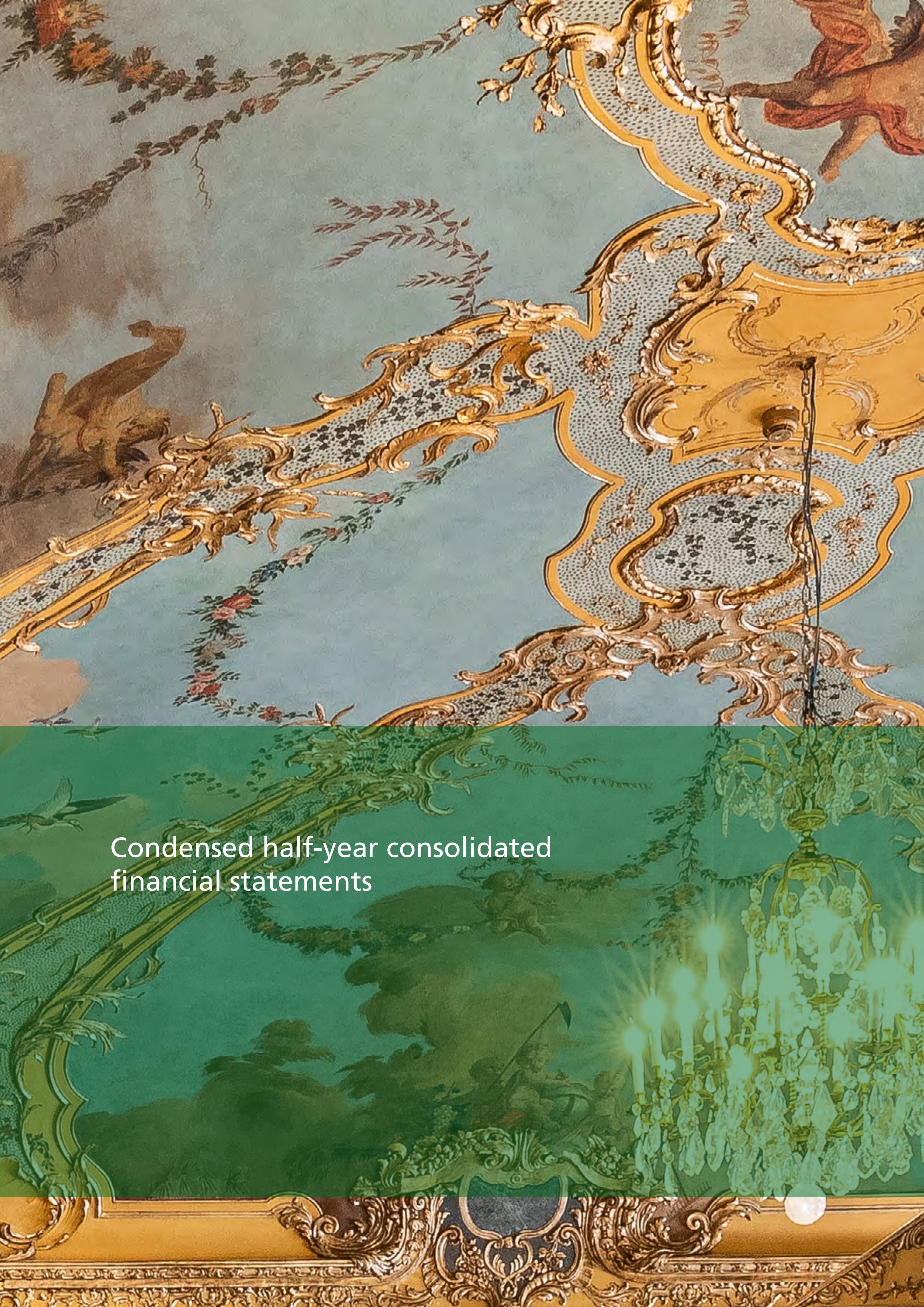
The Group workforce, which takes into account secondments from and to other Intesa Sanpaolo Group companies not included in the scope of the Fideuram Group, as well as atypical workers, amounted to 4,209 units at 30 June 2023, compared to 4,185 at 31 December 2022.
Direct employees amounted to 4,027 units.

Personnel

(number)

	30.6.2023	31.12.2022 (*)	30.6.2022 (*)
Private Banking	**3,869**	**3,856**	**3,871**
Fideuram - Intesa Sanpaolo Private Banking	1,692	1,690	1,665
Intesa Sanpaolo Private Banking	1,543	1,537	1,559
IW Private Investments SIM	31	33	37
Intesa Sanpaolo Wealth Management	215	204	200
Reyl Group	388	392	410
Asset Management	**246**	**236**	**241**
Fideuram Asset Management (Ireland)	61	56	55
Fideuram Asset Management UK	11	10	10
Fideuram - Intesa Sanpaolo Private Banking Asset Management SGR	174	170	176
Fiduciary services	**94**	**93**	**92**
Siref Fiduciaria	88	87	87
Ubi Trustee	6	6	5
Total	**4,209**	**4,185**	**4,204**

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



Condensed half-year consolidated financial statements

Notes

Analysis of the income statement

The Fideuram - Intesa Sanpaolo Private Banking Group closed the first half of 2023 with a consolidated net profit of €716m, an increase of €188m compared to the same period of 2022 (+36%).

Consolidated income statement

(reclassified - €m)

	1ST HALF 2023	1ST HALF 2022 (*)	CHANGE	
			AMOUNT	%
Net interest income	602	101	501	n.s.
Net profit (loss) on financial assets and liabilities	34	25	9	36
Net fee and commission income	931	1,023	(92)	-9
INTERMEDIATION MARGIN	**1,567**	**1,149**	**418**	**36**
Profit (Loss) on equity investments and other income (expense)	(1)	9	(10)	n.s.
NET OPERATING INCOME	**1,566**	**1,158**	**408**	**35**
Personnel expenses	(239)	(224)	(15)	7
Other administrative expenses	(151)	(148)	(3)	2
Depreciation and amortisation	(43)	(40)	(3)	8
NET OPERATING EXPENSES	**(433)**	**(412)**	**(21)**	**5**
OPERATING MARGIN	**1,133**	**746**	**387**	**52**
Net impairment of loans	(11)	(3)	(8)	n.s.
Net provisions for risks and charges and net impairment of other assets	(17)	13	(30)	n.s.
GROSS INCOME (LOSS)	**1,105**	**756**	**349**	**46**
Income taxes for the period on continuing operations	(354)	(190)	(164)	86
Integration and voluntary redundancy expenses (net of tax)	(11)	(15)	4	-27
Effects of purchase price allocation (net of tax)	(12)	(10)	(2)	20
Expenses regarding the banking system (net of tax)	(10)	(11)	1	-9
Net profi t (loss) attributable to non-controlling interests	(2)	(2)	-	-
NET PROFIT	**716**	**528**	**188**	**36**

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

Quarterly consolidated income statement

(reclassified - €m)

	2023		2022			
	Q2	Q1	Q4	Q3	Q2 (*)	Q1 (*)
Net interest income	322	280	216	102	53	48
Net profit (loss) on financial assets and liabilities	14	20	31	4	12	13
Net fee and commission income	476	455	475	482	511	512
INTERMEDIATION MARGIN	**812**	**755**	**722**	**588**	**576**	**573**
Profit (Loss) on equity investments and other income (expense)	-	(1)	5	3	6	3
NET OPERATING INCOME	**812**	**754**	**727**	**591**	**582**	**576**
Personnel expenses	(123)	(116)	(145)	(115)	(115)	(109)
Other administrative expenses	(77)	(74)	(72)	(64)	(76)	(72)
Depreciation and amortisation	(22)	(21)	(20)	(21)	(20)	(20)
NET OPERATING EXPENSES	**(222)**	**(211)**	**(237)**	**(200)**	**(211)**	**(201)**
OPERATING MARGIN	**590**	**543**	**490**	**391**	**371**	**375**
Net impairment of loans	(5)	(6)	(5)	(4)	(5)	2
Net provisions for risks and charges and net impairment of other assets	(11)	(6)	(10)	9	9	4
Net non-recurring income (expenses)	-	-	1	(2)	-	-
GROSS INCOME (LOSS)	**574**	**531**	**476**	**394**	**375**	**381**
Income taxes for the period on continuing operations	(190)	(164)	(157)	(118)	(80)	(110)
Integration and voluntary redundancy expenses (net of tax)	(6)	(5)	(15)	(6)	(8)	(7)
Effects of purchase price allocation (net of tax)	(6)	(6)	(6)	(5)	(5)	(5)
Expenses regarding the banking system (net of tax)	(1)	(9)	(2)	(23)	-	(11)
Net profit (loss) for the period attributable to non-controlling interests	(2)	-	3	1	(1)	(1)
NET PROFIT	**369**	**347**	**299**	**243**	**281**	**247**

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

Net operating income, equal to €1.6bn recorded an increase of €408m compared to the first six months of last year (+35%). This result is attributable to:

- growth in net interest income (+€501m);
- the increase in net profit of financial assets (+€9m);
- the decrease in net fee and commission income (-€92m);
- the decrease in profit on equity investments and other income (-€10m).

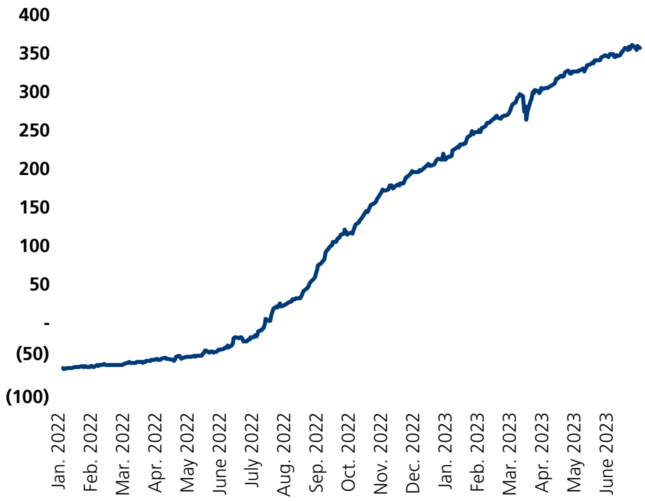
Net interest income

(€m)

	1ST HALF 2023	1ST HALF 2022	CHANGE	
			AMOUNT	%
Business with customers	106	38	68	179
Business with banks	148	(4)	152	n.s.
Interest income on debt securities	360	112	248	n.s.
Net interest on hedging derivatives	(12)	(45)	33	-73
Total	**602**	**101**	**501**	**n.s.**

Euribor 3 months rate

(bp)

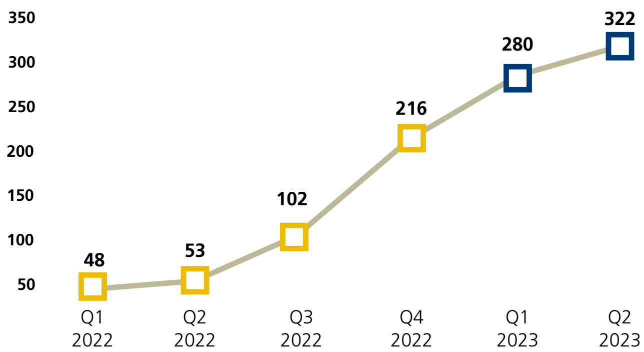


Source: Bloomberg

Net interest income amounted to €602m, a sharp increase (+€501m) compared to the first half of 2022 due to the greater contribution of securities investments and brokerage with banks and customers, in a scenario of rising market interest rates. The analysis of the quarterly trend shows a significant acceleration in the growth of net interest income starting from the second half of 2022, thanks to floating rate loans which benefited from the progressive rise in interest rates by the ECB.

