SIREF FIDUCIARIA

(*This is an English translation of the original Italian document "Bilancio 2018". In cases of conflict between the English language document and the Italian document, the interpretation of the Italian language document prevails. The Italian original is available on www.sirefiduciaria.it*)

Annual Report 2018

Shareholders' meeting of 20 March 2019

Società Italiana di Revisione e Fiduciaria

S.I.RE.F. S.p.A.

Annual Report 2018

Società Italiana di Revisione e Fiduciaria S.I.RE.F. S.p.A., abbreviated to "SIREF Fiduciaria S.p.A." or "SIREFID S.p.A." Registered and head office: Via Montebello 18, 20121 Milan Share capital €2,600,000 Milan Monza Brianza Lodi company registration no. and tax code 01840910150 Participant in the Intesa Sanpaolo VAT consolidation scheme – VAT no. 11991500015 (IT11991500015) Member of the "Intesa Sanpaolo" banking group Included in the register of banking groups Management and coordination Intesa Sanpaolo S.p.A. Sole shareholder Fideuram – Intesa Sanpaolo Private Banking S.p.A. Authorised to perform fiduciary activities by Ministerial decree no. 06.09.1974 Included in the separate section of the Single register as per article 106 of the Consolidated Banking Act with Bank of Italy measure of 19.09.2017 identification no. 19482.9 Member of Assofiduciaria

Mission

SIREF Fiduciaria is an industry leader in the Italian fiduciary sector. Leveraging on its experience accumulated over more than 40 years of business, it:

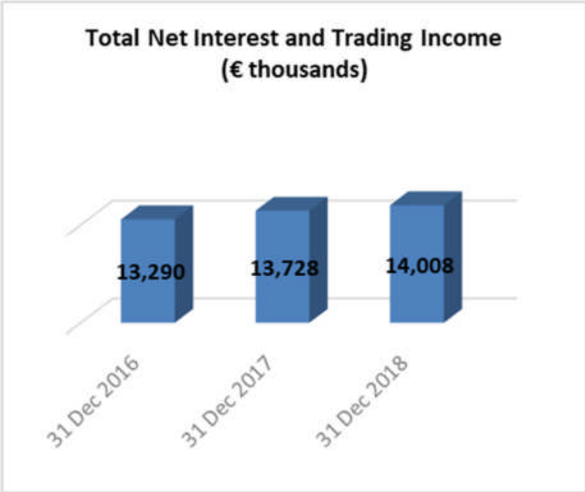
Offers a wide range of fiduciary services to entrepreneurs and investor, guaranteeing maximum confidentiality and high professional standards.

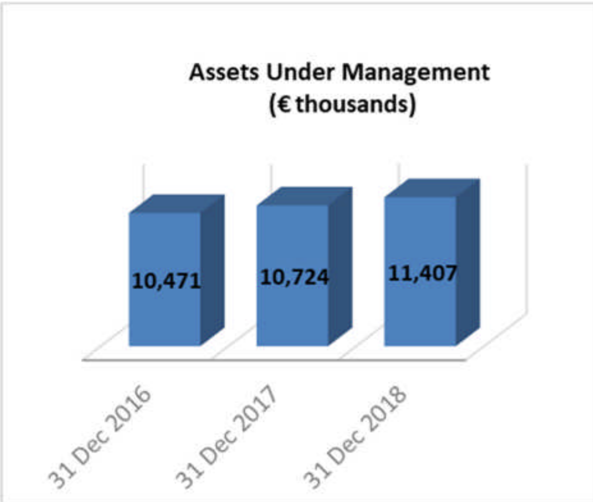
Meets the wealth management needs of the high-standing private and corporate customers of Intesa Sanpaolo Group by offering innovative bespoke solutions.

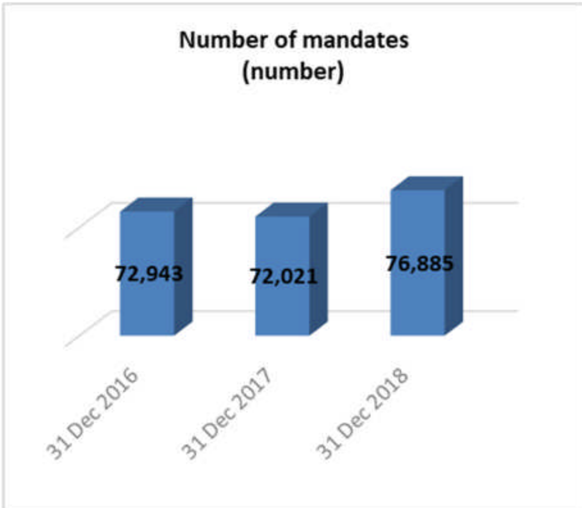
Strengthens its international presence as part of the development strategy of Fideuram – Intesa Sanpaolo Private Banking.

Contents

Highlights (*)







(*) The 2016 and 2017 figures have been restated to include those of Fideuram Fiduciaria for comparative purposes.

SIREF Fiduciaria, a year of new opportunities

30 June 2018 marked an important new start in the fiduciary business of the Intesa Sanpaolo Group with the creation of SIREF Fiduciaria from the merger of Sirefid and Fideuram Fiduciaria.

This transaction created a leader in the Italian fiduciary market in terms of Assets Under Management and product range. The new company will exploit commercial opportunities through synergies with the Private Banking Division (Fideuram, Sanpaolo Invest SIM and Intesa Sanpaolo Private Banking) networks and the entire Intesa Sanpaolo Group.

It will build on its professional and operating expertise, optimise the combination of services, strengthen its internal controls and standardise operating processes to make them leaner and more efficient.

The merger has facilitated all of the following:

- *rounding of the service provided to more sophisticated customers to include innovative and bespoke management services that can also be provided using paperless technological devices;*
- *bolstering of internal cooperation within the division, encouraging intra-network interaction and supporting the private bankers;*
- *simplification of the working processes to facilitate the sharing of know-how by the internal resources.*

The initial post-merger projects were aimed at disseminating a greater understanding of the new fiduciary company's products and services and developing a strong working relationship with the private bankers of the Private banking division networks to promote the new company's attractiveness.

Its key values are simplification, innovation, competitiveness and exclusivity within the group and on the market.

2018 was also an important year because the 2014-2017 group employee incentive plan (LECOIP) ended and a new plan for the 2018-2021 period was started, both administrated by the company.

Notwithstanding the significant commitment to the post-merger integration project and to renewing the group incentive plan, the company managed to record very satisfactory results in its first year, which surpassed the expectations about growth of the Assets Under Management. This would not have been possible without the contribution of all the company's employees to which our heartfelt thanks go for their professionalism and commitment.

We would also like to thank the HNWI units of Intesa Sanpaolo Private Banking and the PWM units of Fideuram which, together with the private bankers and financial advisors, helped us achieve our positive commercial results.

Finally, we would like to express our appreciation of the division's governance structure for its ongoing assistance with the integration project.

Company Officers (*)

Board of Directors

Chairman	Pier Luigi Sappa
Deputy Chairperson	Enzo Zane
Managing Director	Lorenzo Petracca
Directors	Andrea Calamanti
	Fabio Cubelli
	Renzo Moro
	Mario Romano Negri
	Saverio Perissinotto
	Carlo Vimercati

Board of Statutory Auditors

Chairman	Giampaolo Brianza
Standing Auditors	Lorenzo Ginisio
	Federica Mantini
Acting Auditors	Patrizia Marchetti
	Francesca Monti

General Management

General Manager	Igor Basilicati

Independent Auditors

KPMG S.p.A.

(*) at the date of approval of the 2018 financial statements

The Intesa Sanpaolo Group and the Private Banking Division

The company is part of the Intesa Sanpaolo banking group, via its Parent Company Fideuram - Intesa Sanpaolo Private Banking.

The following graph presents the structure of the group and the Private Banking Division.

(1) Domestic commercial banking

(*) Russian Federation

(**) Slovenia

Note: Composition at 25 February 2019

Managing Director's statement

Dear Shareholder,

We present the financial statements as at and for the year ended 31 December 2018 and the results achieved during the year by Società Italiana di Revisione e Fiduciaria S.I.RE.F. S.p.A. ("SIREF Fiduciaria" or "SIREFID S.p.A.") for your review.
The company performed well during the year and made a **net profit** of €1,499,788 despite the far-reaching changes that affected all aspects of its business.

The financial statements have been prepared:

- in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission, and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC), currently applicable and endorsed by the European Commission;
- using the templates set out in the Bank of Italy measure of 22 December 2017 (Annex A - Financial statements and notes thereto of financial intermediaries), which reflect the introduction of the IFRS into Italian law by Legislative decree no. 38 of 28 February 2005 (the "IAS decree").

The financial statements comprise a statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes thereto, which include a summary of the key accounting policies applied. This Managing Director's statement on operations at 31 December 2018 accompanies the financial statements.

The notes to the financial statements are composed of the following parts:

- Part A - Accounting policies
- Part B - Notes to the statement of financial position
- Part C - Notes to the income statement
- Part D - Other disclosures.

The comparative 2017 figures in the financial statements and the notes only refer to SIREF Fiduciaria (former Sirefid) before the merger with Fideuram Fiduciaria (which took place on 30 June 2018 with tax and accounting effect from 1 January 2018). The 2017 figures have been restated in this Managing Director's statement to include those of Fideuram Fiduciaria for comparative purposes.

Part A of the notes to the financial statements presents the accounting policies. The company has applied the following standards from 1 January 2018:

- IFRS 9 - Financial instruments, issued by the IASB in July 2014 and endorsed by the European Commission with Regulation (EU) no. 2067/2016. It replaces IAS 39 on the classification, measurement and impairment of financial instruments;
- IFRS 15 - Revenue from contracts with customers, endorsed by the European Commission with Regulation (EU) no. 1905/2016, which replaced IAS 18 - Revenue and IAS 11 - Contract work in progress.

Application of these standards has not had a significant effect on the company's financial position or performance.

Economic Scenario

The **global economy's** growth was quite buoyant during the year, but unlike the previous year when it outperformed expectations for all the main geographical regions, growth was decidedly more staggered in 2018. The US economy overperformed, boosted by the favourable tax policy while the situation in the Eurozone and Japan was much worse than expected. The Chinese economy performed substantially in line with expectations although visible signals of a slowdown were seen in the second half of the year. This divergence can also be seen in the monetary policies. The Federal Reserve increased its rates by 25 bps each quarter given the US economy's robust growth and inflation pretty much in line with its objectives. It also continued to reduce its assets. In the Eurozone however, with core inflation still far off the monetary policy's target, the European Central Bank stuck to its decision to end the quantitative easing programme by the end of the year but had to maintain a very prudent and cautious approach. The Japanese central bank did not even start its exit strategy from its ultra-expansionary monetary policies. Finally, the signs of an economic slowdown in China led its central bank to adopt a more accommodating policy towards the end of the year.

Political issues played an important part in market trends again like in the two previous years. The US administration has become more protectionist, in line with President Trump's election promises, and initially introduced additional duties on steel and aluminium imports, citing national security as the reasons. It then focused on trade relations with China and imposed additional duties on Chinese imports worth USD250 billion (while threatening to extend these measures in the future). In turn, China introduced duties on US products and a truce was only achieved at the start of December when President Trump met President Xi. The Trump administration also threatened to increase import duties on cars. In Europe, political fears, which were mostly put to rest after Macron's victory in the French presidential elections of spring 2017, raised their heads again in the second half of the year, firstly with the tax policies touted by the new Italian government, followed by the very unclear Brexit situation and ending with the public protests against President Macron's policies in France.

Despite the relative global economic stability, the **stock markets** were very volatile during the year. The S&P 500 index in the US peaked at new historic highs at the end of the summer to plummet in October and then again even more significantly in December, ending the year down 6.2%. The results of the other major markets were even more disappointing: the Stoxx-600 index in Europe lost 13.2% (the Italian stock market was affected by the political uncertainty after a positive start to the year and ended with a 16.1% drop in the FTSE-MIB index). The Japanese Topix index lost 17.8% and the emerging markets contracted by 16.6% (according to the USD MSCI index). Returns on bonds showed an upward trend in the US although they contracted significantly at year end, bringing returns on ten-year government bonds to just 30 bps higher at year end. They shrank in the Eurozone after peaking in February and the rates on the 10-year Bund dropped around 20 bps at year end. The Italian government Bond-Bund spread widened to over 300 bps in the autumn after the Italian government presented its budget act, although this spread had narrowed slightly at the end of the year.

After a rather disappointing first quarter, the **US** GDP's growth picked up sharply mid-year thanks to the positive fall-out of the tax policy after both the Congress' approval of the tax reform at the end of 2017 and the large public spending programme approved in February 2018. Internal end demand, in terms of both consumption and investments, was strong and public spending made a significant contribution to its growth while net exports continued to furnish a modest negative contribution. The solid economic situation was echoed by the very robust employment trend, with the unemployment rate down permanently to below 4% starting from July, together with the substantial stability of the employment rate. Unlike in previous years, the better labour market conditions led to a steady rise in hourly wages. On the other hand, core inflation returned above 2% in March, as forecast, after the unexpected contraction in 2017, but it surprisingly slowed down slightly towards the end of the year. Given the strong better-than-expected growth and rising inflation, the Federal Reserve continued to increase interest rates, up 25 bps each quarter. However, the strong correction in the stock markets at the end of the year led the US central bank to adopt a more cautious approach in its mid-December meeting.