Quarterly net interest income

(€m)



Net profit (loss) on financial assets and liabilities

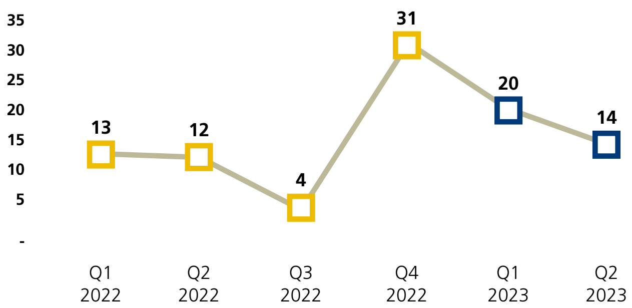
(€m)

	1ST HALF 2023	1ST HALF 2022	CHANGE AMOUNT	CHANGE %
Net profit (loss) on sale of financial assets	1	2	(1)	-50
Net profit (loss) of financial assets measured at fair value through profit or loss	35	19	16	84
Net profit (loss) on hedging derivatives	(2)	4	(6)	n.s.
Total	**34**	**25**	**9**	**36**

The **net profit (loss) on financial assets and liabilities**, equal to €34m, showed an increase of €9m compared to the same period of the previous year, mainly due to the capital gains recorded on the financial instruments held to service the risk takers' incentive plans, partly offset by the decrease in net profit (loss) on hedging activities (-€6m) and by a lower contribution from gains on disposals of debt securities (-€1m).

Quarterly net profit (loss) on financial assets and liabilities

(€m)



Net fee and commission income

(€m)

	1ST HALF 2023	1ST HALF 2022	CHANGE AMOUNT	CHANGE %
Net recurring fees	919	981	(62)	-6
Net front-end fees	112	135	(23)	-17
Other fee and commission expense	(100)	(93)	(7)	8
Total	**931**	**1,023**	**(92)**	**-9**

Net fee and commission income amounted to €931m, down by €92m compared to the first six months of 2022 (-9%).

Net recurring fees

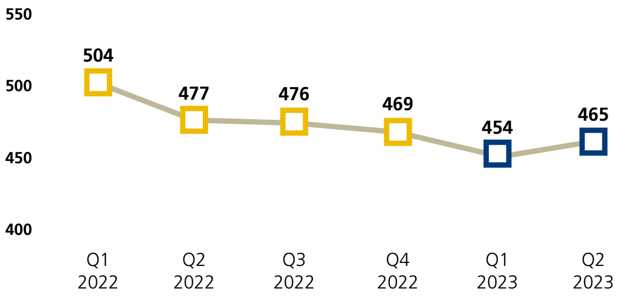
(€m)

	Q1	Q2	TOTAL
2023	454	465	919
2022	504	477	981
Change	**(50)**	**(12)**	**(62)**

Net recurring fees, equal to €919m, recorded a decrease compared to the first half of 2022 (-€62 million, -6%) mainly due to the reduction in average client assets, which went from €213.7bn at 30 June 2022 to €202.4bn at 30 June 2023 (-€11.3bn, -5.3%). The analysis of the quarterly dynamics highlights the growth in recurring fees, which reflects the recovery of average client assets, after the decline recorded in 2022 due to the military conflict between Russia and Ukraine.

Quarterly net recurring fees

(€m)



Net front-end fees

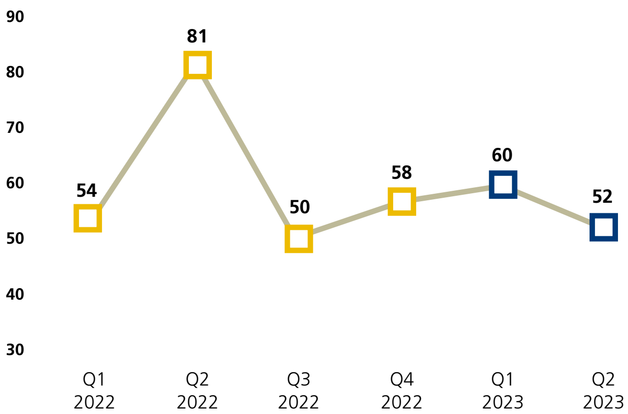
(€m)

	Q1	Q2	TOTAL
2023	60	52	112
2022	54	81	135
Change	**6**	**(29)**	**(23)**

Net front-end fees, amounting to €112m, showed a decrease of €23m compared to the first half of 2022 (-17%). This trend is mainly due to lower placements by the Group's distribution networks of certificates and bonds issued by Intesa Sanpaolo.

Quarterly net front-end fees

(€m)



Other fee and commission expense

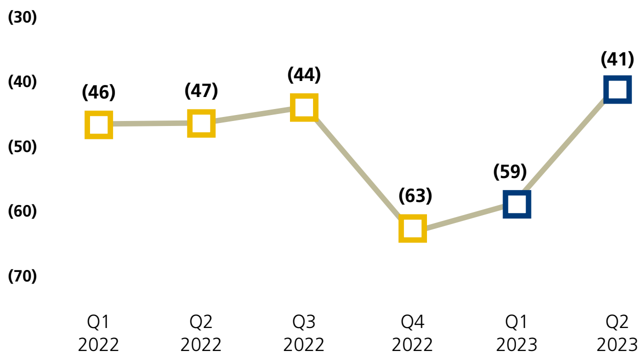
(€m)

	Q1	Q2	TOTAL
2023	(59)	(41)	(100)
2022	(46)	(47)	(93)
Change	**(13)**	**6**	**(7)**

Other fee and commission expense amounted to €100m, up €7m compared to the first half of 2022, largely due to higher incentive fees recognised in favour of distribution networks.

Quarterly other fee and commission expense

(€m)



Profit on equity investments and other income (expense) was negative by €1m, compared to the positive balance of €9m recorded in the first half of last year. The change compared to the comparative period was mainly due to the decrease in the result of the equity investments consolidated using the equity method.

Net operating expenses

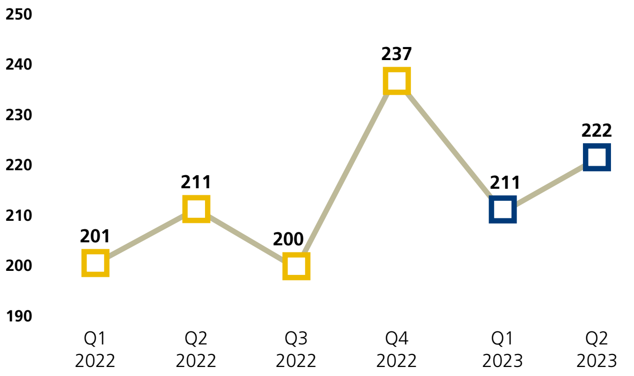
(€m)

	1ST HALF 2023	1ST HALF 2022	CHANGE AMOUNT	CHANGE %
Personnel expenses	239	224	15	7
Other administrative expenses	151	148	3	2
Depreciation and amortisation	43	40	3	8
Total	**433**	**412**	**21**	**5**

Net operating expenses, equal to €433bn recorded an increase of €21m (+5%) compared to the first six months of last year. Detailed analysis shows that personnel expenses, amounting to €239m, recorded an increase of €15m attributable to compensation dynamics, the strengthening of the foreign component and the variable component of remuneration. Other administrative expenses, equal to €151m, showed an increase of €3m due to higher IT and real estate expenses. Depreciation and amortisation increased by €3m, due to the higher amortisation of software.

Quarterly net operating expenses

(€m)



Net impairment of loans showed a negative balance of €11m compared to a negative balance of €3m recorded in the first six months of 2022, due to higher net impairment of loans to customers.

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

(€m)

	1ST HALF 2023	1ST HALF 2022	CHANGE AMOUNT	CHANGE %
Personal Financial Advisers' termination indemnities and incentives	(11)	14	(25)	n.s.
Litigation and complaints	(2)	(1)	(1)	100
Network Loyalty Schemes	(6)	3	(9)	n.s.
Net impairment of (recoveries on) debt securities	2	(3)	5	n.s.
Total	**(17)**	**13**	**(30)**	**n.s.**

Net provisions for risks and charges and net impairment of other assets registered a negative balance of €17m compared to a positive balance of €13m in the comparative period. The detailed analysis shows that provisions for termination due to Personal Financial Advisers, equal to €11m, showed a negative change of €25m due to the trend in the discount rates of the liability, which resulted in a lower release of provisions to profit or loss compared to the first half of 2022. Provisions for litigation recorded an increase of €1m due to higher provisions for lawsuits brought against the company. Provisions for the Network Loyalty Schemes, amounting to €6m, recorded a negative change of €9m mainly due to the aforementioned trend in the discount rates of the provision. Net impairment of debt securities showed a positive change of €5m due to reversal of impairment on bonds in the portfolio.

Income taxes, amounting to €354m, increased by €164m compared to the first half of 2022 due to higher gross profit in the period. The tax rate was 32%, up compared to 25% in the first half of 2022 as last year's taxes included tax benefits for a total of €43m due to the detaxation of the higher values of the equity investment in Reyl & Cie and of intangible assets, as well as the acquisition of UBI's tax losses, for the portion attributed to the business units demerged in favour of Fideuram and Intesa Sanpaolo Private Banking.

Integration and voluntary redundancy expenses (net of tax) recorded a balance of €11m, down by €4m compared to 2022 and include €4m compared to the same period last year and comprise non-recurring integration transactions involving Group companies.

The **economic effects of acquisition costs (net of tax)**, of €12m refer to amounts attributable to the revaluations of securities and the recognition of intangible assets recognised in the financial statements following the acquisition of the Reyl Group, the UBI Top Private Division, IW Private Investments and Intesa Sanpaolo Wealth Management.

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 the first six months of 2023, the balance of this item amounted to €10m, down by €1m compared to the same period last year and includes the expenses accrued for the contribution to the Single Resolution Fund for credit institutions introduced by Directive 2014/59/EU.

The **net profit attributable to non-controlling interests**, amounting to €2m, remained in line with the balance of the first half of 2022 and referred to the net profit (loss) of the companies included in the line-by-line consolidation pertaining to non-controlling interests. The balance mainly consisted of the profit (loss) of the non-controlling interests of the Reyl Group companies.

Asset and liability management

The tables below show the main items of the statement of financial position compared with the corresponding figures at 31 December 2022.

Consolidated balance sheet

(reclassified - €m)

	30.6.2023	31.12.2022	CHANGE	
ASSETS			**AMOUNT**	**%**
Cash and cash equivalents	4,608	5,873	(1,265)	-22
Financial assets measured at fair value through profit or loss	639	618	21	3
Financial assets measured at fair value through other comprehensive income	3,431	3,096	335	11
Debt securities measured at amortised cost	19,128	19,916	(788)	-4
Loans to banks	10,377	14,465	(4,088)	-28
Loans to customers	14,631	15,104	(473)	-3
Hedging derivatives	295	317	(22)	-7
Equity investments	249	232	17	7
Property and equipment and intangible assets	1,204	1,227	(23)	-2
Tax assets	248	273	(25)	-9
Other assets	2,010	1,750	260	15
TOTAL ASSETS	**56,820**	**62,871**	**(6,051)**	**-10**
LIABILITIES				
Due to banks	3,905	5,419	(1,514)	-28
Due to customers	46,022	50,847	(4,825)	-9
Financial liabilities held for trading	24	21	3	14
Hedging derivatives	339	344	(5)	-1
Tax liabilities	131	177	(46)	-26
Other liabilities	2,244	1,724	520	30
Provisions for risks and charges	514	523	(9)	-2
Share capital, reserves and equity instruments	2,924	2,745	179	7
Equity attributable to non-controlling interests	1	1	-	-
Net profit	716	1,070	(354)	-33
TOTAL LIABILITIES	**56,820**	**62,871**	**(6,051)**	**-10**

Quarterly consolidated balance sheet

(reclassified - €m)

	30.6.2023	31.3.2023	31.12.2022	30.9.2022	30.6.2022	31.3.2022 (*)
ASSETS						
Cash and cash equivalents	4,608	5,758	5,873	5,099	5,461	5,105
Financial assets measured at fair value through profit or loss	639	655	618	642	537	538
Financial assets measured at fair value through other comprehensive income	3,431	3,296	3,096	2,921	3,069	2,899
Debt securities measured at amortised cost	19,128	19,333	19,916	20,708	20,419	20,747
Loans to banks	10,377	11,939	14,465	20,295	18,465	23,901
Loans to customers	14,631	14,793	15,104	14,839	14,607	14,330
Hedging derivatives	295	287	317	308	218	111
Equity investments	249	238	232	272	269	276
Property and equipment and intangible assets	1,204	1,213	1,227	1,207	1,195	1,090
Tax assets	248	254	273	266	243	202
Other assets	2,010	1,862	1,750	1,711	1,809	1,658
TOTAL ASSETS	**56,820**	**59,628**	**62,871**	**68,268**	**66,292**	**70,857**
LIABILITIES						
Due to banks	3,905	5,599	5,419	5,389	3,701	4,972
Due to customers	46,022	46,757	50,847	56,585	56,334	59,093
Financial liabilities held for trading	24	44	21	86	41	30
Hedging derivatives	339	367	344	391	461	588
Tax liabilities	131	158	177	184	146	207
Other liabilities	2,244	2,008	1,724	1,607	1,810	1,931
Provisions for risks and charges	514	535	523	506	516	614
Share capital, reserves and equity instruments	2,924	3,812	2,745	2,747	2,753	3,268
Equity attributable to non-controlling interests	1	1	1	2	2	(93)
Net profit	716	347	1,070	771	528	247
TOTAL LIABILITIES	**56,820**	**59,628**	**62,871**	**68,268**	**66,292**	**70,857**

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

Cash and cash equivalents

(€m)

	30.6.2023	31.12.2022	CHANGE	
			AMOUNT	%
Cash	57	59	(2)	-3
Demand deposits with Central Banks	2,202	1,702	500	29
Current accounts with banks	2,349	4,112	(1,763)	-43
Total	**4,608**	**5,873**	**(1,265)**	**-22**

Cash and cash equivalents include cash and all items due from banks on demand. At 30 June 2023, the item showed a balance of €4.6bn, down by €1.3bn compared to 31 December 2022 due to the lower liquidity held in bank current accounts (-€1.8bn), partly offset by the increase in demand deposits with Central Banks (+€500m).

Financial assets

(€m)

	30.6.2023	31.12.2022	CHANGE	
			AMOUNT	%
Financial assets measured at fair value through profit or loss	639	618	21	3
Financial assets measured at fair value through other comprehensive income	3,431	3,096	335	11
Debt securities measured at amortised cost	19,128	19,916	(788)	-4
Hedging derivatives	295	317	(22)	-7
Total	**23,493**	**23,947**	**(454)**	**-2**

Group **financial assets**, equal to €23.5bn, showed a decrease of €454m compared to 31 December 2022, mainly due to the reduction in debt securities in the portfolio at amortised cost (-€788m) due to following repayments during the period, partly offset by the increase in securities measured at fair value through comprehensive income (+€335m).

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

(€m)

	FINANCIAL ASSETS MEASURED AT AMORTISED COST (*)	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	TOTAL
Italy	1,660	123	1,783
Spain	-	272	272
United States	6	104	110
Belgium	-	83	83
Germany	-	69	69
France	-	68	68
Netherlands	-	49	49
Austria	-	40	40
Luxembourg	-	28	28
Portugal	-	18	18
Iceland	-	9	9
Total	**1,666**	**863**	**2,529**

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

Financial liabilities

(€m)

	30.6.2023	31.12.2022	CHANGE	
			AMOUNT	%
Financial liabilities held for trading	24	21	3	14
Hedging derivatives	339	344	(5)	-1
Total	**363**	**365**	**(2)**	**-1**

Financial liabilities totalled €363m, consisting entirely of derivatives. Compared to 31 December 2022, the item remained substantially in line with the balance at the end of 2022 (-1%).

Loans to banks

(€m)

	30.6.2023	31.12.2022	CHANGE	
			AMOUNT	%
Due from Central Banks	42	1,487	(1,445)	-97
Term deposits	9,127	12,311	(3,184)	-26
Other loans	1,208	667	541	81
Total	**10,377**	**14,465**	**(4,088)**	**-28**

Loans to banks, amounting to €10.4bn, decreased by €4.1bn compared to 31 December 2022 due to the reduction in term deposits with Intesa Sanpaolo (-€3.2bn) and of receivables from Central Banks (-€1.4bn), partly offset by the growth in other loans (+€541m).

Due to banks

(€m)

	30.6.2023	31.12.2022	CHANGE	
			AMOUNT	%
Current accounts	210	174	36	21
Term deposits	1,670	2,220	(550)	-25
Repurchase agreements	1,573	2,587	(1,014)	-39
Debts for leases	58	53	5	9
Other loans	394	385	9	2
Total	**3,905**	**5,419**	**(1,514)**	**-28**

The item **Due to banks**, amounting to €3.9bn, showed a decrease of €1.5bn compared to 31 December 2022 mainly attributable to the decrease in deposits in repurchase agreements (-€1bn) and term deposits (-€550m). Repurchase agreements include €216m in securities lending transactions with Intesa Sanpaolo (€678m at 31 December 2022) and €1bn in liquidity obtained by Intesa Sanpaolo under the TLTRO long-term refinancing programme (€1.6bn at the end of 2022).

The Group continued to be a net lender on the interbank market, with **net interbank deposits** of €8.8bn, in addition to €12.7bn in loans receivable (of which €11.5bn to Intesa Sanpaolo Group companies) and €3.9bn in loans payable (of which €3.8bn to Intesa Sanpaolo Group companies).

Loans to customers

(€m)

	30.6.2023	31.12.2022	CHANGE	
			AMOUNT	%
Current accounts	10,585	11,678	(1,093)	-9
Mortgages	1,954	2,029	(75)	-4
Other loans	1,988	1,295	693	54
Non-performing assets	104	102	2	2
Total	**14,631**	**15,104**	**(473)**	**-3**

Loans to customers totalled €14.6bn and mainly comprised short-term loans (repayable within 12 months or revocable loans without a specified term). The decrease of €473m compared to 31 December 2022 was mainly due to the drop in current account loans (-€1.1bn) and mortgages (-€75m), partly offset by the increase in other loans (+€693m). Net problem loans, representing a minimal amount in the portfolio, totalled €104m with an increase of €2m on the figure at 31 December 2022. In detail: non-performing loans amounted to €45m, up €15m compared to the balance at 31 December 2022; unlikely-to-pay loans totalled €26m, down €36m on 31 December 2022; past due or overdue loans amounted to €33m, up €23m compared to 31 December 2022.

Due to customers

(€m)

	30.6.2023	31.12.2022	CHANGE	
			AMOUNT	%
Current accounts	40,168	47,881	(7,713)	-16
Term deposits	5,298	2,474	2,824	114
Repurchase agreements	39	9	30	n.s.
Debts for leases	248	260	(12)	-5
Other debts	269	223	46	21
Total	**46,022**	**50,847**	**(4,825)**	**-9**

n.s.: not significant

Due to customers, amounting to €46bn, decreased by €4.8bn compared to the balance at the end of December 2022. A detailed analysis shows a decrease in current account deposits (-€7.7bn), largely related to the increase in term deposits and inflows into non-managed assets (including bonds and certificates issued by Intesa Sanpaolo).

Fair value of assets and liabilities measured at cost

(€m)

	30.6.2023		31.12.2022	
	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
Debt securities measured at amortised cost	19,128	18,795	19,916	19,483
Loans to banks	10,377	10,041	14,465	14,500
Loans to customers	14,631	14,599	15,104	15,016
Total	**44,136**	**43,435**	**49,485**	**48,999**
Due to banks	3,905	3,904	5,419	5,406
Due to customers	46,022	46,022	50,847	50,847
Total	**49,927**	**49,926**	**56,266**	**56,253**

Property and equipment and intangible assets

(€m)

	30.6.2023	31.12.2022	CHANGE	
			AMOUNT	%
Owned real estate	58	59	(1)	-2
Rights of use of leased assets	307	313	(6)	-2
Other property and equipment	20	19	1	5
Property and equipment	**385**	**391**	**(6)**	**-2**
Goodwill	411	409	2	-
Intangible Client Assets	298	308	(10)	-3
Other intangible assets	110	119	(9)	-8
Intangible assets	**819**	**836**	**(17)**	**-2**
Total property and equipment and intangible assets	**1,204**	**1,227**	**(23)**	**-2**

Property and equipment and intangible assets, amounting to €1.2bn, were essentially in line compared to 31 December 2022 (-2%) and included €411m in goodwill, of which €140m related to the Private units acquired by the subsidiary Intesa Sanpaolo Private Banking, €229m attributable to the acquisition of the Swiss banking group Reyl and €42m relating to Intesa Sanpaolo Wealth Management. Other intangible assets included 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 (€74m), IW Private Investments (€61m), the Reyl Group (€95m) and Intesa Sanpaolo Wealth Management (€68m).

Provisions for risks and charges at 30 June 2023 were down €9m on the figure at 31 December 2022, as shown below.

Provisions for risks and charges

(€m)

	30.6.2023	31.12.2022	CHANGE	
			AMOUNT	%
Litigation, disputes securities in default and complaints	81	81	-	-
Personnel expenses	104	138	(34)	-25
Personal Financial Advisers' termination indemnities	247	241	6	2
Network Loyalty Schemes	77	59	18	31
Other provisions	5	4	1	25
Total	**514**	**523**	**(9)**	**-2**

The provision for litigation disputes, securities in default and complaints was in line with the figure at 31 December 2022. Provisions for personnel expenses decreased by €34m due to uses during the period. Provision for the Personal Financial Advisers' termination indemnities increased by €6m mainly due to provisions for the period. The provisions for Network Loyalty Schemes increased by €18m due to the increases in the fair value of insurance policies made to cover Personal Financial Advisers.

With regard to the system intervention in favour of Eurovita customers, please refer to the information contained in the Introductory note to the Directors' report. At 30 June 2023, the term sheets signed by the parties were not binding and, therefore, did not result in a legal obligation for the Group which could give rise to valuation effects or other impacts for the purposes of the half-year report. In any case, at present, the terms of the transaction and the reference values have not yet been defined and the analysis of the commitments that can be undertaken, based on the information known to date, does not seem to show any impact on the Group.

Shareholders’ equity

Group shareholders’ equity, including net profit for the period, totalled €3.6bn at 30 June 2023, having changed as follows:

Group shareholders’ equity

(€m)

Shareholders' equity at 31 December 2022	**3,815**
Dividend distribution	(900)
Change in valuation reserves	11
Change in equity instruments	1
Other changes	(3)
Net profit	716
Shareholders' equity at 30 June 2023	**3,640**

Valuation reserves at 30 June 2023 showed a negative balance of €13m, compared to a negative balance of €24m at 31 December 2022 (+€11m). The change was largely due to the worsening of the reserve for financial assets with an impact on overall profitability, following the positive changes in fair value recorded by the securities portfolio during the period.

The following table shows the own funds of Fideuram SpA and the capital ratios at 30 June 2023.

Fideuram S.p.A. Capital Ratios

(€m)

	30.6.2023	**31.12.2022**
CET1	1,773	1,588
Tier 1	1,773	1,588
Own funds	1,773	1,588
Total risk-weighted assets	9,025	9,126
CET1 Ratio	**19.6%**	**17.4%**
Tier 1 Ratio	**19.6%**	**17.4%**
Total Capital Ratio	**19.6%**	**17.4%**

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 30 June 2023, this calculation showed a Common Equity Tier 1 ratio of 17.5% (15.8% at 31 December 2022) and a Total Capital Ratio of 17.7% (16% at 31 December 2022).

Risk management and control

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.

CREDIT RISK

The Fideuram Group's lending activities support its core business of providing investment services to private customers. Loans and advances to customers principally consist of repayable-upon-demand current account overdrafts to counterparties who also receive investment services. Loans are mainly granted 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 discretionary accounts), or equities or bonds listed on major regulated markets, or to a marginal extent by irrevocable mandates to sell financial instruments selected from those distributed within the Group. Loans and advances to banks consist of short-term interbank loans, principally to Intesa Sanpaolo and leading banks in the eurozone.