The **Eurozone** GDP's growth rate slowed down in 2018 compared to the previous year, which was partly expected given the very high growth levels and business confidence at the end of 2017. However, other factors contributed to heighten uncertainty, with a negative effect on business confidence which continued to lessen. These factors included, primarily, the increased protectionist attitude of the US administration, which was a particularly negative event for an open economy, like that of the Eurozone. In addition, political issues reappeared in the second half of the year such as the difficulty in achieving agreement about Brexit and the Italian government's tax policy. At the end of September, the Italian government presented a budget which included a large increase in public spending. The stand-off between it and the European Commission ended with a compromise allowing Italy to avoid infraction proceedings for excessive debt. Finally, production contracted sharply in the automotive sector in the second half of the year following the introduction of new tougher standards in September. Overall, the rise in GDP was mainly boosted by private consumption, which once again benefited from the strong labour market. Wage levels improved with a growth rate of over 2%, which was more in line with the ECB's inflation target. After a poor start to the year, below expectations, total inflation gained ground starting from the spring and returned to 2% in June. This performance was mainly due to the energy and food sectors as core inflation remained substantially stable around 1% for the entire year. The ECB opted to keep a very prudent approach to ending its ultra-expansionary monetary policies and only announced its intention to wind up its QE programme in December 2018 in its June meeting. It concurrently decided in the same meeting to better anchor policy rate expectations with stronger forward guidance given the uncertainty about the growth prospects and explicitly informed the markets that the key interest rates will remain at their present levels at least through the summer of 2019.

Performance

Financial results

The next table shows the income statement highlights for the year with comparative prior year figures that have been restated to reflect the merger with Fideuram Fiduciaria.

(€ thousands)

	31.12.2018	31.12.2017 (*)	CHANGE	
			AMOUNT	%
Net interest income	15	77	(61)	-80
Net profit on financial assets and liabilities	9	8	1	14
Net fee and commission income	13,984	13,643	340	2
TOTAL NET INTEREST AND TRADING INCOME	**14,008**	**13,728**	**280**	**2**
Net impairment losses for credit risk	177	(8)	185	n.s.
OPERATING INCOME	**14,186**	**13,720**	**466**	**3**
Personnel expenses	(7,628)	(7,431)	(196)	3
Other administrative expenses	(3,744)	(3,744)	(0)	0
Amortisation, depreciation and net impairment losses on property, equipment and investment property and intangible assets	(400)	(236)	(164)	69
OPERATING COSTS	**(11,772)**	**(11,412)**	**(361)**	**3**
Net accruals to provisions for risks and charges	(140)	(150)	10	-7
Other operating income, net	131	329	(198)	-60
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**2,404**	**2,487**	**(83)**	**-3**
Income taxes	(688)	(747)	59	-8
Integration costs (net of taxes)	(216)	-	(216)	n.s.
NET PROFIT	**1,500**	**1,740**	**(240)**	**-14**

n.s.: not significant

(*) Restated on a consistent basis to include the integration with Fideuram Fiduciaria

Comments on the main captions are provided below.

Total Net Interest and Trading Income at €14 million is better than the previous year (+2%), as a result of:

- an 80% decrease in **net interest income**, mainly due to the different accounting treatment of gains on securities in line with IFRS 9 (see Part A - Accounting policies of the notes to the financial statements);
- an increase of 2% in **net fee and commission income** reflecting the new large transactions carried out with Intesa Sanpaolo Private Banking, in particular, the escrow agreements, and the contribution of the share-based payment plans segment while the traditional fiduciary business' contribution decreased slightly.

Operating costs increased by 4% to €11.8 million due to the following factors:

- an increase of 4% in **personnel expenses**, mostly attributable to the higher variable component as the number of employees decreased slightly (see the section on the workforce);
- **other administrative expenses,** net of the integration costs, in line with the previous year thanks to careful ordinary cost containment measures;
- an increase of 69% in **depreciation, amortisation and net impairment losses on property, equipment and investment property and intangible assets** after the introduction of the directly managed application systems as part of the digital platform development project.

Net impairment losses for credit risk amount to €177 thousand due to the partial release of the loss allowance after its calculation in accordance with IFRS 9.

Net accruals to provisions for risks and charges include a €140 thousand accrual for legal risks, in addition to that made in 2017 (see the “Other information - Risk management” section).

Other operating income, net mainly reflects the reimbursement for transactions settled in the company’s favour and reimbursement from a guarantee fund.

The **profit before tax from continuing operations**, including the integration costs, amounts to roughly €2.4 million, a small decrease in the previous year (-5%) due to the reasons set out above.

Income taxes approximate €0.7 million and the tax rate in the reclassified income statement is 29% compared to 31% for the previous year. The higher 2017 rate was due to a non-deductible accrual.

As a result of the **integration costs** of €216 thousand (net of taxes), incurred for the merger with Fideuram Fiduciaria, the company’s **net profit** decreased by 14% from €1.7 million for 2017 to €1.5 million.

Statement of financial position highlights

The following table shows the company's statement of financial position captions at 31 December 2018 and a comparison with the opening balances for the year, which were restated to reflect the merger with Fideuram Fiduciaria and application of IFRS 9.

(€ thousands)

	31.12.2018	1.1.2018 (*)	CHANGE	
			AMOUNT	%
ASSETS				
Financial assets at fair value through other comprehensive income	87	125	(37)	-30
Loans and receivables with banks	20,445	27,759	(7,314)	-26
Loans and receivables with customers	2,059	1,997	63	3
Property, equipment, investment property and intangible assets	775	728	47	6
Tax assets	554	510	43	8
Other assets	11,874	4,595	7,279	158
TOTAL ASSETS	**35,794**	**35,715**	**79**	**0**

LIABILITIES	31.12.2018	1.1.2018 (*)	CHANGE	
			AMOUNT	%
Financial liabilities	888	705	183	26
Tax liabilities	98	109	(11)	-10
Other liabilities	4,825	5,147	(322)	-6
Provisions for risks and charges	1,602	1,290	312	24
Share capital and reserves	26,881	26,724	157	1
Profit for the year	1,500	1,740	(240)	-14
TOTAL LIABILITIES	**35,794**	**35,715**	**79**	**0**

(*) Restated on a consistent basis to include the integration with Fideuram Fiduciaria and application of IFRS 9

Comments on the main captions are provided below:

- **financial assets at fair value through other comprehensive income** include the Intesa Sanpaolo S.p.A. shares (see the "Treasury shares or shares of parents" section) and the 30% decrease is due to the shares' smaller market value;
- after the company's application of IFRS 9 on 1 January 2018 (see Part A - Accounting policies of the notes to the financial statements) which replaced IAS 39, **Loans and receivables with banks** include liquidity invested in securities, held in bank current accounts and term deposits, as well as receivables for fee and commission income from banks; the reduction of 26% compared to the opening balance is mainly due to the payment of the large withholding tax on the capital gain;
- **loans and receivables with customers** increased slightly by 3% compared to the previous year due to the different invoicing cycle to customers;

- **property, equipment and investment property and intangible assets** (+6%) include the carrying amount of software being amortised by Fideuram Fiduciaria, increased by the additional application builds made directly as part of the digitalisation development project in 2018;
- **other assets** increased by 158% due to payment of the substitute tax on the capital gain on account in December (see “Loans and receivables with banks”);
- **financial liabilities** increased (+26%), mainly due to the rise in fee and commission expense to group companies;
- **provisions for risks and charges** also increased (+24%) as a result of the larger accruals for the variable component of personnel expenses and legal risks.

Operating figures, structure and product range

ASSETS UNDER MANAGEMENT AND NUMBER OF FIDUCIARY MANDATES PER PRODUCT

Assets Under Management have increased significantly from €10.7 billion to €11.4 billion as have the **number of mandates** from 72 thousand to nearly 77 thousand. The 31 December 2017 figures were restated to include Fideuram Fiduciaria for comparative purposes.

	31.12.2018 (1)	31.12.2017 Proforma (2)	Change (1)-(2)
Assets Under Management (€m)	**11,407**	10,724	683
No. of mandates	**76,885**	72,021	4,864

These increases are the result of trends that vary from one business segment to another as analysed below.

"TRADITIONAL" FIDUCIARY BUSINESS

The traditional fiduciary business continues to play a key role in the company's business given the large number of services offered to both investor customers (registration of current accounts and securities dossiers, asset management mandates, life insurance policies, funds and OEICs, private equity, etc.) and business customers (incorporation of companies, nominee of equity investments, subscription of capital increases, provision of non-interest bearing shareholder loans, subscription of bonds, participation in shareholders' meetings, collection of dividends and coupons, management and execution of sales agreements, withholding tax agent, etc.).

With respect to **investment mandates**, during the year, the company continued its customer selection activities to privilege mandates with higher wealth individuals. The number of active fiduciary mandates decreased by 557 compared to 31 December 2017, partly due to the termination of more than 400 Fideuram mandates after liquidation of a closed-end private equity fund. Assets under fiduciary administration increased by €496 million.

INVESTMENT MANDATES

	31.12.2018 (1)	31.12.2017 Proforma (2)	Change (1)-(2)
Assets Under fiduciary Management (€m)	**8,894**	8,398	496
No. of mandates	**3,462**	4,019	-557

The company's commercial policy for the **corporate segment** become even more selective and the number of mandates and Assets Under Management both decreased (-192 mandates, -€182 million of assets).

CORPORATE MANDATES

	31.12.2018 (1)	31.12.2017 Proforma (2)	Change (1)-(2)
Assets Under Fiduciary Management (€m)	**1,391**	1,573	-182
No. of mandates	**1,341**	1,533	-192

MANDATES OF FIDUCIARY ADMINISTRATION WITHOUT REGISTRATION

This service has been provided since 2015 mainly to serve customers that have presented a voluntary disclosure. It grew during the year thanks to the flexibility offered for the administration of foreign equity investments.

	31.12.2018 (1)	31.12.2017 Proforma (2)	Change (1)-(2)
Assets Under Fiduciary Management (€m)	**45**	22	23
No. of mandates	**97**	39	58

ESCROW AGREEMENTS

The assets and mandates for escrow agreements continue to grow. This service is provided with the HNWI units of Intesa Sanpaolo Private Banking and Intesa Sanpaolo's corporate banking unit.

	31.12.2018 (1)	31.12.2017 Proforma (2)	Change (1)-(2)
Assets Under Fiduciary Management (€m)	**586**	461	125
No. of mandates	**192**	132	60

SHARE OWNERSHIP PLANS AND STOCK OPTION PLANS

The number of plans administered has increased in terms of the assets and mandates (+€222 million and +5,493, respectively) thanks to the introduction of two new employee incentive plans by the Intesa Sanpaolo Group.

	31.12.2018 (1)	31.12.2017 (2)	Change (1)-(2)
Assets Under Management (€m)	**413**	191	222
No. of mandates	**71,783**	66,290	5,493
No. of plans	**8**	6	2

TRUST SERVICES

The company continues to be interested in this segment and acquired two new contracts as trustee. It is currently presenting its service to the customers of the Fideuram networks.

	31.12.2018 (1)	31.12.2017 (2)	Change (1)-(2)
Assets Under Management (€m)	**78**	79	-
No. of trusteeships	**10**	8	2

COMMERCIAL INITIATIVES

The company continued to develop its commercial business in line with its business plan during the year. It focused on the following areas:

- **products and services**: expansion of the existing range and consolidation of the service model;
- **distribution channels**: strengthening synergies with the Private Banking Division's networks;
- **communication**: continuation of the plan to promote the fiduciary services within the Intesa Sanpaolo Group.

PRODUCTS AND SERVICES

During the year, the company developed its **escrow agreement** and, generally, its services supporting M&A transactions.

With respect to the company's other specialist services:

- the market continued to show interest in the **trust** service, which the company will continue to develop slowly given the high legal and operational complexity of trusts and trusteeships;
- large listed companies continued to show their interest in the **stock option and share ownership plans**, which are a winning factor for employee incentivation and retention;

The company continues to analyse the **fiduciary trust** agreement, which is a legal tool provided for by Law no. 112 of 22 June 2016. This agreement is of great social importance and is designed to protect "persons with serious disabilities". It works similarly to a trust and can be a valid alternative in certain cases as it does not require reference to a foreign law for its regulation unlike the trust.

The company also prepared processes and contract templates to boost the Private Banking Division's **international development.**

DISTRIBUTION CHANNELS

During the year, the company continued to work closely with the Private Banking Division's networks (Intesa Sanpaolo Private banking, Fideuram and Sanpaolo Invest) for their common and new customers. Specifically, it presented the new team of specialists for the various geographical segments of the Private Banking Division.

It dedicated considerable resources to promote the new service model on the **digital platform**, launched at the end of 2017 for Fideuram's networks, and to strengthen its relationship with Intesa Sanpaolo Private Banking. Its aim is to simplify the operating processes, which should have a considerable impact on the company's commercial operations in 2019, as the first pilot projects have been successful. This will also be achieved thanks to the launch in 2018 of a new standard contract for fiduciary services for all the distribution networks, which has tailored operating and financial annexes for each channel/service.