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.

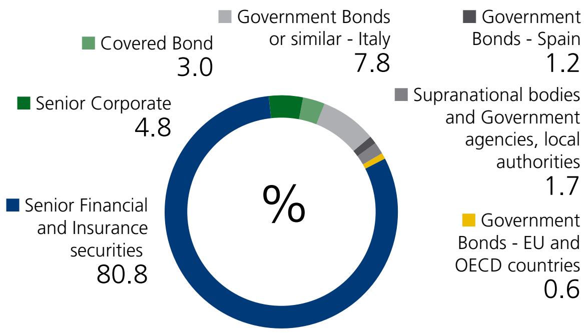
Loans and advances to customers: credit quality

(€m)

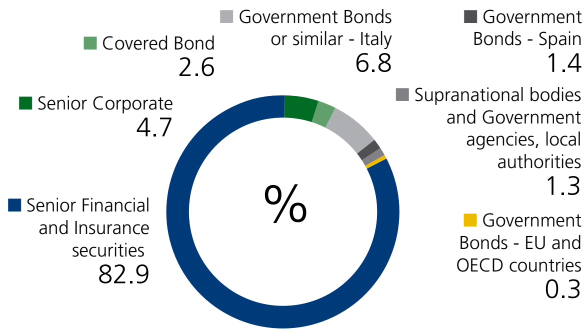
	30.6.2023		31.12.2022		CHANGE
	NET EXPOSURE	%	NET EXPOSURE	%	NET EXPOSURE
Doubtful loans	45	-	30	-	15
Unlikely to pay	26	-	62	-	(36)
Past due or overdue loans	33	-	10	-	23
Non-performing assets	**104**	**-**	**102**	**-**	**2**
Performing loans	14,527	90	15,002	90	(475)
Debt instruments	1,666	10	1,627	10	39
Loans to customers	**16,297**	**100**	**16,731**	**100**	**(434)**

Breakdown by product type of the securities portfolio

30.6.2023

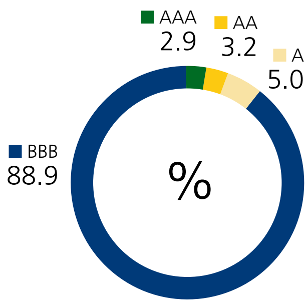


31.12.2022

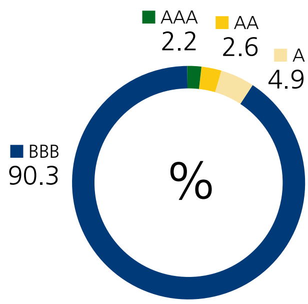


Breakdown by rating class of the securities portfolio

30.6.2023



31.12.2022



BANKING BOOK

The Banking Book includes the Liquidity Portfolio, activated to provide a liquidity reserve through securities deemed eligible with central banks; the Service Portfolio, necessary to address any customer needs and the Stable Investment Portfolio, created to invest excess structural liquidity over a medium-term time horizon, made up of long-term securities held for investment, interest rate risk hedging derivatives and short/medium-long term loans.
In this Portfolio, the 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 different 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).
For a parallel upward movement in the rate curve by 100 bps, the sensitivity value at 30 June 2023 was a negative €4.4m; even the interest margin sensitivity was negative -€85.8m in the event of a -50 bps shock.
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 30 June 2023, the VaR, calculated over a time horizon of one day, taking into account the interest rate and credit spread components, stood at €3.3m, down on previous figures in consideration of the trend observed in the market.

The Banking Book comprises long-term investment securities, interest rate hedging derivatives and short and medium-long term loans. At 30 June 2023, the Banking Book amounted to €50.2bn.

Banking Book

(€m)

	30.6.2023	31.12.2022	CHANGE	
			AMOUNT	%
Financial assets measured at fair value through other comprehensive income	3,431	3,096	335	11
Debt securities classified as loans to banks	17,462	18,289	(827)	-5
Debt securities classified as loans to customers	1,666	1,627	39	2
Hedging derivatives	295	317	(22)	-7
Total securities and derivatives	**22,854**	**23,329**	**(475)**	**-2**
Sight deposit current accounts with banks	2,349	4,112	(1,763)	-43
Loans to banks	10,377	14,465	(4,088)	-28
Loans to customers	14,631	15,104	(473)	-3
Total loans	**27,357**	**33,681**	**(6,324)**	**-19**
Total banking book	**50,211**	**57,010**	**(6,799)**	**-12**

EXCHANGE RISK

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;
- equity investments in foreign currency.

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.
EU legislation on own funds requirements in relation to exchange rate risk provides that, under article 352(2) of Regulation (EU) 575/2013 of 26 June 2013 (CRR – Capital Re-

quirements Regulation), positions in currencies other than that of consolidated financial statements that are held in the form of equity investments (structural positions) are not subject to the requirement. Therefore, it is possible for potential adverse effects of exchange rates on capital ratios to be neutralised subject to authorisation by the competent authority. In response to the waiver request, Intesa Sanpaolo received authorisation from the ECB to apply this approach under exemption, up to a maximum amount (optimal position) of the foreign currency position that would be capable of neutralising capital ratio sensitivity to exchange rate movements. As part of Intesa Sanpaolo's FX Risk Capital Requirements project, a hedge accounting framework was defined for managing hedging operations with the aim of reducing structural foreign exchange risk exceeding the optimal position. As far as the Fideuram Group is concerned, the structural exchange rate risk is essentially represented by investments in Swiss francs relating to the Reyl Group. FX forward outright hedges have been identified, providing for the forward sale of CHF against the forward purchase of EUR, renewable approaching maturity, which varies between every three to six months. The first hedge, finalised on 23 March 2022 directly by Fideuram as the entity that holds the hedged investments, was initially valued at €180m in the equivalent of CHF, against a carrying amount of the investments of around €318m. Subsequently, the overall hedging was progressively increased to €299m with four hedging derivatives.

Hedge accounting management requires periodic effectiveness test at the individual, sub-consolidated and consolidated level, with impacts on profit or loss in the trading activity concerning the residual component represented by the forward points differential of the interest rates between the two currencies, as well as the spot purchase of Swiss francs on the maturity date of the derivative to be delivered to the counterparty.
With regard to the spot component – i.e. the change in the exchange rate from the designation date to the valuation date – this is treated as profit/loss from hedging activities and has offsetting effects.

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.
In terms of measurement metrics and liquidity risk mitigation tools, in addition to defining the methodological framework for measuring short-term and structural liquidity indicators, the maximum tolerance threshold (risk appetite) for liquidity risk is formalised, the criteria for defining the Liquidity Reserves and the rules and parameters for carrying out the stress tests.

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 consisting of liquid assets on private markets or eligible for central bank refinancing. To this end and in line with the maximum liquidity risk tolerance threshold, the system of limits is broken down by providing for two short-term indicators over a time horizon of one week (cumulative forecast imbalance of wholesale transactions) and one month (Liquidity Coverage Ratio - LCR), respectively.
The 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 a liquidity stress scenario as defined in the Delegated Regulation (EU) no. 2015/61.

The Policy sets out to adopt the Net Stable Funding Ratio (NSFR) requirement, which entered into force in June 2021 and has a minimum level of 100%, following the final approval and subsequent publication in the Official Journal in May 2019/878 of the banking reform package containing Directive (EU) 2019 (CRD V) and Regulation (EU) 2019/876 (CRR II). 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.
The Contingency Liquidity Plan (CLP), 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, the immediate lines of action and the intervention tools to resolve the emergency.
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.
In the first half of 2023, 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 June 2023, the Liquidity Coverage Ratio (LCR), measured in accordance with Delegated Regulation (EU) 2015/61, stood at 148.9% (131.9% at December 2022). Also at the end of June 2023, the NSFR stood at 133.6%. 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.

DISCLOSURE CONCERNING FINANCIAL PRODUCTS

Assets and liabilities measured at fair value on a recurring basis: analysis by fair value level

(€m)

	30.6.2023			31.12.2022		
	LEVEL 1	**LEVEL 2**	**LEVEL 3**	**LEVEL 1**	**LEVEL 2**	**LEVEL 3**
Financial assets measured at fair value through profit or loss	63	567	9	67	542	9
Financial assets measured at fair value through other comprehensive income	3,425	6	-	3,093	3	-
Hedging derivatives	-	295	-	-	317	-
Property and equipment	-	-	59	-	-	59
Total	**3,488**	**868**	**68**	**3,160**	**862**	**68**
Financial liabilities held for trading	-	24	-	-	21	-
Hedging derivatives	-	339	-	-	344	-
Total	**-**	**363**	**-**	**-**	**365**	**-**

Financial assets measured at fair value show the prevalence of level 1 instruments measured through recourse to market quotations. OTC hedging derivatives and treasury FX derivatives are classified as level 2 assets/liabilities. Level 3 financial assets refer to the UCITS units held by the subsidiary Fideuram Asset Management SGR.

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.

In the first half of 2023, operating losses of approximately €6.7m were recorded. The most significant type of loss is that relating to customers, products and operating practices due to the effect of new provisions on previous positions.

LEGAL AND TAX RISKS

In the normal course of their business, the companies of the Group are parties in civil and tax judicial proceedings and also parties in criminal proceedings against third parties.
The Group monitors pending cases constantly in consultation with external legal advisers, examining them in the light of the relevant contractual documents, the conduct concerned, internal investigations and any critical aspects highlighted by the aforesaid legal advisers during lawsuits. The Group has set aside provisions for legal disputes to cover, among other things, the liabilities that could, according to internal and external legal advice, be incurred as a result of pending legal and other disputes.
At 30 June 2023, these provisions totalled €81m. The total provisions and the amount of the individual provisions set aside are calculated based on the probability estimated by external and internal legal advisers' indications of the proceedings having negative outcomes. At 30 June 2023, 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.
With regard to the significant disputes in progress, the significant developments in the half-year are reported below and reference is made to the consolidated financial statements at 31 December 2022 for the detailed description of the main disputes.

CASES REGARDING ALLEGED UNLAWFUL AND/OR IMPROPER CONDUCT BY FORMER PERSONAL FINANCIAL ADVISERS AUTHORISED TO OFFER PRODUCTS AND SERVICES OUTSIDE GROUP PREMISES

In this regard, an audit carried out by the Audit Department revealed serious irregularities by a personal financial adviser of the Sanpaolo Invest network. 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 claim 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. At 30 June 2023, 34 requests were pending, for a claim of approximately €21m, following the settlement of 244 positions (84 settled and 160 withdrawn, rejected or settled as a result of commercial agreements). A total of €8.5m has been recovered from the wrongfully credited customers (and already returned to the damaged customers), with about €2m in seizures currently pending. The Company has set aside adequate provisions connected with the aforementioned fraud case, considering the foreseeable outlays without taking the insurance coverage into account.

TAX DISPUTES

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 2017, with the request for taxes totalling €28.7m, plus penalties and interest. To date, the outcomes in the first and second instance courts of the dispute initiated by the company with appeals against the audit notices have had mixed results. The various practices are currently pending in the second instance Tax Court (for the years 2016 and 2017) and in the Court of Cassation. Since the tax office's claim is groundless, no amount has been set aside in the provision for risks and charges.

Related parties transactions

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 at 30 June 2023 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 development initiatives of the Private Banking Division provided for in the Business Plan 2022-2025 and as part of the reorganisation process of the same Division, some transactions were carried out on the capital of Asteria Obviam in the period 1 January - 30 June 2023.
Asteria Obviam is an asset management company incorporated under Swiss law and a direct subsidiary of Reyl & Cie, in which Fideuram holds 69% of the share capital. Subject to the approval of the CEO of Intesa Sanpaolo, the Fideuram Board of Directors of 3 November 2022 authorised, within the scope of its responsibilities:

a) the purchase by Asteria of 20% of the shares of Asteria held by the former Obviam shareholders for the equivalent of CHF1, with the simultaneous adjustment of the nominal value of the company's capital, exercising the call option agreed between the parties;

b) the purchase by Reyl & Cie of 16% of the Asteria shares held by the former managers of Asteria for a value of CHF 4.5m, exercising the put option by the former managers of Asteria agreed between the parties.

As a result of the publication of the transaction in the Geneva Commercial Register, on 6 April 2023 Asteria Obviam completed the cancellation of the treasury shares previously held by former Obviam shareholders. Following cancellation, the equity investment held by Reyl & Cie in Asteria Obviam is now 100%.

On 20 June 2023, Fideuram's Board of Directors approved the renewal of the existing service contract with Intesa Sanpaolo, updated on the basis of the evolution of the organizational and operational context of the Group and the bank. There was a similar update of the service contracts in place between Intesa Sanpaolo and the following Fideuram subsidiaries: Intesa Sanpaolo Private Banking, IW Private Investments SIM, Fideuram Asset Management SGR, Siref Fiduciaria, Fideuram Asset Management (Ireland), Fideuram Asset Management UK, Reyl & Cie and Intesa Sanpaolo Wealth Management. Fideuram's new service contract with Intesa Sanpaolo provides for the disbursement of an annual fee estimated at just over €76m, an increase of around €7m compared to the final figure at the end of 2022, mainly due to the activation of new services and activities. Overall, the service contracts in place between Intesa Sanpaolo and the companies of the Fideuram Group will entail, subject to year-end adjustments, the payment of a consideration estimated for 2023 at around €120m, also up by around €10m compared to the final balance at the end of 2022. The interventions were carried out mainly for the purpose of adapting the aforementioned contracts to the changed regulatory and operational context.
All other relationships that the Group has with the other companies of the Intesa Sanpaolo Group fall within the sphere of ordinary operations. Fideuram makes use of Intesa Sanpaolo for intermediation in the trading of securities. These transactions are regulated at market conditions.

All amounts receivable and payable and all income and expenses at 30 June 2023 regarding companies in the Intesa Sanpaolo Group are summarised below:

Assets 30.6.2023

(€m)

	TRANSACTIONS WITH INTESA SANPAOLO GROUP	
	AMOUNT	%
Cash	1,803	39
Debt and equity securities	18,134	78
Loans to banks	9,738	94
Loans to customers	202	1
Financial derivatives	305	95
Property and equipment	67	17
Other	18	1

Liabilities 30.6.2023

(€m)

	TRANSACTIONS WITH INTESA SANPAOLO GROUP	
	AMOUNT	%
Due to banks	3,806	97
Due to customers	336	1
Financial derivatives	259	71
Other	261	12
Guarantees and commitments	1,263	14

Income statement 1st half of 2023

(€m)

	TRANSACTIONS WITH INTESA SANPAOLO GROUP	
	AMOUNT	%
Interest income	462	59
Interest expense	(59)	32
Fee and commission income	462	31
Fee and commission expense	(22)	4
Net profit (loss) on financial assets	(7)	n.s.
Administrative expenses	(77)	13
Depreciation of property and equipment	(7)	24

n.s. not significant

Events after 30 June 2023 and outlook

There were no significant events after the reporting period requiring any changes to be made to the consolidated financial statements at 30 June 2023.

Subject to the approval of the competent bodies of Intesa Sanpaolo, on 4 May 2023 the Fideuram Board of Directors approved, within the scope of its responsibilities, the recapitalisation of Asteria Obviam by Reyl & Cie for a total amount of up to CHF 7.8m, partly through the conversion of the existing subordinated loan (amounting to CHF 5.3m) and partly through a capital increase (up to CHF 2.5m). On 5 May 2023 the same resolution was then adopted by the Board of Directors of Reyl & Cie and, on 26 June 2023, by the Board of Directors and by the Extraordinary Shareholders' Meeting of Asteria Obviam. Having acknowledged the previous losses, the aforementioned bodies of Asteria Obviam, at the same meeting of 26 June 2023, also resolved to cancel the previous share capital of CHF 11.2m. As a result of the publication of the transaction in the Geneva Commercial Register on 7 July 2023 the elimination of the capital of Asteria Obviam was completed for previous losses (CHF 11.2m) and the concurrent capital increase for a total amount of CHF 7.3m, as described above.

Developments in the miliary conflict between Russia and Ukraine are unlikely to affect the Group's economic and financial outlook due to the limited extent of business in both countries. Any decisions that may be taken at EU and international level, and their possible repercussions on operations. The revenue development policies and the size of client assets (which are continuing to generate recurring commission income), together with cost control measures and the constant focus on risk management, will allow our Group to end the current period with greater profits than last year.

The Board of Directors
27 July 2023

Consolidated financial statements

Consolidated balance sheet

(€m)

	30.6.2023	31.12.2022
ASSETS		
10. Cash and cash equivalents	4,608	5,873
20. Financial assets measured at fair value through profit or loss	639	618
a) financial assets held for trading	26	25
b) financial assets measured at fair value	-	-
c) other financial assets mandatorily measured at fair value	613	593
30. Financial assets measured at fair value through other comprehensive income	3,431	3,096
40. Financial assets measured at amortised cost	44,136	49,485
a) loans and advances to banks	27,839	32,754
b) loans and advances to customers	16,297	16,731
50. Hedging derivatives	295	317
60. Adjustments to financial assets subject to macro-hedging (+/-)	(55)	(58)
70. Equity investments	249	232
80. Insurance assets	-	-
a) insurance contracts issued that constitute assets	-	-
b) reinsurance sales that constitute assets	-	-
90. Property and equipment	385	391
100. Intangible assets	819	836
of which: goodwill	*411*	*409*
110. Tax assets	248	273
a) current	26	31
b) deferred	222	242
120. Non-current assets held for sale and discontinued operations	-	-
130. Other assets	2,065	1,808
TOTAL ASSETS	**56,820**	**62,871**

Chairman of the
Board of Directors
Paolo Molesini

Managing Director
Tommaso Corcos

Chief Financial Officer
Domenico Sfalanga

Consolidated balance sheet

(€m)

	30.6.2023	31.12.2022
LIABILITIES AND SHAREHOLDERS' EQUITY		
10. Financial liabilities measured at amortised cost	49,927	56,266
a) due to banks	3,905	5,419
b) due to customers	46,022	50,847
c) debt on issue	-	-
20. Financial liabilities held for trading	24	21
30. Financial liabilities measured at fair value	-	-
40. Hedging derivatives	339	344
50. Adjustments to financial liabilities subject to macro-hedging (+/-)	(35)	(37)
60. Tax liabilities	131	177
a) current	31	61
b) deferred	100	116
70. Liabilities associated with non-current assets held for sale and discontinued operations	-	-
80. Other liabilities	2,245	1,723
90. Provision for employment termination indemnities	34	38
100. Provisions for risks and charges:	514	523
a) commitments and guarantees	5	3
b) pensions and other commitments	5	10
c) other provisions for risks and charges	504	510
110. Insurance liabilities	-	-
a) insurance contracts issued that constitute liabilities	-	-
b) reinsurance sales that constitute liabilities	-	-
120. Valuation reserves	(13)	(24)
130. Redeemable shares	-	-
140. Equity instruments	25	24
150. Reserves	2,406	2,242
160. Share premium reserve	206	206
170. Share capital	300	300
180. Treasury shares (-)	-	(3)
190. Equity attributable to non-controlling interests (+/-)	1	1
200. Net profit (loss) for the period (+/-)	716	1,070
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**56,820**	**62,871**

Chairman of the
Board of Directors
Paolo Molesini

Managing Director
Tommaso Corcos

Chief Financial Officer
Domenico Sfalanga

Consolidated income statement

(€m)

	1ST HALF 2023	1ST HALF 2022
10. Interest income and similar income	785	152
of which: interest income calculated with the effective interest method	*790*	*186*
20. Interest expense and similar expense	(184)	(58)
30. Net interest income	**601**	**94**
40. Fee and commission income	1,504	1,551
50. Fee and commission expense	(556)	(513)
60. Net fee and commission income	**948**	**1,038**
70. Dividends and similar income	2	-
80. Net profit (loss) on trading activities	23	22
90. Net profit (loss) on hedging derivatives	(2)	4
100. Profit (loss) on sale or repurchase of:	1	2
a) financial assets measured at amortised cost	-	-
b) financial assets measured at fair value through other comprehensive income	1	2
c) financial liabilities	-	-
110. Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	39	(70)
a) financial assets and liabilities measured at fair value	-	-
b) other financial assets mandatorily measured at fair value	39	(70)
120. Total net interest and trading income	**1,612**	**1,090**
130. Net impairment for credit risk related to:	(8)	(6)
a) financial assets measured at amortised cost	(7)	(5)
b) financial assets measured at fair value through other comprehensive income	(1)	(1)
140. Gains/losses on contractual changes without cancellation	-	-
150. Operating income	**1,604**	**1,084**
160. Insurance services income	-	-
a) insurance income from insurance contracts issued	-	-
b) expenses for insurance services from insurance contracts issued	-	-
c) insurance income from reinsurance sales	-	-
d) expenses for insurance services from reinsurance sales	-	-
170. Balance of income and expenses of a financial nature related to insurance operations	-	-
a) net expenses/income of a financial nature related to insurance contracts issued	-	-
b) net income/expenses of a financial nature related to reinsurance sales	-	-
180. Operating income from financing and insurance activities	**1,604**	**1,084**
190. Administrative expenses:	(607)	(570)
a) personnel expenses	(258)	(235)
b) other administrative expenses	(349)	(335)
200. Net provisions for risks and charges	(41)	55
a) commitments and guarantees	(1)	-
b) other net provisions	(40)	55
210. Depreciation of property and equipment	(31)	(28)
220. Amortisation of intangible assets	(27)	(23)
230. Other income/expense	160	177
240. Operating expenses	**(546)**	**(389)**
250. Profit (loss) on equity investments	1	8
260. Net fair value gains (losses) on property and equipment and intangible assets	-	-
270. Goodwill impairment	-	-
280. Gain (loss) on disposal of investments	-	-
290. Profit (loss) before tax from continuing operations	**1,059**	**703**
300. Income taxes for the period on continuing operations	(341)	(175)
310. Profit (loss) after tax from continuing operations	**718**	**528**
320. Profit (loss) after tax from discontinued operations	-	-
330. Net profit (loss) for the period	**718**	**528**
340. Net profit (loss) for the period attributable to non-controlling interests	(2)	-
350. Parent company interest in net profit (loss) for the period	**716**	**528**

Chairman of the
Board of Directors
Paolo Molesini

Managing Director
Tommaso Corcos

Chief Financial Officer
Domenico Sfalanga

Consolidated statement of comprehensive income

(€m)

	1ST HALF 2023	1ST HALF 2022
10. Net profit (loss) for the period	**718**	**528**
Other comprehensive income after tax not transferred to the income statement	**6**	**25**
20. Equity instruments measured at fair value through other comprehensive income	2	(2)
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	-	-
60. Intangible assets	-	-
70. Defined-benefit plans	4	27
80. Non-current assets held for sale and discontinued operations	-	-
90. Valuation reserves related to investments carried at equity	-	-
100. Revenues or expenses of a financial nature relating to insurance contracts issued	-	-
Other comprehensive income after tax that may be transferred to the income statement	**5**	**(100)**
110. Hedging of net investments in foreign operations	(2)	(8)
120. Exchange rate differences	3	9
130. Cash flow hedges	(3)	(31)
140. Hedging instruments (undesignated elements)	-	-
150. Financial assets (other than equity instruments) measured at fair value through other comprehensive income	9	(56)
160. Non-current assets held for sale and discontinued operations	-	-
170. Valuation reserves related to investments carried at equity	(2)	(14)
180. Revenues or expenses of a financial nature relating to insurance contracts issued	-	-
190. Revenues or expenses of a financial nature relating to reinsurance sales	-	-
200. Total other comprehensive income after tax	**11**	**(75)**
210. Overall profitability (Item 10+200)	**729**	**453**
220. Total comprehensive income attributable to non-controlling interests	2	-
230. Total comprehensive income attributable to parent company	727	453