The partnership with the **High Net Worth Individuals** unit of Intesa Sanpaolo Private banking and the **Private Wealth Management** unit of Fideuram continued on several fronts, especially for customised solutions for succession planning, asset protection (trusts) and support for M&A transactions (escrow agreements).

COMMUNICATIONS

The new fiduciary company created by the merger with Fideuram Fiduciaria was promoted heavily during the year. Therefore, all the communications activities were designed to create a new modern and dynamic identity and to reaffirm its role within the group.

As part of these activities, the company built a new website, which it fully revised in terms of its look and feel (www.sirefiduciaria.it) and is accessible from mobile devices. The website includes the brochure, all the information, documentation and contacts of the company for its customers and professional counterparts.

The on-line statements service is of particular interest to customers as they can access a private area of the website to consult their statements independently, thus digitalising the traditional process where statements are sent by post in hard copy.

Thanks to the synergies with the Parent Company and the Private Banking Division, the company raised its profile considerably within the group through an internal campaign on the available channels (video clips on the web channel/key tv, articles in the internal house organ and new intranet sections about SIREF Fiduciaria published on the group's portals).

Some of the leading newspapers ran articles on the new company (including press releases in several papers, Sole 24 ore, Private Advisory and special articles with Class CNBC).

The company also continued to work with the marketing and commercial units of Fideuram-Intesa Sanpaolo Private Banking.

In November, the company's first roadshow took place visiting the commercial units to present its new commercial team and renewed services. It also proposed synergies with the Private Banking Division's networks and assistance to the private bankers with information and training.

The roadshow made 14 stops and roughly 44 Intesa Sanpaolo Private Banking branches, including six HNWI branches, and around 265 Fideuram and Sanpaolo Invest private bankers took part. The company is currently planning a second edition to take place in the first half of 2019 and visit those units not visited in 2018.

WORKFORCE

The next table shows the company's **employees** at year end with comparative figures at 31 December 2017 (including those of Fideuram Fiduciaria for comparative purposes).

	Direct employees	On secondment from group	On secondment to group	On secondment from third	Total
31.12.2018	61	19	-	1	81
31.12.2017	59	23	-	2	84
Change	**2**	**-4**	**-**	**-1**	**-3**

The total workforce decreased by three employees at year end compared to 31 December 2017. Specifically, a temporary contract ended and personnel on secondment returned to their original companies, partly as a result of the outsourcing of some activities to group companies.

The following tables show a **breakdown** of the workforce by gender, position and employment contract.

Position	Women		Men		Total	
	2018	2017	2018	2017	2018	2017
DIRECTORS	-	-	4	4	4	4
EXECUTIVE MANAGEMENT	20	20	20	20	40	40
PROFESSIONAL AREAS	23	22	13	16	36	38
TEMPORARY WORK AGENCY	1	2	-	-	1	2
TOTAL	**44**	**44**	**37**	**40**	**81**	**84**

Employment contract	Women		Men		Total	
	2018	2017	2018	2017	2018	2017
FULL TIME	29	30	37	39	66	69
PART TIME	15	14	-	1	15	14
TOTAL	**44**	**44**	**37**	**40**	**81**	**83**

The tables show that the workforce includes a significant female component at all levels and frequent resort to part-time.

The **average workforce** decreased slightly in 2018 as presented in the next table.

	Direct employees	On secondment from group	On secondment to group	On secondment from third parties	Actual workforce
31.12.2018	61.7	20.5	0.2	1.4	83.4
31.12.2017	56.4	26.9	-	2.0	85.3
Change	**5.3**	**-6.4**	**0.2**	**-0.6**	**-1.9**

The company applies the **flexible working** (in place with the group since 2015), which is very much appreciated by its employees and confirms its focus on its resources and work/life balance.

SYSTEM MANAGEMENT, ORGANISATION AND TRAINING

SYSTEM MANAGEMENT

The **information system unit of the Intesa Sanpaolo Group** manages the company's management and accounting information system on an outsourcing basis.

A service level agreement (SLA) regulates the service and specifies the activities performed, the contact persons, the fees and expected service levels. The company checks the services provided in order to contain costs, control risks and improve customer service.

It identifies the priority information projects once a year in line with changes in the relevant legislation and the market, assisted by the Parent Company's functions and in line with its business plan. These projects are developed with the information system unit based on a formalised capital budgeting process.

The company manages the application services platform, used to **integrate the company's operations with those of Fideuram - Intesa Sanpaolo Private Banking** and, specifically, the financial advisors network, independently. It directly handles relations with the application services provider. Ordinary software management activities are covered by an annual maintenance agreement while development projects are defined and planned annually in line with the budget and the company's specific operating and business requirements.

INTEGRATION WITH FIDEURAM FIDUCIARIA

The integration project for the division's fiduciary companies, started in the last quarter of 2017, was formally completed with the merger of Fideuram Fiduciaria into SIREF Fiduciaria on **30 June 2018**, with tax and accounting effect from 1 January 2018 and after receipt of Bank of Italy's prior authorisation.

This merger was part of the larger project to integrate the Private Banking Division and its objective was to create the **second largest operator in the sector** to meet the requirements of the division's high-standing customers for confidential, withholding agent, succession planning and asset protection services.

The project was split into eight areas, each for a specific business area coordinated by a team of external consultants.

The IT area was particularly significant, also because of the number of resources assigned and the initiatives carried out. It dealt with the migration of Fideuram Fiduciaria's databases and specific application functions to the merging company's IT platform. It involved providers, the group's information systems unit and that of the division. The organisation area defined the new organisational and governance structure, the powers and delegations system and internal regulations and procedures. Its activities were performed to enhance the professional expertise and operating excellence of the two companies.

The decisions taken by the business area, aimed to increase the commercial opportunities for the division, were based on retaining the service model of each network to protect the service levels offered to customers.

MERGER OF FI.GE S.P.A.

As part of the Private Banking Division's international development project and, specifically, the plan to integrate the **Morval Vonwiller Holding S.A. Group**, a project was rolled out in the last quarter of the year whereby SIREF Fiduciaria would acquire Fi.GE S.p.A., the fiduciary company of Banque Morval, set up in 1968 as Fiduciaria Generale e di Revisioni Contabili FI.GE. S.r.l..

The transaction will allow, inter alia, the company to strengthen its position in the Italian market and promote its role as a withholding agent for resident customers.

FI.GE is wholly owned by Fideuram - Intesa Sanpaolo Private Banking after it acquired 40% from the non-controlling investors and 60% from Banque Morval on 26 September 2018 and 16 November 2018, respectively.

The Parent Company and ultimate Parent Company's competent functions carried out their assessments and found that a "merger by incorporation" was the ideal way to integrate FI.GE into SIREF Fiduciaria, to be performed using the simplified procedure as it only had one shareholder. The boards of directors of the two fiduciary companies approved the merger on 9 November 2018 and it took place using the same carrying amounts and on a neutral tax basis. The transaction **became legally effective on 31 March 2019** with retroactive accounting and tax effect from 1 January 2019.

The shareholders of both companies approved the merger on 21 December 2018 after Bank of Italy's communication of 11 December 2018 acknowledging the transaction without impediment.

The projects for the companies' integration were concurrently rolled out and included, specifically, the IT migration. Given the small size of the merged company (around 250 fiduciary mandates for approximately €450 million at 30 June 2018 and three employees), the merger is not expected to have a significant effect on SIREF Fiduciaria's corporate, organisational and operating structures.

OTHER PROJECTS

Mandatory projects necessary to ensure that the company's processes and systems comply with the law include, in particular, the activities to comply with the **General Data Protection Regulation (GGPR)** and measures to strengthen the AML controls pursuant to the **Fourth AML Directive**.

In addition, the company carried out projects for its information systems and processes to implement the **electronic invoicing** and as part of its participation in the **Intesa Sanpaolo VAT consolidation scheme** (the company opted to participate like other group companies).

Therefore, starting from 1 January 2019, the group's new VAT number (11991500015) is valid for Intesa Sanpaolo, which is also the VAT consolidation scheme representative, and the other participants in the scheme. Participation entails the elimination of VAT on intragroup transactions, be they either sales of goods or the provision of services and optimisation of the financial cycle through the introduction of a single procedure to offset and pay VAT.

Other important projects related to activation of the 2**018-2021 long-term incentive plans** for the Intesa Sanpaolo Group employees (in Italy) as the previous 2014-2017 LECOIP plan expired in April 2018. The company is the fiduciary administrator.

There are two separate plans: the **POP plan (Performance Call Option)** for senior management, risk takers and strategic managers of the Intesa Sanpaolo Group (323 mandates) and the **LECOIP 2.0 plan** for the other group employees (55,229 mandates).

The related project included definition of the contract template and the fiduciary engagements to acquire the new mandates. It also involved definition of the information processes and a review of the system to support the operating stages of starting the new relationships and transferring the amounts to the fiduciary administrator (€352,742,637).

ORGANISATION

The merger entailed a **complete review of the company's governance model** and overhaul of the organisational structure as well as the powers and delegations.

Specifically, the company's post-merger **organisational structure** has:

- a **Managing Director**, with operating delegations, and a **General Manager** who the customer units report to; the new organisational model is designed on the **customer "portfolio" approach** introduced by the merging company at the start of 2018 to ensure appropriate commercial interaction with customers and concurrently comply with the legislation in place from time to time, especially as regards anti-money laundering;

- **maintained the service models of the two fiduciary companies and their** commercial **networks** in two separate business models;
- fully implemented the division's "controls model" by **outsourcing the control functions** (e.g., AML and compliance from 1 March 2018) and **the main operating functions** (e.g., administration and financial reporting, from 1 June 2018) to the **Parent Company**.

TRANSFER OF THE REGISTERED OFFICE

The company transferred its **registered and head office** from 55 Viale Stelvio to **18 Via Montebello** (both in Milan) with effect from the merger effectiveness date. It kept the Viale Stelvio premises as its operating offices. In addition, as a result of the merger, SIREF Fiduciaria took over title to the offices in Milan Via L. da Viadana, and Rome Via del Serafico, which had been the head office and operating offices of Fideuram Fiduciaria and became operating offices of SIREF Fiduciaria from 30 June 2018.

The physical relocation of the structures and resources to the new offices took place in December 2018 when the operating offices in Milan Viale Stelvio and Via Ludovico da Viadana were closed.

TRAINING

Training courses are coordinated and managed by the Parent Company's relevant units.
As part of the three-year AML, CTF and embargo training plan (2017-2019), the company's AML function has drawn up a detailed training programme differentiated by professional category and position.
Overall, roughly 216 man/days of training were provided, including three special sessions as part of the integration project of the fiduciary companies to promote an understanding and integration of the two companies' employees.

SOCIAL INITIATIVES AND CULTURAL EVENTS

The company is committed to encouraging a business attitude that considers its local community’s social aspects in line with the values underpinning daily life. Over the last few years, it has decided to sponsor initiatives to develop and foster greater awareness of important social impact issues.

Together with Destination Gusto and the chef Iginio Massari, the company contributes to Intesa Sanpaolo’s For Funding project for Christmas, sponsoring the “Casa Bimbi” initiative of the **Vidas Assocation** to provide children in hospital with play areas in a peaceful environment.

With respect to info-training activities, the company rolled out a project for its employees during the year with two sessions (March and July) on the ongoing integration and various related projects, ending with a team building event to merge the knowledge and professionalism of the two original companies.

The event, organised by the Parent Company with Newton Agency, was held in Hotel NH Collection President, Milan and was attended by all the company’s employees.

Other information

RISK MANAGEMENT

The internal controls comprise all the rules, functions, units, resources, processes and procedures in place to ensure achievement of the following objectives in line with the healthy and prudent management of the company’s operations:

- checks that the internal strategies and policies are implemented;
- safeguarding assets and protecting against losses;
- internal efficiency and effectiveness;
- reliable and secure company information and IT procedures;
- prevention of the risk that the company could be involved, including unknowingly, in illegal activities, especially those connected to money laundering, terrorism financing and embargos, as the main risk together with operational risk.

Pursuant to the relevant regulations and like the other division companies, SIREF Fiduciaria S.p.A. is responsible for the identification, measurement, management and mitigation of operational risks. The Parent Company’s operational risk management unit and the operational risk management process owners coordinate the individual companies’ relevant units.

Specifically, operational risk management is ensured by: a) the board of directors, as the body actively engaged in the strategic supervision of the risk management and control system; b) the chairman of the board of directors, who ensures that measures are taken to guarantee that the company has a risk management and control system in place and that it works correctly in line with its strategic objectives; c) the managing director, as the self-assessment manager and recipient of reports on the operational risk, who proposes actions to prevent/mitigate operational risks; d) the internal audit unit, which performs periodic checks of the operational risk management system and reports to the company bodies; e) the internal operational risk manager, who heads the operating controls and reporting unit and is responsible for structuring and coordinating the activities required by the operational risk management system.