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 31.12.2022	CHANGE IN OPENING BALANCES	BALANCE AT 1.1.2023	ALLOCATION OF INCOME FOR THE PREVIOUS YEAR		CHANGES IN THE PERIOD									SHAREHOLDERS' EQUITY AT 30.6.2023	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY AT 30.6.2023	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS AT 30.6.2023
							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 1ST HALF 2023			
Share capital:	**300**	**-**	**300**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**300**	**300**	**-**
- ordinary shares	300	-	300	-	-	-	-	-	-	-	-	-	-	-	300	300	-
- other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	**206**	**-**	**206**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**206**	**206**	**-**
Reserves:	**2,246**	**-**	**2,246**	**167**	**-**	**(5)**	**(3)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,405**	**2,406**	**(1)**
- From net income	1,897	-	1,897	167	-	(3)	-	-	-	-	-	-	-	-	2,061	2,062	(1)
- Other	349	-	349	-	-	(2)	(3)	-	-	-	-	-	-	-	344	344	-
Valuation reserves	**(24)**	**-**	**(24)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**11**	**(13)**	**(13)**	**-**
Equity instruments	**24**	**-**	**24**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**-**	**-**	**-**	**-**	**25**	**25**	**-**
Treasury shares	**(3)**	**-**	**(3)**	**-**	**-**	**-**	**3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net profit (loss) for the period	**1,067**	**-**	**1,067**	**(167)**	**(900)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**718**	**718**	**716**	**2**
Shareholders' equity	**3,816**	**-**	**3,816**	**-**	**(900)**	**(5)**	**-**	**-**	**-**	**1**	**-**	**-**	**-**	**729**	**3,641**	**3,640**	**1**
Equity attributable to owners of the parent company	**3,815**	**-**	**3,815**	**-**	**(900)**	**(3)**	**-**	**-**	**-**	**1**	**-**	**-**	**-**	**727**	**3,640**		
Equity attributable to non-controlling interests	**1**	**-**	**1**	**-**	**-**	**(2)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**1**		

Chairman of the
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Paolo Molesini

Managing Director
Tommaso Corcos

Chief Financial Officer
Domenico Sfalanga

Statement of changes in consolidated shareholders' equity

(€m)

				ALLOCATION OF INCOME FOR THE PREVIOUS YEAR		CHANGES IN THE PERIOD											
							TRANSACTIONS INVOLVING SHAREHOLDERS' EQUITY										
	BALANCE AT 31.12.2021	CHANGE IN OPENING BALANCES	BALANCE AT 1.1.2022	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 1ST HALF 2022	SHAREHOLDERS' EQUITY AT 30.6.2022	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY AT 30.6.2022	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS AT 30.6.2022
Share capital:	**305**	**-**	**305**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**305**	**300**	**5**
- ordinary shares	305	-	305	-	-	-	-	-	-	-	-	-	-	-	305	300	5
- other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	**212**	**-**	**212**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**212**	**206**	**6**
Reserves:	**1,624**	**-**	**1,624**	**620**	**-**	**(18)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,226**	**2,235**	**(9)**
- From net income	1,299	-	1,299	620	-	-	-	-		-	-	-	-	-	1,919	1,928	(9)
- Other	325	-	325	-	-	(18)	-	-	-	-	-	-	-	-	307	307	-
Valuation reserves	**62**	**-**	**62**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(75)**	**(13)**	**(13)**	**-**
Equity instruments	**24**	**-**	**24**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**-**	**-**	**-**	**-**	**25**	**25**	**-**
Treasury shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net profit (loss) for the period	**1,121**	**-**	**1,121**	**(620)**	**(501)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**528**	**528**	**528**	**-**
Shareholders' equity	**3,348**	**-**	**3,348**	**-**	**(501)**	**(18)**	**-**	**-**	**-**	**1**	**-**	**-**	**-**	**453**	**3,283**	**3,281**	**2**
Equity attributable to owners of the parent company	**3,319**	**-**	**3,319**	**-**	**(501)**	**9**	**-**	**-**	**-**	**1**	**-**	**-**	**-**	**453**	**3,281**		
Equity attributable to non-controlling interests	**29**	**-**	**29**	**-**	**-**	**(27)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2**		

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)

	1ST HALF 2023	I SEMESTRE 2022
A. OPERATING ACTIVITIES		
1. Operations	**1,078**	**611**
- profit (loss) for the period (+/-)	716	528
- net profit (loss) on financial assets held for trading and on other assets/liabilities measured at fair value through profit or loss (-/+)	(61)	48
- net profit (loss) on hedging activities (-/+)	2	(4)
- net impairment for credit risk (+/-)	8	5
- net depreciation and amortisation (+/-)	58	51
- net provisions for risks and charges and other expense/income (+/-)	42	(55)
- net income and expenses from insurance contracts issued and reinsurance sales (-/+)	-	-
- unpaid taxes and tax credits (+/-)	341	176
- net impairment of discontinued operations net of tax effect (-/+)	-	-
- other adjustments (+/-)	(28)	(138)
2. Cash from/used in financing activities	**4,830**	**1,010**
- financial assets held for trading	12	8
- financial assets measured at fair value	-	-
- other assets mandatorily measured at fair value	17	(45)
- financial assets measured at fair value through other comprehensive income	(324)	(2)
- financial assets measured at amortised cost	5,359	2,083
- other assets	(234)	(1,034)
3. Cash from/used in financial liabilities (*)	**(6,245)**	**(410)**
- financial liabilities measured at amortised cost	(6,339)	(271)
- financial liabilities held for trading	14	17
- financial liabilities measured at fair value	-	-
- other liabilities	80	(156)
4. Cash generated/absorbed by insurance contracts issued and reinsurance sales	**-**	**-**
- insurance contracts issued that constitute liabilities/assets (+/-)	-	-
- reinsurance sales that constitute assets/liabilities (+/-)	-	-
Net cash from/used in operating activities	**(337)**	**1,211**
B. INVESTING ACTIVITIES		
1. Cash from	**-**	**-**
- disposal of equity investments	-	-
- dividend income from equity investments	-	-
- sale of property and equipment	-	-
- sale of intangible assets	-	-
- sale of subsidiaries and company divisions	-	-
2. Cash used in	**(28)**	**1,044**
- acquisition of equity investments	(17)	(20)
- acquisition of property and equipment	(1)	(1)
- purchase of intangible assets	(6)	(10)
- acquisition of subsidiaries and company divisions	(4)	1,075
Net cash from/used in operating activities	**(28)**	**1,044**
C. FUNDING ACTIVITIES	**-**	
- issue/purchase of treasury shares	-	-
- issue/purchase of equity instruments	-	-
- distribution of dividends and other	(900)	(501)
- sale/purchase of control of others	-	-
Net cash from/used in funding activities	**(900)**	**(501)**
NET CASH GENERATED/USED IN THE PERIOD	**(1,265)**	**1,754**

Reconciliation

Cash and cash equivalents at the beginning of the period	5,873	3,707
Total net cash generated/used in the period	(1,265)	1,754
Cash and cash equivalents: effect of changes in exchange rates	-	-
Cash and cash equivalents at the end of the period	4,608	5,461

(*) In relation to the disclosure prescribed in paragraph 44B of IAS 7, we note that the changes in liabilities resulting from financing activities totalled -€6,245m (generated liquidity) and reflect the net amount of -€6,339m in cash flows, -€5m in changes in fair value, and +€99m in other changes.

Chairman of the Board of Directors
Paolo Molesini

Managing Director
Tommaso Corcos

Chief Financial Officer
Domenico Sfalanga

Accounting policies

BASIS OF PREPARATION

The Condensed Half-Year Consolidated Financial Statements at 30 June 2023 were prepared in accordance with the IAS/IFRS international accounting standards issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by the European Commission. In particular, the condensed half-year consolidated financial statements were drawn up in accordance with the accounting standard IAS 34, which governs interim financial reporting.

The accounting standards adopted for the preparation of the condensed half-year consolidated financial statements are in line with those adopted for the preparation of the financial statements at 31 December 2022, to which reference is therefore made for a complete description.

With reference to the evolution of the accounting legislation, the accounting standard IFRS17 Insurance Contracts, published by the IASB in May 2017, is applicable from 1st January 2023, subject to subsequent amendments and endorsed with EU Regulation no. 2036/2021 of 19 November 2021.
The new standard, which directly affects the associated company Fideuram Vita in which Fideuram holds a 19.99% equity investment, provides for the introduction of new capital figures and different ways of recognising the profitability of insurance products. The changes introduced by the new standard had an non-significant impact on the statement of financial position upon first adoption.
In addition to the above, the following Regulations will apply starting from 1st January 2023, introducing changes that are not relevant to the Group:

- EU Regulation no. 357/2022 of 2 March 2022, which adopts certain minor amendments to IAS1 on disclosure of accounting standards and to IAS8 on the distinction between accounting policies and estimates;
- EU Regulation no. 1392/2022 of 11 August 2022 which adopts certain amendments to IAS12 regarding deferred taxes relating to assets and liabilities deriving from a single transaction.

During the first half of 2023, the following corporate transactions were completed:

- the merger by incorporation of Fideuram Bank (Luxembourg) into Compagnie de Banque Privée Quilvest, with the renaming of the merged company as Intesa Sanpaolo Wealth Management;
- the start of operations of Fideuram Asset Management UK, an investment company based in the United Kingdom, which took over the assets previously managed by the London branch of Fideuram Asset Management (Ireland);
- the subscription by Fideuram of the capital increase of Alpian, a Swiss digital bank in the start-up phase based in Geneva;
- the liquidation of the Swiss subsidiary Inveniam SA;
- the acquisition by Reyl of 100% of IIF SME Manager Ltd. held by Asteria Obviam;
- the acquisition by Reyl of Carnegie Fund Services SA, a Swiss company that carries out asset services and representation activities for mutual investment funds.

The condensed half-year consolidated financial statements include the Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity and Statement of Cash Flows, and are accompanied by explanatory notes. The accounting schedules are published in the format provided for by the eighth update of Circular no. 262/2005 of the Bank of Italy of 17 November 2022. These financial statements have been drawn up using the euro as the reporting currency and the amounts contained therein, unless otherwise specified, are shown in millions of euro.
The Interim directors' report and the Condensed Half-Year Consolidated Financial Statements contain some information – such as, by way of example, data relating to quarterly developments and other alternative performance indicators – not directly attributable to the financial statements.
As required by IAS34, the income statement for the first six months of 2023 was compared with that for the same period of 2022, while the balance sheet at 30 June 2023 was compared with that at 31 December 2022. 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 notes to the Financial Statements at 30 June 2023 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 for the first half of 2023 compared to those of the corresponding comparison periods of 2022 was affected by the impacts of the acquisition of Intesa Sanpaolo Wealth Management, which took place on 30 June 2022. In the explanatory notes, to allow for a comparison on a homogeneous basis and to adequately represent the effects deriving from the aforementioned transaction, the operating data and the accounting balances presented in the statement of financial position schedule have been restated, where necessary. In preparing the restated income statement, appropriate adjustments were made to historical data to reflect retroactively, assuming that the corporate transaction took place starting from 1st January 2022, the changes in the scope of consolidation that occurred during 2022, without however, changing the result for the period with respect to the official income statement published in the previous period. The net effects of the adjustments were recognised in the non-controlling interests in the restated income statement. Detailed information on the restatements and reclassifications is presented in specific reconciliation statements provided in the schedules accompanying these Financial Statements.
The condensed half-year consolidated financial statements are subject to a limited audit by the company EY S.p.A..

SCOPE AND METHODS OF CONSOLIDATION

The following table shows the list of companies included in Fideuram's scope of consolidation at 30 June 2023.

Equity investments in wholly-owned subsidiaries at 30.6.2023

COMPANY NAME	OPERATIONAL HEAD OFFICE	REGISTERED OFFICE	TYPE OF OWNERSHIP (*)	OWNERSHIP ASSOCIATE COMPANY	OWNERSHIP % OWNED	% VOTES (**)
1. Intesa Sanpaolo Private Banking S.p.A. Share capital €117,497,424	Milan	Milan	1	Fideuram	100.000%	
2. Fideuram - Intesa Sanpaolo Private Banking Asset Management SGR S.p.A. Share capital €25,870,000	Milan	Milan	1	Fideuram	99.517%	
3. Siref Fiduciaria S.p.A. Share capital €2,600,000	Milan	Milan	1	Fideuram	100.000%	
4. IW Private Investments SIM S.p.A. Share capital €29,100,000	Milan	Milan	1	Fideuram	100.000%	
5. Fideuram Asset Management (Ireland) dac Share capital €1,000,000	Dublin	Dublin	1	Fideuram	100.000%	
6. RB Participations S.A. Share capital CHF 100,000	Geneva	Geneva	1	Fideuram	100.000%	
7. REYL & Cie S.A. Share capital CHF 31,500,001	Geneva	Geneva	1	Fideuram RB Participations	39.000% 30.000%	
8. Intesa Sanpaolo Wealth Management S.A. Share capital €123,813,000	Luxembourg	Luxembourg	1	Fideuram	100.000%	
9. Intesa Sanpaolo Private Argentina S.A. Share capital ARS 13,404,506	Buenos Aires	Buenos Aires	1	REYL & Cie Fideuram	95.033% 4.967%	
10. Morval Bank & Trust Cayman Ltd in liquidation Share capital USD 7,850,000	George Town	George Town	1	REYL & Cie	100.000%	
11. REYL Overseas A.G. Share capital CHF 2,000,000	Zurich	Zurich	1	REYL & Cie	100.000%	
12. Gap ManCo Sàrl Share capital €12,500	Luxembourg	Luxembourg	1	REYL & Cie	100.000%	
13. REYL Singapore Holding PTE Ltd Share capital SGD 1,201	Singapore	Singapore	1	REYL & Cie	75.000%	
14. REYL Singapore PTE Ltd Share capital SGD 500,000	Singapore	Singapore	1	REYL & Cie REYL Singapore Holding PTE	76.000% 24.000%	
15. REYL & Co. (Holdings) Ltd Share capital GBP 3,700,000	London	London	1	REYL & Cie	100.000%	
16. REYL & Co. (UK) LLP Share capital GBP 3,800,000	London	London	1	REYL & Co. (Holdings)	100.000%	
17. REYL & Cie (Malta) Holding Ltd Share capital €930,000	Valletta	Valletta	1	REYL & Cie	100.000%	
18. REYL & Cie (Malta) Ltd Share capital €930,000	Valletta	Valletta	1	REYL & Cie (Malta) Holding	100.000%	
19. REYL Finance (MEA) Ltd Share capital USD 2,875,000	Dubai	Dubai	1	REYL & Cie	100.000%	
20. Portugal Real Estate Opportunities Manager SARL in liquidation Share capital €12,500	Luxembourg	Luxembourg	1	REYL Finance (MEA)	100.000%	
21. Iberia Distressed Assets Manager SARL Share capital €12,500	Luxembourg	Luxembourg	1	REYL Finance (MEA)	100.000%	
22. REYL Private Office Sàrl Share capital €50,000	Luxembourg	Luxembourg	1	REYL & Cie	100.000%	
23. Asteria Obviam S.A. Share capital CHF 11,200,000	Geneva	Geneva	1	REYL & Cie	100.000%	
24. Carnegie Fund Services S.A. Share capital € 435,000	Geneva	Geneva	1	REYL & Cie	100.000%	
25. IIF SME Manager Ltd Share capital USD 1,000	George Town	George Town	1	REYL & Cie	100.000%	
26. Ubi Trustee S.A. Share capital €250,000	Luxembourg	Luxembourg	1	Intesa Sanpaolo Wealth Management	100.000%	
27. CBP Quilvest PE Fund SARL Share capital USD 20,000	Luxembourg	Luxembourg	1	Intesa Sanpaolo Wealth Management	100.000%	
28. Fideuram Asset Management UK Ltd Share capital GBP 1.000.000	London	London	1	Fideuram Asset Management (Ireland)	100.000%	

LEGEND
(*) Type of relationship
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.

The Condensed Half-Year Consolidated financial statements include Fideuram and its direct and indirect subsidiaries and the companies over which it exercises significant influence.

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. 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. Fideuram Vita S.p.A. (Insurance company in which Fideuram holds 19.99% of the share capital), 1875 Finance Holding AG (financial company in which Reyl & Cie holds 40%) and Alpian (financial company in which Fideuram holds 23.7% and Reyl 11.3%) are associated companies, recognised in the consolidated financial statements using the equity method.

The financial statements used for the consolidation were those at 30 June 2023, 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 exchange rates at the reporting date to items of balance sheet and the average exchange rates for the period to profit or loss items. Any exchange rate differences arising from translations at said exchange rates are recognised in the valuation reserve.

Compared to 31 December 2022, the line-by-line consolidation has changed as follows:

- the exit of Fideuram Bank (Luxembourg) following the merger by incorporation into Compagnie de Banque Privée Quilvest with renaming to Intesa Sanpaolo Wealth Management;
- the entry of Reyl Finance (MEA) following the overcoming of the materiality limits which previously allowed its consolidation at equity;
- the exit of Asteria Obviam SA, now consolidated using the equity method in consideration of the non-materiality of the assets in the statement of financial position.

Independent Auditors' Report

EY S.p.A.
Via Lombardia, 31
00187 Roma

Tel: +39 06 324751
Fax: +39 06 324755504
ey.com

Review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

To the Sole Shareholder of
Fideuram – Intesa Sanpaolo Private Banking S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows and the related explanatory notes of Fideuram – Intesa Sanpaolo Private Banking S.p.A. and its subsidiaries (the "Fideuram – Intesa Sanpaolo Private Banking Group") as at June 30, 2023 and for the six months then ended. The Directors of Fideuram – Intesa Sanpaolo Private Banking S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of the Fideuram – Intesa Sanpaolo Private Banking Group as at June 30, 2023 and for the six months then ended are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Rome, August 3, 2023

EY S.p.A.
Signed by: Francesco Chiulli, Auditor

This report has been translated into the English language solely for the convenience of international readers

Schedules

Basis of preparation of the restated financial statements

The comparative analysis of the economic figures for the first half of 2023 compared to the corresponding figures for the same period of 2022 is affected by the impacts of the acquisition of Intesa Sanpaolo Wealth Management which took place on 30 June 2022.

In order to allow for a comparison on a homogeneous basis and to adequately represent the effects deriving from the aforementioned transaction, in preparing the restated income statement, appropriate adjustments were made to the historical data to retroactively reflect the changes that occurred during 2022, without however changing the profit (loss) for the period compared to the official income statement published in the previous period. In particular, income statement has been restated so as to include in the consolidated profit (loss) for the first half of 2022 the full contribution of this transaction for the portion prior to acquisition by the Group. The net effects of the adjustments were recognised in the non-controlling interests in the restated income statement.

Reconciliation statements of the official and restated financial statements

Reconciliation between the consolidated income statement published at 30 June 2022 and the restated consolidated income statement at 30 June 2022

(€m)

	1ST HALF 2022 PUBLISHED	CHANGES IN SCOPE OF CONSOLIDATION (*)	1ST HALF 2022 RESTATED
10. Interest income and similar income	152	5	157
of which: interest income calculated with the effective interest method	*186*	-	*186*
20. Interest expense and similar expense	(58)	(3)	(61)
30. Net interest income	**94**	**2**	**96**
40. Fee and commission income	1,551	21	1,572
50. Fee and commission expense	(513)	(4)	(517)
60. Net fee and commission income	**1,038**	**17**	**1,055**
70. Dividends and similar income	-	-	-
80. Net profit (loss) on trading activities	22	6	28
90. Net profit (loss) on hedging derivatives	4	-	4
100. Profit (loss) on sale or repurchase of:	2	-	2
a) financial assets measured at amortised cost	-	-	-
b) financial assets measured at fair value through other comprehensive income	2	-	2
c) financial liabilities	-	-	-
110. Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	(70)	-	(70)
a) financial assets and liabilities measured at fair value	-	-	-
b) other financial assets mandatorily measured at fair value	(70)	-	(70)
120. Total net interest and trading income	**1,090**	**25**	**1,115**
130. Net impairment for credit risk related to:	(6)	-	(6)
a) financial assets measured at amortised cost	(5)	-	(5)
b) financial assets measured at fair value through other comprehensive income	(1)	-	(1)
140. Gains/losses on contractual changes without cancellation	-	-	-
150. Operating income	**1,084**	**25**	**1,109**
160. Insurance services income	-	-	-
a) insurance income from insurance contracts issued	-	-	-
b) expenses for insurance services from insurance contracts issued	-	-	-
c) insurance income from reinsurance sales	-	-	-
d) expenses for insurance services from reinsurance sales	-	-	-
170. Balance of income and expenses of a financial nature related to insurance operations	-	-	-
a) net expenses/income of a financial nature related to insurance contracts issued	-	-	-
b) net income/expenses of a financial nature related to reinsurance sales	-	-	-
180. Operating income from financing and insurance activities	**1,084**	**25**	**1,109**
190. Administrative expenses:	(570)	(23)	(593)
a) personnel expenses	(235)	(15)	(250)
b) other administrative expenses	(335)	(8)	(343)
200. Net provisions for risks and charges	55	-	55
a) commitments and guarantees	-	-	-
b) other net provisions	55	-	55
210. Depreciation of property and equipment	(28)	(1)	(29)
220. Amortisation of intangible assets	(23)	(1)	(24)
230. Other income/expense	177	2	179
240. Operating expenses	**(389)**	**(23)**	**(412)**
250. Profit (loss) on equity investments	8	-	8
260. Net fair value gains (losses) on property and equipment and intangible assets	-	-	-
270. Goodwill impairment	-	-	-
280. Gain (loss) on disposal of investments	-	-	-
290. Profit (loss) before tax from continuing operations	**703**	**2**	**705**
300. Income taxes for the period on continuing operations	(175)	-	(175)
310. Profit (loss) after tax from continuing operations	**528**	**2**	**530**
320. Profit (loss) after tax from discontinued operations	-	-	-
330. Net profit (loss) for the period	**528**	**2**	**530**
340. Net profit (loss) for the period attributable to non-controlling interests	-	(2)	(2)
350. Parent company interest in net profit (loss) for the period	**528**	**-**	**528**

(*) Figures relating to the contribution of CBP Quilvest SA which as from 1 January 2023 following the merger with Fideuram Bank (Luxembourg) was renamed Intesa Sanpaolo Wealth Management.