With respect to the inspection and assessment for the non-reporting of suspicious transactions report received from Bank of Italy after an inspection performed by the Financial Intelligence Unit in the period from November 2016 to March 2017, the company has not received any additional communications in 2018, including after the meeting held at the offices of the Ministry of the Economy and Finance on 28 November 2017.

In addition, on 4 April 2018, the company was notified by the Ministry of the Economy and Finance that a dispute involving Intesa Sanpaolo Trust Company S.p.A. in 2012 had been settled without any sanctions. The company released the related provision in 2017 when the terms for assessment expired.

The company decided to prudently accrue €140 thousand for two disputes, which may be settled out of court.

Part D - Other information of the notes to the financial statements provides qualitative and quantitative information about credit and operational risks.

RELATED PARTY TRANSACTIONS

Transactions performed with related parties are mainly intragroup and refer to banking transactions, brokerage transactions, administrative services and personnel secondments.

The company participates in the domestic tax consolidation scheme and, therefore, all its IRES assets and liabilities are with the Parent Company.

SIREF Fiduciaria has also joined Intesa Sanpaolo's VAT consolidation scheme.

Part D - Other information - section 6, point 6.3 "Information on related party transactions" provides more details on related party transactions as defined by IAS 24.

GOING CONCERN

Given the company's operations during the year, it is confident that it will make a profit again in 2019 unless unforeseeable exceptional events occur.

The company is able to continue as a going concern for the foreseeable future and has prepared its financial statements on this assumption.

It is not currently aware of events or circumstances that would cast doubt on its ability to continue as a going concern.

RESEARCH AND DEVELOPMENT

The legislation regulating traditional fiduciary activities (Law no. 1966/39) is updated mainly through proactive participation of the company's representatives in meetings and the work groups of the sector association *Assofiduciaria and the "Il Trust in Italia"* association. These updates are also made to include new services to be provided to customers.

The Intesa Sanpaolo Group's information system unit manages the development of the company's management and accounting information system under the terms of the existing agreement. The company also directly manages technological innovation projects, mainly designed to optimise operating processes through digitalisation, assisted by its IT provider.

TREASURY SHARES HELD IN PORTFOLIO

The company does not have treasury shares.

At the date of preparation of this report, the company has 45,105 ordinary Intesa Sanpaolo S.p.A. shares, including 19,700 from Fideuram Fiduciaria, worth €87,495. Pursuant to IFRS 9, they are classified as financial assets at fair value through other comprehensive income (see Part A - Accounting policies of the notes to the financial statements). The shares are covered by an unavailable reserve of the same amount.

OTHER INFORMATION

REPORTING PACKAGE

The company has prepared its reporting package at 31 December 2018 within the deadline set by the Parent Company and using the appropriate methods. It sent the reporting package to the relevant group functions by the related due date.

BRANCHES

The company does not have any branches.
As a result of the merger with Fideuram Fiduciaria, the company acquired another operating office in Rome (43 Via del Serafico). It already had an operating office in Turin (156 Piazza San Carlo).

MANAGEMENT AND COORDINATION

In accordance with article 2497 and following articles of the Italian Civil code, it should be noted that the company is managed and coordinated by Intesa Sanpaolo S.p.A. and is part of the Intesa Sanpaolo banking group.

SOLE SHAREHOLDER

Intesa Sanpaolo S.p.A. transferred its entire investment in SIREF Fiduciaria S.p.A. to Banca Fideuram S.p.A. effective from 30 June 2015. Since then, Banca Fideuram S.p.A. has changed its name to Fideuram - Intesa Sanpaolo Private Banking S.p.A. (new sole shareholder).

Events after the reporting date and outlook

No significant events have taken place since the reporting date that would require the company to modify its financial position and performance as presented in its financial statements at 31 December 2018.

Integration of FI.GE into SIREF Fiduciaria has continued as scheduled. The merger resolution was filed with the relevant company registers on 8 January 2019 and notified to the Ministry for Economic Development on 25 January 2019.

The Intesa Sanpaolo VAT consolidation scheme has been in place since 1 January 2019 and the company has modified its procedures to be able to issue and receive electronic invoices.

Proposal to the Shareholder

Dear Shareholder,

We present the financial statements as at and for the year ended 31 December 2018 for your approval as a whole and in their individual components. They comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and notes thereto and are accompanied by this Managing Director's statement.

We propose that the net profit of € 1,499,788

be allocated as follows:

a)	as a dividend to the shareholder equal to €0.295 per share	€ 1,475,000
b)	to retained earnings	€ 24,788

Milan, 19 February 2019

On behalf of the Board of Directors
Chairman

Pier Luigi Sappa

(signed on the original)

Financial Statements

(Euro)

	31.12.2018	31.12.2017
Assets		
10. Cash and cash equivalents	9,921	3,889
20. Financial assets at fair value through profit or loss	-	-
a) held for trading	-	-
b) designated at fair value	-	-
c) mandatorily measured at fair value	-	-
30. Financial assets at fair value through other comprehensive income	87,495	7,141,138
40. Financial assets at amortised cost	22,504,168	17,375,029
a) loans and receivables with banks	20,444,731	16,956,871
b) loans and receivables with financial companies	-	-
c) loans and receivables with customers	2,059,437	418,158
50. Hedging derivatives	-	-
60. Macro-hedging adjustments to financial assets (+/-)	-	-
70. Equity investments	-	-
80. Property and equipment	3,709	1,192
90. Intangible assets	771,487	23,114
of which:		
- goodwill	-	-
100. Tax assets	553,569	438,606
a) current	-	-
b) deferred	553,569	438,606
110. Non-current assets held for sale and disposal groups	-	-
120. Other assets	11,863,717	3,802,203
TOTAL ASSETS	**35,794,066**	**28,785,171**

Note

The figures at 31 December 2017 do not include Fideuram Fiduciaria and have been reclassified to comply with the new IFRS 9 format, without accounting effect.

(Euro)

Liabilities and shareholders' equity	31.12.2018	31.12.2017
10. Financial liabilities at amortised cost	887,619	1,575,573
a) liabilities	887,619	1,575,573
b) securities issued	-	-
20. Financial liabilities held for trading	-	-
30. Financial liabilities at fair value through profit or loss	-	-
40. Hedging derivatives	-	-
50. Macro-hedging adjustments to financial liabilities (+/-)	-	-
60. Tax liabilities	98,371	17,177
a) current	91,525	10,170
b) deferred	6,846	7,007
70. Liabilities associated with disposal groups	-	-
80. Other liabilities	3,604,235	1,045,397
90. Post-employment benefits	1,221,094	1,076,875
100. Provisions for risks and charges	1,601,802	1,015,896
a) commitments and guarantees given	-	-
b) pension and similar provisions	-	-
c) other provisions	1,601,802	1,015,896
110. Share capital	2,600,000	2,600,000
120. Treasury shares (-)	-	-
130. Equity instruments	-	-
140. Share premium	-	-
150. Reserves	24,324,624	20,263,762
160. Valuation reserves	(43,467)	(53,413)
170. Profit for the year	1,499,788	1,243,904
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**35,794,066**	**28,785,171**

Note

The figures at 31 December 2017 do not include Fideuram Fiduciaria and have been reclassified to comply with the new IFRS 9 format, without accounting effect.

Income Statement

(Euro)	2018	2017
10. Interest and similar income	19,316	75,566
including: interest calculated using the effective interest method	14,461	75,189
20. Interest and similar expense	(3,888)	-
30. Net interest income	**15,428**	**75,566**
40. Fee and commission income	15,189,912	9,491,848
50. Fee and commission expense	(1,206,281)	(93,819)
60. Net fee and commission income	**13,983,631**	**9,398,029**
70. Dividends and similar income	9,156	4,522
80. Net trading income (loss)	-	-
90. Net hedging income (loss)	-	-
100. Net profit (loss) on sale or repurchase of:	-	-
a) financial assets at amortised cost	-	-
b) financial assets at fair value through other comprehensive income	-	-
c) financial liabilities	-	-
110. Net gain (loss) on other financial assets and liabilities at fair value through profit or loss	-	-
a) financial assets/liabilities at fair value through profit or loss	-	-
b) other financial assets mandatorily measured at fair value	-	-
120. Total net interest and trading income	**14,008,215**	**9,478,117**
130. Net impairment losses/gains for credit risk associated with:	177,325	-
a) financial assets at amortised cost	177,325	-
b) financial assets at fair value through other comprehensive income	-	-
140. Modification gains/losses	-	-
150. Net financial income	**14,185,540**	**9,478,117**
160. Administrative expenses:	(11,672,158)	(7,831,572)
a) personnel expense	(7,627,908)	(5,334,984)
b) other administrative expenses	(4,044,250)	(2,496,588)
170. Net accruals to provisions for risks and charges	(140,000)	(150,000)
a) commitments and guarantees given	-	-
b) other net accruals	(140,000)	(150,000)
180. Depreciation and net impairment losses on property, equipment and investment property	(2,585)	(1,362)
190. Amortisation and net impairment losses on intangible assets	(397,344)	(7,705)
200. Other operating income, net	130,662	256,294
210. Operating costs	**(12,081,425)**	**(7,734,345)**
220. Gains (losses) on equity investments	-	-
230. Net fair value gains (losses) on property, equipment and investment property and intangible assets	-	-
240. Impairment losses on goodwill	-	-
250. Net gains (losses) on sales of investments	-	-
260. Pre-tax profit from continuing operations	**2,104,115**	**1,743,772**
270. Income taxes	(604,327)	(499,868)
280. Post-tax profit from continuing operations	**1,499,788**	**1,243,904**
290. Profit (loss) from discontinued operations	-	-
300. Profit for the year	**1,499,788**	**1,243,904**

Note

The 2017 figures do not include Fideuram Fiduciaria.

Statement of comprehensive income

(Euro)

	2018	2017
10. Net Profit for the year	**1,499,788**	**1,243,904**
Other comprehensive income (expense), net of tax, that will not be reclassified subsequently to profit or loss	**(31,968)**	**(6,507)**
20. Equity instruments at fair value through other comprehensive income	(26,998)	8,634
30. Financial liabilities at fair value through profit or loss (changes in own credit worthiness)	-	-
40. Hedges of equity instruments at fair value through other comprehensive income	-	-
50. Property, equipment and investment property	-	-
60. Intangible assets	-	-
70. Defined benefit plans	(4,970)	(15,141)
80. Non-current assets held for sale and disposal groups	-	-
90. Share of valuation reserves of equity-accounted investees	-	-
Other comprehensive income (expense), net of tax, that will be reclassified subsequently to profit or loss	**-**	**(5,075)**
100. Hedges of investments in foreign operations	-	-
110. Exchange gains (losses)	-	-
120. Cash flow hedges	-	-
130. Hedging instruments (non-designated items)	-	-
140. Financial assets (other than equity instruments) at fair value through OCI	-	(5,075)
150. Non-current assets held for sale and disposal groups	-	-
160. Share of valuation reserves of equity-accounted investees	-	-
170. Other comprehensive expense, net of tax	**(31,968)**	**(11,582)**
180. Comprehensive income (captions 10 + 170)	**1,467,820**	**1,232,322**

Note

The 2017 figures do not include Fideuram Fiduciaria.

Statement of changes in equity as at 2018

(Euro)

	Balance at 31.12.2017	Change to opening balances	Balance at 1.1.2018	Allocation of prior year profit		Changes of the year						2018 comprehensive income	Equity at 31.12.2018
							Equity transactions						
				Reserves	Dividends and other allocations	Change in reserves	Issue of new shares	Repurchase of own shares	Extraordinary distribution of dividends	Change in equity instruments	Other changes (*)		
Share capital	2,600,000	-	2,600,000	-	-	-	-	-	-	-	-	-	**2,600,000**
Share premium	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Reserves:	20,263,762	(7,557)	20,256,205	-	-	187,518	-	-	-	-	3,880,901	-	**24,324,624**
a) income-related	9,699,913	(7,557)	9,692,356	-	-	187,518	-	-	-	-	2,329,901	-	**12,209,775**
b) other	10,563,849	-	10,563,849	-	-	-	-	-	-	-	1,551,000	-	**12,114,849**
Valuation reserves	(53,413)	51,323	(2,090)	-	-	-	-	-	-	-	(9,409)	(31,968)	**(43,467)**
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Profit for the year	1,243,904	-	1,243,904	-	(1,243,904)	-	-	-	-	-	-	1,499,788	**1,499,788**
Equity	24,054,253	43,766	24,098,019	-	(1,243,904)	187,518	-	-	-	-	3,871,492	1,467,820	**28,380,945**

(*) The changes reflect the merger of Fideuram Fiduciaria S.p.A. into the company with effect from 1 January 2018.

Statement of changes in equity as at 2017

(Euro)

	Balance at 31.12.2016	Change to opening balances	Balance at 1.1.2017	Allocation of prior year profit		Changes of the year						2017 comprehensive income	Equity at 31.12.2017
							Equity transactions						
				Reserves	Dividends and other allocations	Change in reserves	Issue of new shares	Repurchase of own shares	Extraordinary distribution of dividends	Change in equity instruments	Other changes		
Share capital	2,600,000	-	2,600,000	-	-	-	-	-	-	-	-	-	**2,600,000**
Share premium	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Reserves:	19,184,636	-	19,184,636	1,010,029	-	69,097	-	-	-	-	-	-	**20,263,762**
a) income-related	7,999,525	-	7,999,525	1,010,029	-	-	-	-	-	-	-	-	**9,529,554**
b) other	11,185,111	-	11,185,111	-	-	69,097	-	-	-	-	-	-	**10,734,208**
Valuation reserves	(41,830)	-	(41,830)	-	-	-	-	-	-	-	(1)	(11,582)	**(53,413)**
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Profit for the year	1,010,029	-	1,010,029	(1,010,029)	-	-	-	-	-	-	-	1,243,904	**1,243,904**
Equity	22,752,835	-	22,752,835	-	-	69,097	-	-	-	-	(1)	1,232,322	**24,054,253**

Note

The 2017 figures do not include Fideuram Fiduciaria.

Statement of cash flows

Indirect method

(Euro)	2018	2017
A. OPERATING ACTIVITIES		
1. Operations	**2,503,298**	**1,991,518**
- profit for the year (+/-)	1,499,788	1,243,904
- gains/losses on financial assets held for trading and on other financial assets/liabilities at fair value through profit or loss (-/+)	-	-
- gains/losses on hedging activities (-/+)	-	-
- net impairment losses for credit risk (+/-)	(177,325)	-
- amortisation, depreciation and net impairment losses on property, equipment and investment propert	399,929	9,067
- net accruals to provisions for risks and charges and other costs/revenue (+/-)	176,579	182,345
- unsettled taxes and tax assets (+/-)	604,327	499,868
- net impairment losses/reversals of impairment losses on non-current assets held for sale and disposal groups, net of tax (+/-)	-	-
- other adjustments (+/-)	-	56,334
2. Cash flows generated by (used for) financial assets	**(385,373)**	**204,145**
- financial assets held for trading	-	-
- financial assets at fair value through profit or loss	-	-
- other assets mandatorily measured at fair value	-	-
- financial assets at fair value through other comprehensive income	530	57,676
- financial assets at amortised cost	6,885,150	(2,008,185)
- other assets	(7,271,053)	2,154,654
3. Cash flows used for financial liabilities	**(968,401)**	**(636,602)**
- financial liabilities at amortised cost	182,889	124,067
- financial liabilities held for trading	-	-
- financial liabilities at fair value through profit or loss	-	-
- other liabilities	(1,151,290)	(760,669)
Net cash flows generated by operating activities	**1,149,524**	**1,559,061**
B. INVESTING ACTIVITIES		
1. Cash generated by	**-**	**-**
- sales of equity investments	-	-
- dividends from equity investments	-	-
- sales of property, equipment and investment property	-	-
- sales of intangible assets	-	-
- sales of business units	-	-
2. Cash flows used to acquire	**(446,680)**	**-**
- equity investments	-	-
- property, equipment and investment property	-	-
- intangible assets	(446,680)	-
- business units	-	-
Net cash flows generated by (used for) investing activities	**(446,680)**	**-**
C. FINANCING ACTIVITIES		
- issue/repurchase of treasury shares	-	-
- issues/acquisitions of equity instruments	-	-
- dividend and other distributions	(1,243,904)	-
Net cash flows generated by (used for) financing activities	**(1,243,904)**	**-**
NET CASH FLOWS FOR THE YEAR	**(541,060)**	**1,559,061**

RECONCILIATION	**2018**	**2017**
Opening cash and cash equivalents	**4,436,923**	2,877,862
Total net cash flows for the year	(541,060)	1,559,061
Cash and cash equivalents: exchange gains (losses)	-	-
Closing cash and cash equivalents	3,895,863	4,436,923

	2018
A. Operating activities - 3. Cash flows used for financial liabilities	
a) Change in cash flows from financing activities	182,889
b) Change due to the receipt or loss of control of subsidiaries or other entities	-
c) Change in fair value	-
d) Other changes	(1,151,290)
Cash flows used for financial liabilities	**(968,401)**

Note: The 2017 figures do not include Fideuram Fiduciaria.

Notes to the financial statements

PART A - ACCOUNTING POLICIES

A.1 GENERAL PART

SECTION 1 – STATEMENT OF COMPLIANCE WITH IFRS

The financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) endorsed by the European Commission and applicable at 31 December 2018, in accordance with Legislative decree no. 38/2005 and Regulation (EC) no. 1606/2002.

The company did not make any departures from the IFRS.

The new standards and amendments to applicable standards, applicable at the reporting date, are set out below, together with the related endorsement regulations issued by the European Commission:

- Regulation (EU) no. 2016/1905: IFRS 15 - Revenue from contracts with customers;
- Regulation (EU) no. 2016/2067: IFRS 9 - Financial instruments;
- Regulation (EU) no. 2017/1987: Amendments to IFRS 15 - Revenue from contracts with customers;
- Regulation (EU) no. 2018/289: Amendments to IFRS 2 - Share-based payment;
- Regulation (EU) no. 2018/519: IFRIC 22 - Foreign currency transactions and advance consideration.

Moreover, the new standards and amendments to applicable standards, applicable after the reporting date, are set out below, together with the related endorsement regulations issued by the European Commission:

- Regulation (EU) no. 2017/1986: IFRS 16 - Leases;
- Regulation (EU) no. 2018/498: Amendments to IFRS 9 - Financial instruments;
- Regulation (EU) no. 2018/1595: IFRIC 23 - Uncertainty over income tax treatment.

IFRS 16 - Leases

With effect from 1 January 2019, the new IFRS 16, issued by the IASB in January 2016 and endorsed by the European Commission through Regulation (EU) no. 2017/1986, has replaced IAS 17 - Leases, IFRIC 4 - Determining whether an arrangement contains a lease, SIC 15 - Operating leases - Incentives and SIC 27 - Evaluating the substance of transactions involving the legal form of a lease.

In accordance with the new standard, entities are required to assess whether a contract is, or contains, a lease, based on the concept of control of the use of an identified asset for a period of time. As a result, rental, hire or free loans, previously not considered as leases, may now also come under the scope of IFRS 16.

IFRS 16 introduces significant changes to the accounting for lease transactions in the financial statements of the lessee/user, with the introduction of a single accounting model for lease contracts. The lessee recognises a right-of-use asset and the liabilities for the lease payments not yet paid to the lessor under liabilities. The recognition of the lease in profit or loss has also changed. Under IAS 17, lease payments are presented under administrative expenses, whereas the amortisation of the right-of-use asset and interest expense on the lease liability will be recognised as required by IFRS 16.

The disclosure required of a lessee includes:

- a breakdown of the leased assets by class;
- an analysis of the lease liabilities by due date;
- other information that is potentially helpful for a better understanding of the entity's business with regard to the leases (e.g., options to terminate or extend the lease).

However, there are no substantial changes, other than some additional disclosure requirements, for the accounting for leases by the lessors.

IFRS 16 and the IFRIC clarifications provide that software is outside the scope of IFRS 16 and will continue to be accounted for in accordance with IAS 38.

From 1 January 2019, the effects of adoption of IFRS 16 will lead to - on a constant profit and cash flows basis - an increase in the assets recognised in the financial statements (leased assets), an increase in the liabilities (the liability for the leased assets), a reduction in administrative expenses (lease payments) and an accompanying increase in interest expense (on the liability) and amortisation (of the right-of-use asset). When the entire term of the contracts is considered, the impact on profit or loss does not change over the lease term, both when the former IAS 17 or the new IFRS 16 are applied, but its distribution over time is different.

The company participated in the project launched by the Intesa Sanpaolo Group for the consistent application of IFRS 16 starting from 1 January 2019 and to determine the impacts of its adoption on the company's organisation and financial reporting. After the initial phase, when the areas affected by the standard were analysed and the qualitative and quantitative impacts defined, the company introduced the procedural and organisational changes necessary for a smooth and effective adoption of the new standard. The Intesa Sanpaolo Group introduced a specific application for the determination of the carrying amounts under IFRS 16.

The company's analysis of the contracts that fall within the scope of the new standard mainly refer to the leases of buildings, cars and hardware. The building leases will be the most affected.

The main general choices made by the company regarding the presentation of the effects of first-time adoption of the standard, as well as some rules applied upon full adoption for the accounting for lease contracts are described below:

The company has chosen to carry out the first-time adoption (FTA) through the modified retrospective approach, which provides the option, established by IFRS 16, of recognising the cumulative effect of the adoption of the standard at the date of first-time adoption and not restating the comparative information. As a result, the figures for 2019 will not be comparable with regard to the recognition of the right-of-use asset and the corresponding lease liability.

Upon first-time adoption and as allowed by IFRS 16, the company has adopted the practical expedient of excluding leases with a remaining lease term of 12 months or less.

With regard to the lease term, the company has decided to consider only the first renewal period as reasonably certain at the date of first-time adoption (and after full adoption for new contracts), unless there are particular contractual terms, facts or circumstances that suggest that additional renewals should be considered or that determine the end of the lease.

The company has also decided not to apply the new standard to contracts with a term of 12 months or less and to contracts with a value of the underlying asset, when new, of €5,000 or less.

It has also decided not to separate the service components from the lease components and to consequently recognise the entire contract as a lease, because the service components are not significant.

An initial estimate of the alignment of the opening balances after First Time Adoption of IFRS 16 using the modified retrospective approach gives an increase in assets due to the recognition of a right-of-use asset of €3 million and financial liabilities (lease liability) of the same amount. Equity is not affected as the carrying amounts of the new assets and liabilities are the same given the company's election of use of the modified approach.

SECTION 2 - BASIS OF PREPARATION

The company has prepared its financial statements in line with the guidance of Annex A of Bank of Italy's measure "Financial statements of IFRS intermediaries other than banks" of 22 December 2017.

The financial statements comprise a statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and these notes. They are accompanied by a Managing Director's statement of 31 December 2018.

These notes provide all disclosures required by applicable legislation as well as the supplementary information deemed useful to give a true and fair view of the company's financial position, financial performance and cash flows. These financial statements have been prepared assuming the company's ability to continue as a going concern as there are no uncertainties about this assumption. The financial statements have been prepared on this basis and in accordance with the principles of accruals, materiality and relevance of the financial disclosures and the principle of substance over form.

The reporting currency of the financial statements is the Euro and the amounts have been rounded to the nearest unit. As required by the above-mentioned Bank of Italy's instructions, tables without figures are not presented.

The financial statements schedules and the tables in the notes present the 2017 figures on a comparative basis.

With reference to the impact of First Time Adoption of IFRS 9, the company elected to adopt the practical expedients provided for by IFRS 9.7.2.15 and the exemptions set out in paragraphs E1 and E2 of IFRS 1 - First-time adoption of International Financial Reporting Standards, whereby, without prejudice to the retrospective application of the new measurement and presentation requirements, the prior year comparative figures are not required to be restated in the financial statements to which the new standard is applied for the first time. According to the guidance issued at the end of December 2017 in the measure "Financial statements of IFRS intermediaries other than banks", in their first set of financial statements, intermediaries availing of the exemption from the restatement of the comparative figures shall include a reconciliation between the figures of the most-recently approved financial statements and the figures included in the financial statements prepared under the new requirements, together with the approach used. Accordingly, in the section on first-time adoption of IFRS 9, the company presented the reconciliation showing the reclassifications and adjustments made to restate figures in line with IFRS 9.

A comparison between the carrying amounts at 31 December 2018 with the comparative balances for the previous year is affected by:

- the effects of IFRS 9 First Time Adoption;
- the merger of Fideuram Fiduciaria into Sirefid.

In order to provide a like-for-like comparison in the Managing Director's statement, the company restated the statement of financial position balances at 31 December 2017 and the income statement balances for 2017. It adjusted the historical data to reflect changes made in the first half of 2018 retrospectively, as if the merger had taken place on 1 January 2017.

Specifically, the balances were restated in the reclassified statement of financial position at 1 January 2018 and the reclassified income statement for 2017 to include Fideuram Fiduciaria. In addition, the comparative balances at 1 January 2018 in the reclassified statement of financial position were calculated applying IFRS 9 to the statement of financial position balances at 31 December 2017 that had been determined in accordance with IAS 39.

FIRST-TIME ADOPTION OF IFRS 9

IFRS 9: The new standard on financial instruments

With effect from 1 January 2018, the new IFRS 9 has replaced IAS 39, which had governed the classification and measurement of financial instruments until 31 December 2017. IFRS 9 requires the classification of financial assets be guided by the characteristics of their contractual cash flows and the business model used to manage the financial assets.

In replacement of the previous four accounting categories, under IFRS 9, financial assets may be classified into three categories, according to the drivers indicated above:

- amortised cost;
- fair value through other comprehensive income;
- fair value through profit or loss.

Financial assets can be recognised in the first two categories and can, therefore, be measured at amortised cost or at fair value through other comprehensive income only if it is demonstrated that they give rise to cash flows that consist solely of payments of principal and interest (SPPI test). Equity instruments are always recognised in the third category and measured at fair value through profit or loss, unless an entity irrevocably decides upon initial recognition to recognise equity instruments held for trading through an equity reserve that will never be reclassified to profit or loss, not even when the financial instrument is transferred. The new standard did not introduce significant variations for financial liabilities compared to IAS 39.