Basis of preparation of the reclassified financial statements

The balance sheet and income statement as at and for the period ended 30 June 2023 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 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.
- Expenses relating to some incentive systems for employees of the distribution networks, financed on the basis of deterministic quantification criteria with fee revenues generated by the networks, have been recognised under fee and commission expense;
- 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	30.6.2023	31.12.2022
Cash and cash equivalents		4,608	5,873
	10. Cash and cash equivalents	*4,608*	*5,873*
Financial assets measured at fair value through profit or loss		639	618
	Item 20. Financial assets measured at fair value through profit or loss	*639*	*618*
Financial assets measured at fair value through other comprehensive income		3,431	3,096
	Item 30. Financial assets measured at fair value through other comprehensive income	*3,431*	*3,096*
Debt securities measured at amortised cost		19,128	19,916
	Item 40. a) (partial) Financial assets measured at amortised cost - Loans and advances to banks - securities	*17,462*	*18,289*
	Item 40. b) (partial) Financial assets measured at amortised cost - Loans and advances to customers - securities	*1,666*	*1,627*
Loans to banks		10,377	14,465
	Item 40. a) Financial assets measured at amortised cost - Loans and advances to banks	*27,839*	*32,754*
	Item 40. a) (partial) Financial assets measured at amortised cost - Loans and advances to banks - securities	*(17,462)*	*(18,289)*
Loans to customers		*14,631*	*15,104*
	Item 40. b) Financial assets measured at amortised cost - Loans and advances to customers	*16,297*	*16,731*
	Item 40. b) (partial) Financial assets measured at amortised cost - Loans and advances to customers - securities	*(1,666)*	*(1,627)*
Hedging derivatives		295	317
	Item 50. Hedging derivatives	*295*	*317*
Equity investments		249	232
	Item 70. Equity investments	*249*	*232*
Property and equipment and intangible assets		1,204	1,227
	Item 90. Property and equipment	*385*	*391*
	Item 100. Intangible assets	*819*	*836*
Tax assets		248	273
	Item 110. Tax assets	*248*	*273*
Non-current assets held for sale and discontinued operations		2,010	1,750
	Item 60. Adjustments to financial assets subject to macro-hedging (+/-)	*(55)*	*(58)*
	Item 130. Other assets	*2,065*	*1,808*
Total assets	**Total assets**	**56,820**	**62,871**

RECLASSIFIED BALANCE SHEET ITEMS – LIABILITIES	RESTATED CONSOLIDATED BALANCE SHEET ITEMS – LIABILITIES	30.6.2023	31.12.2022
Due to banks		3,905	5,419
	Item 10. a) Financial liabilities measured at amortised cost - due to banks	*3,905*	*5,419*
Due to customers		46,022	50,847
	Item 10. b) Financial liabilities measured at amortised cost - due to customers	*46,022*	*50,847*
Financial liabilities held for trading		24	21
	Item 20. Financial liabilities held for trading	*24*	*21*
Hedging derivatives		339	344
	Item 40. Hedging derivatives	*339*	*344*
Tax liabilities		*131*	*177*
	Item 60. Tax liabilities	131	177
Other liabilities		*2,244*	*1,724*
	Item 50. Adjustments to financial liabilities subject to macro-hedging (+/-)	*(35)*	*(37)*
	Item 80. Other liabilities	*2,245*	*1,723*
	Item 90. Provision for employment termination indemnities	*34*	*38*
Provisions for risks and charges		*514*	*523*
	Item 100. Provisions for risks and charges	514	523
Equity, reserves and equity instruments		*2,924*	*2,745*
	Items 120., 140., 150., 160., 170., 180. Equity attributable to owners of the parent company	2,924	2,745
Equity attributable to non-controlling interests		*1*	*1*
	Item 190. Equity attributable to non-controlling interests (+/-)	1	1
Net profit		*716*	*1,070*
	Item 200. Net profit (loss) for the year	*716*	*1,070*
Total liabilities	**Total liabilities and shareholders' equity**	**56,820**	**62,871**

Reconciliation of the restated consolidated income statement and reclassified consolidated income statement

(€m)

RECLASSIFIED CONSOLIDATED INCOME STATEMENT ITEMS	RESTATED CONSOLIDATED INCOME STATEMENT ITEMS	1ST HALF 2023	1ST HALF 2022
Net interest income		602	101
	Item 30. Net interest income	*601*	*96*
	- Item 30. (partial) Interest margin PPA IW Private Investments and Fideuram	*6*	*5*
	- Item 190. a) (partial) Reversal of time value of severance pay and other personnel provisions	*(1)*	*-*
	- Item 200. b) (partial) Reversal of time value of provisions for risks and charges	*(4)*	*-*
Net profit (loss) on financial assets and liabilities		34	25
	Item 70. Dividends and similar income	*2*	*-*
	Item 80. Net profit (loss) on trading activities	*22*	*28*
	Item 90. Net profit (loss) on hedging derivatives	*(2)*	*4*
	Item 100. Gains (losses) on disposal or repurchase of financial assets	*1*	*2*
	Item 110. Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	*39*	*(69)*
	Item 110. (partial) Component of the return on insurance policies for the Networks	*(28)*	*60*
Net fee and commission income		931	1,023
	Item 60. Net fee and commission income	*949*	*1,054*
	- Item 110. (partial) Component of the return on insurance policies for the Networks	*2*	*(8)*
	- Item 190. a) (partial) Component of staff expenses relating to fee and commission income	*(16)*	*(19)*
	- Item 190. b) (partial) Component of administrative expenses relating to fee and commission income	*(4)*	*(4)*
Net interest and trading income		**1,567**	**1,149**
Profit (Loss) on equity investments and other income (expense)		(1)	9
	Item 230. Other income/expense	*160*	*179*
	Item 250. Profit (loss) on equity investments	*1*	*8*
	- Item 230. (partial) Recovery of indirect taxes	*(171)*	*(165)*
	- Item 230. (partial) Component of the returns on insurance policies for the Networks	*9*	*(13)*
Net operating income		**1,566**	**1,158**
Personnel expenses		(239)	(224)
	Item 190. a) Personnel expenses	*(258)*	*(250)*
	- Item 190. a) (partial) Reversal of time value of severance pay and other personnel provisions	*1*	*-*
	- Item 190. a) (partial) Component of staff expenses relating to fee and commission income	*16*	*19*
	- Item 190. a) (partial) Integration expenses	*2*	*7*
Other administrative expenses		(151)	(148)
	Item 190. b) Other administrative expenses	*(349)*	*(342)*
	- Item 190. b) (partial) Integration expenses	*9*	*9*
	- Item 190. b) (partial) Expenses relating to the banking system	*14*	*16*
	- Item 190. b) (partial) Component of administrative expenses relating to fee and commission income	*4*	*4*
	- Item 230. (partial) Recovery of indirect taxes	*171*	*165*
Depreciation and amortisation		(43)	(40)
	Item 210. Depreciation of property and equipment	*(30)*	*(29)*
	Item 220. Amortisation of intangible assets	*(27)*	*(24)*
	- Item 220. (partial) Integration expenses	*4*	*5*
	- Item 220. (partial) Intangible amortisation Client Assets PPA Reyl, IW Private Investments, UBI Top Private and Intesa Sanpaolo Wealth Management	*10*	*8*
Net operating expenses		**(433)**	**(412)**
Net operating income (expenses)		**1,133**	**746**
Net impairment of loans		(11)	(3)
	Item 130. Net impairment for credit risk	*(8)*	*(6)*
	Item 200. a) Provisions for commitments and guarantees issued	*(1)*	*-*
	- Item 130. a) (partial) Net impairment/reversal of impairment for credit risk related to financial assets measured at amortised cost - Debt securities	*(3)*	*3*
	- 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	*1*	*-*
Net provisions for risks and charges and net impairment of other assets		(17)	13
	Item 200. b) Net provisions for risks and charges	*(40)*	*55*
	- Item 200. b) (partial) Reversal of time value of provisions for risks and charges	*4*	*-*
	- Item 110. (partial) Component of the return on insurance policies for the Networks	*17*	*(39)*
	- Item 130. a) (partial) Net impairment/reversal of impairment for credit risk related to financial assets measured at amortised cost - Debt securities	*3*	*(3)*
Gross income (loss)		**1,105**	**756**
Income taxes for the period on continuing operations		(354)	(190)
	Item 300. Income taxes for the period on continuing operations	*(342)*	*(176)*
	- Item 300. (partial) Tax impact on integration costs	*(4)*	*(6)*
	- Item 300. (partial) Tax impact on costs related to the banking system	*(4)*	*(5)*
	- Item 300. (partial) Tax impact on PPA Reyl, IW Private Investments, UBI Top Private Branch, Fideuram and Intesa Sanpaolo Wealth Management	*(4)*	*(3)*
Integration and voluntary redundancy expenses (net of tax)		(11)	(15)
	- Item 190. a) (partial) Integration expenses	*(2)*	*(7)*
	- Item 190. b) (partial) Integration expenses	*(9)*	*(9)*
	- Item 220. b) (partial) Integration expenses	*(4)*	*(5)*
	- Item 300. (partial) Tax impact on integration costs	*4*	*6*
Effects of purchase price allocation (net of tax)		(12)	(10)
	- Item 30. (partial) Interest margin IW Private Investments and Fideuram	*(6)*	*(5)*
	- Item 130. b) (partial) Net impairment/reversal of impairment for credit risk (Effect of allocation of acquisition costs)	*-*	*-*
	- Item 220. (partial) Intangible amortisation Client Assets PPA Reyl, IW Private Investments, UBI Top Private Branch and Intesa Sanpaolo Wealth Management	*(10)*	*(8)*
	- Item 300. (partial) Tax impact on PPA Reyl, IW Private Investments, UBI Top Private Branch, Fideuram and Intesa Sanpaolo Wealth Management	*4*	*3*
Expenses regarding the banking system (net of tax)		(10)	(11)
	- Item 190. b) (partial) Costs related to banking system	*(14)*	*(16)*
	- Item 300. (partial) Tax impact on costs related to the banking system	*4*	*5*
Net profit (loss) attributable to non-controlling interests		(2)	(2)
	Item 340. Minority interest profit (loss) for the period	*(2)*	*(2)*
Net profit	**Item 350. Parent company interest in net profit (loss) for the period**	**716**	**528**

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(updated 30 June 2023)

The Group at a glance

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App Alfabeto Banking, Trading and Patrimonio: available free of charge for smartphones with iOS and Android operating systems, they offer home banking, online trading and asset analysis features, respectively, in a complete way compared to the Alphabet Fideuram web platform.

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App Fideuram: downloaded free of charge from the App Store/iTunes for the iPhone or iPad and from Google Play for Android devices. Alternatively, Customers using a smartphone with another operating system can simply enter www.fideuramonline.it to be transferred to the mobile site automatically.

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Mobile Investo

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Private

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Fideuram and Sanpaolo Invest Customer Freephone number: 800.099.300
Fideuram Direct commercial or IW Private Investments Customer Freephone number: 800.99.11.88
Intesa Sanpaolo Private Banking Digital Branch Customers: 800.99.55.33
Email address: DAB-BilancioconsolidatoBF@fideuram.it

Graphic Design and Development:

mercurio GP
www.mercuriogp.eu

GALLERIE D'ITALIA.
FOUR MUSEUMS, A CULTURAL NETWORK FOR THE COUNTRY.

With Gallerie d'Italia, Intesa Sanpaolo shares its artistic and architectural heritage with the community: the Bank's art collections, from archaeology to contemporary art, are kept in historic buildings in four cities, forming a museum network unique in its kind.

The **Gallerie d'Italia - Milan** hosts, in an architectural complex of great value, a significant selection of 19th century Lombard masterpieces from the art collections of the Cariplo Foundation and Intesa Sanpaolo and an exhibition itinerary dedicated to 20th-century Italian art.

The **Gallerie d'Italia - Vicenza** displays eighteenth-century art of the Veneto, including the collection of paintings by Pietro Longhi and the extraordinary sculpture depicting the Fall of the Rebel Angels, with over sixty figures sculpted in a single block of Carrara marble. Furthermore, one of the most important collections of Russian icons in the West is kept here.

The **Gallerie d'Italia - Naples** inaugurated in the spring of 2022 based on a project signed by Michele De Lucchi - AMDL Circle, the new headquarters of the museum transforms the spaces of the monumental historic building of the former Banco di Napoli and adds to the already well-known collection of Neapolitan art and southern Italy with masterpieces from the 17th to the 20th century, an itinerary of ceramics from Attica and Magna Graecia and a precious body of modern and contemporary art.

The **Gallerie d'Italia - Turin:** the recent architectural project led by Michele De Lucchi – AMDL Circle, has transformed the spaces of Palazzo Turinetti into a place where photographers and video art document and preserve images, events, and reflections to promote issues related to the evolution of sustainability. The Gallerie d'Italia – Turin is also home to a precious body of Piedmontese works with paintings, sculptures, tapestries and furnishings from the 14th to the 18th century, including the nine large canvases created in the second half of the 17th century for the ancient Oratory of the Compagnia di San Paolo, now destroyed; we also find the Intesa Sanpaolo Publifoto Archive which collects over seven million images of news, political, cultural and social events from the 1930s to the 1980s.

On the cover:

Gallerie d'Italia - Turin
Sala Turinetti
Piazza San Carlo 156, Turin
Interior of the new museum site
AMDL CIRCLE Project and
Michele De Lucchi
Photo: DSL Studio

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