With respect to impairment, a model has been introduced for instruments measured at amortised cost and fair value through other comprehensive income (other than equity instruments) based on the concept of "expected credit loss" instead of the "incurred loss" envisaged by IAS 39, aimed at recognising losses in profit or loss in a more timely manner. IFRS 9 requires that entities recognise expected credit losses over the next 12 months (stage 1) starting from initial recognition of the financial instrument. The time horizon for calculating expected credit losses is the entire residual life of the asset being measured if credit risk has increased "significantly" since initial recognition (stage 2) or if it is impaired (stage 3).

The company participated in the project launched by the Intesa Sanpaolo Group to calculate the impact of the adoption of IFRS 9 on its organisation and financial reporting, in order to enable the consistent application of IFRS 9 starting from 1 January 2018. After having identified the areas affected by the new standard and its qualitative and quantitative impacts, the company implemented the procedural and organisational changes necessary for a smooth and effective adoption of the new standard. With reference to the classification and measurement of its financial instruments, the bank has identified the hold to collect (HTC) business model with measurement of bonds previously classified as available-for-sale at amortised cost. Shares held in portfolio have been classified in the hold to collect and sell (HTC&S) business model and measured at fair value through other comprehensive income.

THE IMPACT OF FIRST-TIME ADOPTION OF IFRS 9

The statement of financial position as at 31 December 2017 restated to include Fideuram Fiduciaria after its merger into Sirefid is set out below:

Statement of financial position - Assets

(Euro)	31.12.2017		Integration effects	31.12.2017
ASSETS	**SIREFID**	**FIDEURAM FIDUCIARIA**		**SIREF Fiduciaria**
10. Cash and cash equivalents	3,889	-		3,889
30. Financial assets at fair value through profit or loss	-	2,022		2,022
40. Available-for-sale financial assets	7,141,138	54,569		7,195,707
50. Held-to-maturity investments	3,810	-		3,810
60. Loans and receivables	17,371,219	5,599,230	(343,263)	22,627,186
100. Property, equipment and investment property	1,192	5,103		**6,295**
110. Intangible assets	23,114	699,037		722,151
120. Tax assets	438,606	84,738		523,344
a) current	-	6,159		6,159
b) deferred	438,606	78,579		517,185
including as per Law no. 214/2011	438,606	-		438,606
140. Other assets	3,802,203	442,608	343,263	**4,588,074**
TOTAL ASSETS	**28,785,171**	**6,887,307**	**-**	**35,672,478**

Statement of financial position – Liabilities

(Euro)

LIABILITIES	31.12.2017 SIREFID	31.12.2017 FIDEURAM FIDUCIARIA	Integration effects	31.12.2017 SIREF Fiduciaria
10. Financial liabilities	1,575,573	568,940	(1,439,783)	**704,730**
70. Tax liabilities	17,177	91,892		109,069
a) current	10,170	83,488		93,658
b) deferred	7,007	8,404		15,411
90. Other liabilities	1,045,397	1,447,760	1,439,783	**3,932,940**
100. Post-employment benefits	1,076,875	137,039		1,213,914
110. Provisions for risks and charges:	1,015,896	273,707		1,289,603
a) pension and similar provisions	-	-		-
b) other provisions	1,015,896	273,707		1,289,603
120. Share capital	2,600,000	1,551,000	(1,551,000)	2,600,000
160. Reserves	20,263,762	2,330,190	1,551,000	24,144,952
170. Valuation reserves	(53,413)	(9,409)		(62,822)
180. Profit for the year	1,243,904	496,188		1,740,092
TOTAL LIABILITIES AND EQUITY	**28,785,171**	**6,887,307**	**-**	**35,672,478**

The reconciliation between the statement of financial position with the combined carrying amounts (Sirefid and Fideuram Fiduciaria) as at 31 December 2017, determined under IAS 39, with the new statement of financial position introduced by Bank of Italy's updated instructions, incorporating the presentation requirements of IFRS 9, is set out below. It matches the 31 December 2017 balances calculated under IAS 39 to the captions reclassified in accordance with IFRS 9, without, however, applying the new measurement requirements and, hence, with total assets and liabilities remaining the same.

Reconciliation between the statement of financial position with combined carrying amounts at 31 December 2017 and the IFRS 9 statement of financial position (introduced by the "Financial statements of IFRS intermediaries other than banks" measure).

Statement of financial position – Assets

(Euro)

IFRS 9 \ IAS 39	10. Cash and cash equivalents	30. Financial assets at fair value through profit or loss	40. Available-for-sale financial assets	50. Held-to-maturity investments	60. Loans and receivables	100. Property, equipment and investment property	110. Intangible assets	120. Tax assets	140. Other assets	TOTAL ASSETS
10. Cash and cash equivalents	3,889									**3,889**
30. Financial assets at fair value through other comprehensive income			124,941							**124,941**
40. Financial assets at amortised cost		2,022	7,070,766	3,810	22,627,186					**29,703,784**
a) loans and receivables with banks			7,070,766		20,633,024					**27,703,790**
b) loans and receivables with financial companies					3,106					**3,106**
c) loans and receivables with customers		2,022		3,810	1,991,056					**1,996,888**
80. Property, equipment and investment property						6,295				**6,295**
90. Intangible assets							722,151			**722,151**
100. Tax assets								523,344		**523,344**
120. Other assets									4,588,074	**4,588,074**
TOTAL ASSETS	**3,889**	**2,022**	**7,195,707**	**3,810**	**22,627,186**	**6,295**	**722,151**	**523,344**	**4,588,074**	**35,672,478**

The reclassifications made to the IAS 39 statement of financial position at 31 December 2017 to allow the correct application of the new IFRS 9 classification rules were as follows:

- available-for-sale debt instruments were reclassified to financial assets at amortised cost - loans and receivables with banks;
- debt instruments at fair value through profit or loss were reclassified to financial assets at amortised cost - loans and receivables with customers.

In addition to the reclassifications required by IFRS 9 (i.e., based on the business model and SPPI test), the reclassifications required by the new presentation requirements of Bank of Italy’s measure (updated) of December 2017 are as follows:

- the previous captions loans and receivables with customers, loans and receivables with banks and held-to-maturity investments have been reclassified to caption 40. Financial assets at amortised cost;
- available-for-sale shares have been reclassified to financial assets at fair value through other comprehensive income.

Statement of financial position – Liabilities

(Euro)

IFRS 9 \ IAS 39	10. Financial liabilities	70. Tax liabilities	90. Other liabilities	100. Post-employment benefits	110. Provisions for risks and charges	120. Share capital	160. Reserves	170. Valuation reserves	180. Profit for the year	TOTAL LIABILITIES AND EQUITY
10. Financial liabilities at amortised cost	704,730									**704,730**
a) liabilities	704,730									**704,730**
b) securities issued	-									
60. Tax liabilities		109,069								**109,069**
80. Other liabilities			3,932,940							**3,932,940**
90. Post-employment benefits				1,213,914						**1,213,914**
100. Provisions for risks and charges					1,289,603					**1,289,603**
a) commitments and guarantees given										
b) pension and similar provisions										
c) other provisions					1,289,603					**1,289,603**
110. Share capital						2,600,000				**2,600,000**
150. Reserves							24,144,952			**24,144,952**
160. Valuation reserves								(62,822)		**(62,822)**
170. Profit for the year									1,740,092	**1,740,092**
TOTAL LIABILITIES AND EQUITY	**704,730**	**109,069**	**3,932,940**	**1,213,914**	**1,289,603**	**2,600,000**	**24,144,952**	**(62,822)**	**1,740,092**	**35,672,478**

Transition to IFRS 9 and the new presentation requirements of Bank of Italy have not affected financial liabilities.

Reconciliation between the statement of financial position as at 31 December 2017 (incorporating the classification requirements of IFRS 9) and the statement of financial position as at 1 January 2018 (incorporating the new measurement and impairment requirements of IFRS 9)

The reconciliation between the statement of financial position as at 31 December 2017 (under IAS 39), with the combined Sirefid and Fideuram Fiduciaria balances which incorporates the reclassifications made under IFRS 9, and the statement of financial position as at 1 January 2018 (under IFRS 9) is set out below. It adjusts the IAS 39 balances at 31 December 2017 based on the new measurement and impairment requirements in order to calculate the IFRS 9 opening balances including Fideuram Fiduciaria.

Statement of financial position

(Euro)

Assets	31.12.2017	Effect of IFRS 9 FTA		1.1.2018
		Classification and measurement	Impairment	
10. Cash and cash equivalents	3,889			3,889
30. Financial assets at fair value through other comprehensive income	124,941			124,941
40. Financial assets at amortised cost	29,703,784	67,531	(12,231)	29,759,084
a) loans and receivables with banks	27,703,790	67,531	(12,231)	27,759,090
b) loans and receivables with financial companies	3,106			3,106
c) loans and receivables with customers	1,996,888			1,996,888
80. Property, equipment and investment property	6,295			6,295
90. Intangible assets	722,151			722,151
100. Tax assets	523,344	(13,011)		510,333
120. Other assets	4,588,074			4,588,074
TOTAL ASSETS	**35,672,478**	**54,520**	**(12,231)**	**35,714,767**

Liabilities	31.12.2017	Effect of IFRS 9 FTA	1.1.2018
10. Financial liabilities at amortised cost	704,730		704,730
a) liabilities	704,730		704,730
b) securities issued	-		-
60. Tax liabilities	109,069		109,069
80. Other liabilities	3,932,940		3,932,940
90. Post-employment benefits	1,213,914		1,213,914
100. Provisions for risks and charges	1,289,603		1,289,603
a) commitments and guarantees given	-		-
b) pension and similar provisions	-		-
c) other provisions	1,289,603		1,289,603
110. Share capital	2,600,000		2,600,000
150. Reserves	24,144,952	(9,034)	24,135,918
160. Valuation reserves	(62,822)	51,323	(11,499)
170. Profit for the year	1,740,092		1,740,092
TOTAL LIABILITIES AND EQUITY	**35,672,478**	**42,289**	**35,714,767**

RECONCILIATION BETWEEN IAS 39 AND IFRS 9 EQUITY

The following table provides a reconciliation of the effects of transition to IFRS 9 on the company's equity.

Effects of First-Time adoption of IFRS9 on equity net of taxes

Adjustment to financial assets' carrying amounts due to the change in business model	51,323
Impairment of financial instruments	(9,034)
Total	**42,289**

IFRS 15: the new standard on revenue

IFRS 15 - Revenue from contracts with customers became effective on 1 January 2018. It superseded IAS 18 - Revenue and IAS 11 - Construction contracts.

The changes compared to the previous standards may be summarised as follows:

- introduction of a single standard for the recognition of revenue from the sale of goods and provision of services;
- introduction of a mechanism for the allocation of the transaction price to each performance obligation (or distinct good or service) in a contract
- the new standard applies to all contracts with customers except for leases, insurance contracts and financial instruments.

The objective of IFRS 15 is to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

The core principle of this standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In order to achieve that objective, an entity shall recognise revenue by:

- identifying contracts with customers;
- identifying the performance obligations;
- determining the transaction price;
- allocating the transaction price to the performance obligations;
- recognising revenue when (or as) it satisfies a performance obligation.

SECTION 3 - EVENTS AFTER THE REPORTING DATE

No events have taken place after the reporting date that would change the carrying amounts shown in the financial statements of SIREF Fiduciaria at 31 December 2018.

Integration of FI.GE into SIREF Fiduciaria has continued as scheduled. The merger resolution was filed with the relevant company registrars on 8 January 2019 and notified to the Ministry for Economic Development on 25 January 2019.

The Intesa Sanpaolo VAT consolidation scheme has been in place since 1 January 2019 and the company has modified its procedures to be able to issue and receive electronic invoices.

SECTION 4 - OTHER ASPECTS

Audit

The financial statements have been audited by KPMG S.p.A. in line with the shareholders' resolution of 12 December 2011 which engaged KPMG for the period from 2012 to 2020.

Other information

Following the merger of Fideuram Fiduciaria S.p.A. into the company, it maintained its name, Società Italiana di Revisione e Fiduciaria S.I.RE.F. S.p.A., abbreviated to SIREF Fiduciaria S.p.A. or SIREFID S.p.A. (mostly called SIREF Fiduciaria S.p.A.).

The company transferred its registered and head offices from Viale Stelvio 55 to Via Montebello 18, Milan with effect from the merger's effectiveness date.

SIREF Fiduciaria S.p.A. was incorporated on 9 November 1973 in Milan, where it has its registered office. It is included in the register of fiduciary companies and the separate section of the single register as per article 106 of the Consolidated Banking Act of 19 September 2017.

The company's business object is the performance of fiduciary activities in accordance with Law no. 1966 of 23 November 1939.

Since 30 June 2015, it has been controlled by Fideuram - Intesa Sanpaolo Private Banking S.p.A. and it is managed and coordinated by Intesa Sanpaolo S.p.A.. Pursuant to IAS 10, the company has authorised the publication of these financial statements within the timeline established by the ruling legislation.

The preparation of financial statements sometimes involves the adoption of estimates and judgements that may have a significant effect on the carrying amount of assets and liabilities, income and expenses, as well as on the disclosures about contingent assets and liabilities. Preparation of these estimates entails the use of the available information and adoption of judgements, based on historical experience, used to make reasonable assumptions about the company's operations. By their very nature, estimates and judgements may vary from year to year and, therefore, it cannot be excluded that the carrying amounts may differ, including significantly, due to changes in the estimates and judgements made.

The main areas affected to a greater extent by the use of judgements by management are:

- calculation of impairment losses on loans and receivables and other financial assets in general;
- use of valuation models to calculate the fair value of financial instruments not quoted on Market value;
- calculation of employee benefits and provisions for risks and charges;
- estimates and assumptions about the recoverability of deferred tax assets;

A.2 ACCOUNTING POLICIES

The accounting policies adopted to prepare the financial statements are set out below.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

Classification

A financial asset shall be classified in this category if both of the following conditions are met:

the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (hold to collect and sell model);

the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category also includes equity instruments other than those held for trading which the company has designated as measured at fair value through other comprehensive income upon initial recognition.

Reclassifications into other categories of financial assets are not allowed unless an entity changes its business model for managing financial assets.

Recognition and measurement

Debt and equity instruments are initially recognised at the settlement date and loans at the disbursement date. Upon initial recognition, the assets are measured at fair value, including directly attributable transaction costs or revenue. After initial recognition, a gain or loss on a financial asset at fair value through other comprehensive income is recognised in a specific equity reserve, except for those arising from the application of amortised cost, impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised. When the financial asset is derecognised, in part or in its entirety, the cumulative gain or loss previously recognised in the fair value reserve is reclassified, in part or in its entirety, from equity to profit or loss.

The equity instruments that the company has elected to classify in this category are measured at fair value and any cumulative gain or loss recognised in equity cannot be subsequently transferred to profit or loss, even when the instrument is disposed of. Only dividends on such equity instruments are recognised in profit or loss. The company assesses whether the credit risk of its debt instruments and loans and receivables has increased significantly in accordance with the impairment requirements of IFRS 9. If this is the case, the company recognises the expected credit loss accordingly. Equity instruments are not subject to impairment testing.

Derecognition

These financial assets are derecognised only if their sale has entailed the substantial transfer of all the related risks and rewards.

FINANCIAL ASSETS AT AMORTISED COST

Classification

A financial asset (in particular, loans and debt instruments) shall be classified in this category if both of the following conditions are met:

the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows (hold to collect model);

the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Specifically, this caption includes loans and receivables with banks, loans and receivables with customers and debt instruments that meet both the above requirements. The category also includes trade receivables related to the provision of financial activities and services.

Reclassifications into other categories of financial assets are not allowed unless an entity changes its business model for managing financial assets.

Recognition and measurement

Debt instruments are initially recognised at the settlement date, while loans are recognised at the disbursement date. Upon initial recognition, the assets are measured at fair value, including directly attributable transaction costs or revenue.

After initial recognition, these financial assets are subsequently measured at amortised cost using the effective interest method.

The amortised cost method is not used for assets measured at historical cost as discounting these loans has no material impact considering their short term, and assets without a set maturity or on demand.

Derecognition

These financial assets are derecognised only if their sale has entailed the substantial transfer of all the related risks and rewards.

PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY

Classification

This caption includes land, owner-occupied property, technical systems, furniture and fittings and all equipment. These assets are held for use in the production or supply of goods and services for more than one year. Therefore, they are classified as “operating assets” under IAS 16.

Recognition and measurement

Property, equipment and investment property are initially recognised at cost, which includes the acquisition cost and all costs directly attributable to their purchase or to preparing the asset for its intended use.

The cost of extraordinary maintenance that increases the item’s future economic benefits is capitalised while other ordinary maintenance costs are expensed. After initial recognition, property, equipment and investment property are subsequently measured at cost adjusted by accumulated depreciation. Depreciation is charged systematically on a straight-line basis over the asset’s estimated useful life.

Derecognition

Property, equipment and investment property are derecognised on disposal or retirement and no future economic benefits are expected from their use or disposal.

INTANGIBLE ASSETS

Classification

Intangible assets include costs for software and the related development costs, after their ability to generate future economic benefits has been checked. An intangible asset is an identifiable non-monetary asset without physical substance that can be used over more than one year.

Recognition and measurement

Intangible assets are recognised at cost, adjusted for any transaction costs, only if it is certain that the future economic benefits associated with the asset will flow to the company and the asset's cost may be determined reliably. If these conditions are not met, the cost for the asset is recognised in profit or loss when incurred. Intangible assets are amortised on a straight-line basis over their estimated useful lives.

If there is indication of impairment, the company tests the assets for impairment at each reporting date. The impairment loss, recognised in profit or loss, is equal to the difference between the asset's carrying amount and its recoverable amount.

Derecognition

Intangible assets are derecognised on disposal and if no future economic benefits are expected therefrom.

TAX ASSETS AND LIABILITIES

Current and deferred taxes, calculated in accordance with the Italian tax legislation, are recognised as an expense on an accruals basis, in line with the costs and revenue generating them. They show the tax income (expense) for the reporting period.

Current tax assets and liabilities show the company's tax position vis-à-vis the tax authorities. Current IRAP liabilities are calculated based on a prudent estimate of the tax expense for the year under applicable tax legislation. Current tax assets represent payments on account and other prior year tax assets that the company intends to use for offsetting purposes in subsequent periods.

The IRES tax is recognised under other assets or other liabilities with the Parent Company, Intesa Sanpaolo, given the company's inclusion in the national tax consolidation scheme. It is also calculated based on a prudent estimate of the tax expense for the year under applicable tax legislation.

Deferred taxes are calculated using the balance sheet liability method, considering the tax effect of temporary differences between the carrying amounts of assets and liabilities and their tax bases, which generate amounts taxable or deductible in future periods. Taxable temporary differences are those that will result in taxable amounts in future periods while deductible temporary differences generate deductible amounts in future periods.

Deferred taxes are calculated using the tax rates established by law and enacted when the taxable temporary differences, for which taxes will probably have to be paid, arise or the deductible temporary differences, which the company is reasonably sure of using.

When the deferred taxes refer to items affecting profit or loss, they are recognised in the income statement.

When deferred taxes refer to transactions that directly affect equity without impacting profit or loss, they are recognised in equity.

OTHER ASSETS AND LIABILTIIES

Other assets include tax assets for payments on account and other assets that cannot be classified in the other asset captions.

Other liabilities comprise trade payables and tax liabilities for unpaid taxes and other liabilities that cannot be classified in the other liability captions.

FINANCIAL LIABILITIES AT AMORTISED COST

Classification

Financial liabilities are initially recognised at cost, which equals the consideration due including directly related transaction costs or revenue, when material and determinable.

After initial recognition, financial liabilities are recognised at amortised cost using the effective interest method, except for short-term liabilities, for which the time factor is negligible and which continue to be recognised at the amount collected.

Financial liabilities are derecognised when they are extinguished or have expired.

POST-EMPLOYMENT BENEFITS

After enactment of the pension reform with Legislative decree no. 252/2005, post-employment benefits (TFR) solely relate to the portion vested up until 31 December 2006. Therefore, these benefits continue to be recognised as a defined benefit plan and subjected to an actuarial valuation. However, until the calculation method applied until 31 December 2006, this valuation no longer entails the proportionate allocation of the benefit to the service period. This is because the service valued is considered to have been provided in full following the change in the accounting nature of post-employment benefits after 1 January 2007.

The Italian post-employment benefits are classified as:

defined contribution plans for the benefits accrued after 1 January 2007 (when the pension reform implemented by Legislative decree no. 252 of 5 December 2005 was enacted) when the employee has opted to transfer them to a supplementary pension fund or to the INPS (the Italian social security institution) treasury fund. The company’s liability is recognised under personnel expenses and is calculated considering the benefits due without applying actuarial methods.

defined benefit plans for the benefits vested up to 31 December 2006. They are recognised at their actuarial value using the projected unit credit method, without considering the pro rata past service cost as the benefits related to the current service cost have mostly vested and its revaluation is not expected to give rise to significant employee benefits in future. The discount rate used is determined by reference to market yields at the reporting date consistent with the term of the post-employment benefit obligations, weighted to reflect the percentage of the amount paid and advanced, for each due date, compared to the total amount to be paid and advanced before final settlement of the entire obligation. The plan servicing costs are recognised as personnel expenses while the actuarial gains and losses are recognised in other comprehensive income (expense).

PROVISIONS FOR RISKS AND CHARGES

Other provisions

The other provisions for risks and charges include accruals for legal or labour obligations or for disputes (including tax) arising as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Accordingly, the company recognises a provision if and only if:

- the company has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and that takes risks and uncertainties that inevitably surround many events and circumstances into account.

When the effect of the time value of money is material, the provision is discounted using current market rates. The provision and increase in the provision due to the passage of time are recognised in profit or loss.

If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the obligation is extinguished, the provision is reversed.

OTHER INFORMATION

Revenue and cost recognition

Costs are recognised in profit or loss in the same period as when the related revenue is recognised. When the link between costs and revenue is general and indirect, the costs are recognised in more than one period using rational procedures and on an systematic basis. Costs that cannot be linked to revenue are expensed immediately. Revenue is recognised when earned or when the service is rendered.

Specifically:

- interest is recognised on an accruals basis using the contract or effective interest rate, when it is measured at amortised cost; default interest is recognised when collected;
- fee and commission income on services are recognised when the services are rendered and contracts exist;
- income and expense from the trading of financial instruments is recognised when the sale is executed and is the difference between the transaction price paid or collected and the instrument's carrying amount.

Revenue from services is recognised at the fair value of the agreed consideration. Intragroup transactions take place at normal market conditions.

Fee and commission income on fiduciary services is received once a year or intra-annually when it has accrued.

Revenue is earned on four separate business lines:

- “corporate” (the bank’s corporate function);
- “private” (the bank’s “private individuals” function);
- “share-based plans”;
- “administration of assets held in trusts” when the company is the trustee.

Other revenue is recognised for bondholders’ representative positions and the escrow agreement business.

Leasehold improvements

The company capitalises leasehold improvement costs as it has control over the assets and receives future economic benefits during the lease term. These costs, classified as other assets, are amortised over a period that is not longer than the lease term.

Share-based payments

The share-based payments refer to the following long-term 2018-2021 incentive plans for senior management, risk takers and strategic managers on the one hand and all employees (professionals and managers) on the other.

POP (Performance Based Option Plan)

The plan is designed to encourage managers, who can directly influence the company’s results, to aim for the goals set in the 2018-2021 business plan. The POP includes financial instruments linked to shares (call options), POP options, assigned on 11 July 2018 at a strike price of €2.5416 calculated using the average of the VWAP (volume weighted average price) of the ordinary Intesa Sanpaolo shares of each business day for the 30 calendar days before assignment of the options. They will be exercised automatically when the plan expires in 2022, if:

- the difference between the end price, calculated in the plan’s last year, and the strike price, is positive;
- the levels required for activation are maintained in each year of the plan’s term;
- the minimum performance goals are met in 2021.

The POP provides that the number of POP options that can be exercised at the plan’s expiry is tied to achievement of the goals set in the business plan and specifically, the non-performing loans ratio and the ratio of net operating income to risk-weighted assets.

The entire amount accrued will be paid in shares over time by beneficiary cluster subject to verification of the malus conditions in the years when the shares are to be assigned. Intesa Sanpaolo rolled out the plan in June and signed a novation agreement with J.P. Morgan, whereby it transferred to the latter the obligation to deliver any ordinary shares due upon the expiry of the POP options, therefore transferring all plan volatility risks to the counterparty.

LECOIP 2.0 (Leveraged Employee Co-Investment Plan)

This is a share-based plan proposed for the second time by the Intesa Sanpaolo Group when it launched its 2018-2021 business plan.

It provides for the assignment of certificates issued by J.P. Morgan to employees as follows:

- the free assignment of newly-issued ordinary Intesa Sanpaolo shares to employees as part of a bonus capital increase (“free shares”);
- the free assignment of additional newly issued ordinary Intesa Sanpaolo shares to employees as part of the same bonus capital increase (“matching shares”);

- the subscription of newly issued ordinary Intesa Sanpaolo shares arising from a capital increase against payment reserved for the employees at a discounted price compared to the market prices ("discounted shares").

The certificates are divided into two categories, and have different characteristics depending on whether they are reserved for professionals or managers. They will allow employees to receive, at maturity, an amount in cash (or in ordinary Intesa Sanpaolo shares) that is equal to the original market value of the free shares and the matching shares with regard to professionals and 75% of this value with regard to managers, plus a portion of any appreciation, compared to the original market value, related to the amount of the free shares, matching shares and discounted shares.

Assets Under fiduciary Administration and contingency accounts

Following the merger of Fideuram Fiduciaria into Sirefid and to standardise the methods used by the two companies to enhance the assets under fiduciary administration, some of these methods were changed. Specifically:

- listed shares and bonds and government bonds are recognised at their market value;
- policies are recognised at the amount communicated by the insurance company;
- unlisted securities and quotas of companies limited by quotas are recognised at their average carrying amount.

The following methods were maintained:

- Assets Management are recognised at the year-end balances communicated by the managers;
- fiduciary current accounts are recognised at the year-end carrying amount;
- all the amounts are presented in Euros. Foreign currency balances are translated into Euro at the exchange rate ruling on the first business day after the reference date.

Assets held in trusts presented in these financial statements are recognised as follows:

- buildings held in/acquired by the trust are measured at the amount stated in the contribution deed or acquisition agreement; if these are not available, the amount shown in the cadastral certificate is used; the amount may increase to reflect extraordinary maintenance work and/or restructuring work together with the related costs;
- unlisted shares, quotas of companies limited by quotas, securities of third parties and equity investments whose title is given to the trust are measured at their acquisition price or, if contributed without indication of a price, at their nominal value;
- securities and investment funds in the trust's name are recognised at their year-end market value;
- Assets Under Management in the trust's name are recognised at the fair value of the assets at year end as communicated by the manager;
- current accounts in the trust's name are recognised at the year-end carrying amount; the balance of foreign current accounts is translated into Euros using the official exchange rate ruling on the last business day of the year.

The other amounts relate to the company's assets and securities held with third parties and third party assets used by the company to achieve its business object.

Commitments, guarantees given and received

The company has given sureties and taken on commitments (mandates to sell) on behalf of its beneficiaries within the limits of the fiduciary assets and considering any constraints, including in the form of pledges on securities and the authorisation of the beneficiaries to use the assets to satisfy its guarantees.

CLASSIFICATION OF FINANCIAL ASSETS

The classification of financial assets into the three categories established by IFRS 9 depends on two classification drivers:

- the business model used to manage the financial instruments;
- the contractual cash flow characteristics of the financial assets (SPPI test).

The classification of the financial assets derives from the combined effect of the two drivers mentioned above, as described below:

financial assets at amortised cost: assets that pass the SPPI test and come under the hold to collect (HTC) business model;

financial assets at fair value through other comprehensive income (FVOCI): assets that pass the SPPI test and come under the hold to collect and sell (HTCS) business model;

financial assets at fair value through profit or loss (FVTPL): this is a residual category, which includes financial instruments that cannot be classified in the previous categories based on the results of the business model or the test of the contractual cash flow characteristics (SPPI test not passed).

SPPI test

In addition to the analysis of the business model, a financial asset may be classified as at amortised cost or at FVOCI if its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI test). Loans and debt instruments, in particular, should be subjected to this test.

The SPPI test should be carried out on each financial instrument upon initial recognition. After initial recognition, and as long as it is maintained in the statement of financial position, the asset is no longer subjected to the SPPI test. If the test shows that the contractual cash flows are significantly different from the cash flows of a benchmark instrument, the contractual cash flows cannot be considered to meet the definition of SPPI. The presence of contractual clauses that may change the frequency or amount of the contractual cash flows must also be considered to determine whether those cash flows meet the SPPI requirements (e.g., prepayment options, the possibility of deferring contractually agreed cash flows, embedded derivative instruments, subordinated instruments, etc.).

Business model

IFRS 9 identifies three cases relating to the way in which cash flows and sales of financial assets are managed:

hold to collect (HTC): this is a business model whose objective is achieved by collecting the contractual cash flows of the financial assets included in the portfolios associated to it. The inclusion of the portfolio of financial assets in this business model does not necessarily result in the inability to sell the instruments, but the frequency, value and timing of sales in prior periods, the reasons for the sales, and the expectations about future sales, need to be considered;

hold to collect and sell (HTCS): this is a mixed business model whose objective is achieved by collecting the contractual cash flows of the financial assets in portfolio and also through the sale of the financial assets, which is an integral part of the strategy. Both activities (collection of contractual flows and sale) are indispensable to achieve the business model's objective. Accordingly, sales are more frequent and significant than for an HTC business model and are an integral part of the strategies pursued;

other/trading: this is a residual category that includes both financial assets held for trading and financial assets managed with a business model that does not come under the previous categories (hold to collect and hold to collect and sell).

In general, this classification applies to a portfolio of financial assets whose management and performance are measured based on fair value. The business model reflects the way in which financial assets are managed to generate cash flows for the benefit of the entity and is defined by senior management with the appropriate involvement of the business structures. It is defined by considering the way in which financial assets are managed and, as a consequence, the extent to which the portfolio's cash flows derive from the collection of contractual flows, from the sale of the financial assets, or from both. The business model does not depend on management's intentions regarding an individual financial instrument, but refers to the way in which groups of financial assets are managed in order to achieve a specific business objective.

In summary, the business model:

- reflects the way in which financial assets are managed to generate cash flows;
- is defined by senior management, with the appropriate involvement of the business structures;
- must be observable by considering the way the financial assets are managed.

AMORTISED COST MEASUREMENT

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition decreased by principal repayments and adjusted by accumulated amortisation (calculated using the effective interest method) of the difference between the carrying amount at initial recognition and at maturity and by the loss allowance, if any.

The effective interest rate is the rate that exactly discounts future cash payments or receipts through the expected life of the financial instrument or through the subsequent date for recalculation of the price to the present value of the financial asset or financial liability. In the calculation of the present value, the effective interest rate is applied to the flow of future cash receipts or payments through the entire useful life of the financial asset or liability or for a shorter period when certain conditions are met (for example, reviews of market interest rates).

After initial recognition, amortised cost enables allocation of revenue and costs directly by decreasing or increasing the instrument's carrying amount over its entire expected life via the amortisation process.

Amortised cost measurement is applied to financial assets at amortised cost and at fair value through other comprehensive income, as well as financial liabilities at amortised cost.

Financial assets and liabilities traded at market conditions are initially recognised at fair value, which normally is equal to the amount disbursed or paid including, for instruments measured at amortised cost, transaction costs and any directly attributable fees.

Transaction costs include internal or external marginal costs and income attributable to the issue, the acquisition or the disposal of a financial instrument which are not debited to the customer.

IMPAIRMENT MEASUREMENT

Impairment of financial assets

At each reporting date, financial assets other than those measured at fair value through profit or loss are tested for impairment to assess whether there is any evidence that their carrying amount may not be fully recoverable. A similar analysis is performed for commitments to disburse funds and guarantees issued that must be tested for impairment under IFRS 9. If there is indication of impairment, these financial assets are considered credit-impaired and are included in stage 3. For these exposures, which are classified – in accordance with Bank of Italy Circular no. 262/2005 – as bad, unlikely-to-pay and past due by more than ninety days, the company recognises a loss allowance equal to their lifetime expected credit losses.

When there is no indication of impairment (performing financial instruments), the company checks whether there is evidence that the credit risk of the individual exposures has increased significantly since initial recognition. This check, in terms of classification (or, more precisely, staging) and measurement, has the following consequences:

where this evidence exists, the financial assets are included in stage 2. In this case, despite the absence of indication of impairment, the company recognises a loss allowance equal to their lifetime expected credit losses. At each subsequent reporting date, the company reviews the loss allowance, both to periodically check its adequacy with the continuously updated loss estimates and to take account – if the evidence of "significantly increased" credit risk is no longer present – of the change in the forecast period for the calculation of the expected credit loss;

where this evidence does not exist, the financial assets are included in stage 1. In this case, despite the absence of indication of impairment, the company recognises a loss allowance equal to their 12-month expected credit losses. At each subsequent reporting date, the company reviews the credit allowance, both to periodically check its adequacy with the continuously updated loss estimates and to take account – if the evidence of "significantly increased" credit risk emerges – of the change in the forecast period for the calculation of the expected credit loss. The following factors are taken into account for the measurement of financial assets and, in particular, the identification of the "significant increase" in credit risk (a necessary and sufficient condition for the classification of the asset as stage 2):

the variation of the lifetime probabilities of default compared to the time of initial recognition of the financial instrument. This is, therefore, an assessment made on a "relative" basis, which constitutes the main driver;

a past due amount that has been as such for at least 30 days. In this case, the credit risk is presumed to have "significantly increased" and the exposure is, therefore, transferred to stage 2;

forbearance measures, which lead to the reclassification of the exposure to those whose credit risk has "significantly increased" since initial recognition;

Once the allocation to the various credit risk stages has been established, the expected credit losses (ECL) are determined at individual transaction or securities tranche level, using the IRB/management model and based on the PD, LGD and EAD parameters, which are adjusted to ensure compliance with the requirements of IFRS 9.

The following definitions apply for PD, LGD and EAD:

- PD (Probability of Default): likelihood of migrating from performing to non-performing status over the period of one year. In models consistent with supervisory provisions, the PD factor is typically quantified through the rating;
- LGD (Loss Given Default): percentage loss in the event of default. In the models consistent with supervisory provisions, it is quantified through the historical experience of discounted recoveries on exposures that have become non-performing;

- EAD (Exposure At Default) or credit equivalent; amount of the exposure at the time of default.

TRANSFERS BETWEEN PORTFOLIOS OF FINANCIAL ASSETS

Additional disclosures are required in the year in which the IFRS 9 classification and measurement criteria for financial assets are applied. Accordingly, it should be noted that, at First Time Adoption of IFRS 9, the company reclassified available-for-sale bonds (€7,141,138) and bonds measured at fair value (€2,022) into the portfolio of financial assets measured at amortised cost.

Original portfolio	New portfolio	Reclassification date	Reclassified carrying amount at 31/12/2018	Fair value at 31/12/2018	Pre-tax gains (losses) that would have been recognised in equity without the transfer	Pre-tax interest income for the year
Available-for-sale financial assets	Financial assets at amortised cost	1.1.2018	2,634,721	2,628,422	(6,299)	2,092
Financial assets at fair value	Financial assets at amortised cost	1.1.2018	2,022	1,915	-	9
			2,636,743	**2,630,337**	**(6,299)**	**2,101**

The following table shows the carrying amount, fair value and impact on other comprehensive income of the reclassified securities net of repayments made during the year.

A.4 – FAIR VALUE

QUALITATIVE INFORMATION

A.4.1 FAIR VALUE LEVELS 2 AND 3: VALUATION TECHNIQUES AND INPUTS USED

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the principal market at the measurement date.

Fundamental to the definition of fair value is the assumption that the entity is able to operate normally and does not need to urgently liquidate or significantly decrease a position or undertake transactions at unfavourable conditions. The fair value of an instrument reflects its credit quality as it includes the counterparty risk.

A quoted price in a Market value provides the most reliable evidence of fair value and shall be used whenever available. If a Market value does not exist, fair value is determined using valuation techniques.

A.4.3 FAIR VALUE HIERARCHY

As provided for by the IFRS, the measurement of financial assets at fair value is the result of several measurement processes that, depending on how much they rely on a Market value, can be defined using the following three levels (fair value hierarchy).

Quoted prices on Market value (level 1)

The valuation and market price of the same financial instrument being measured, obtained using quoted prices on Market value. A financial instrument is quoted on a Market value if the prices, which reflect normal market transactions, are readily and regularly available from stock markets, brokers, intermediaries, sector entities, listing services or authorised bodies and these prices represent effective and orderly market transactions that took place in a normal reference period.

Valuation techniques: Comparable approach (level 2)

If the reference market is not active, the valuation is not based on prices for the financial instrument but on observable market inputs or by using unobservable inputs that are supported and confirmed by market data, such as prices or credit spreads based on official prices of substantially similar instruments in terms of their risk factors, or by using suitable calculation methods (pricing models).

These models reproduce the prices of financial instruments quoted on Market value without including discretional inputs that would have a significant impact on the final price.

Valuation techniques: Mark to Model Approach (level 3)

The valuations are based on different inputs that are not all directly observable on the market and require the entity to make estimates and assumptions that have a significant impact on the value of the financial instrument. Specifically, use of this approach means that the calculation method is based on assumptions about future cash flows and certain inputs not quoted on Market value obtained, for example, from historical data or specialised searches.

The application of the above definition of the fair value of financial assets held by the company at the reporting date leads to the following:

QUANTITATIVE DISCLOSURE

A.4.5 FAIR VALUE HIERARCHY

A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: breakdown by fair value level

(in thousands of Euro)

	2018			2017		
Assets and liabilities measured at fair value	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
1. Financial assets at fair value through profit or loss	-	-	-	-	-	-
a) held for trading	-	-	-	-	-	-
b) designated at fair value	-	-	-	-	-	-
c) mandatorily measured at fair value	-	-	-	-	-	-
2. Financial assets at fair value through other comprehensive income	87	-	-	7,141	-	-
3. Hedging derivatives	-	-	-	-	-	-
4. Property, equipment and investment property	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	**87**	**-**	**-**	**7,141**	**-**	**-**
1. Financial liabilities held for trading	-	-	-	-	-	-
2. Financial liabilities at fair value through profit or loss	-	-	-	-	-	-
3. Hedging derivatives	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value level

	2018				2017			
	Carrying amount	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3
1. Financial assets at amortised cost	22,504	2,631	15,980	3,886	17,375	4	12,938	4,433
2. Investment property	-	-	-	-	-	-	-	-
3. Non-current assets held for sale and disposal groups	-	-	-	-	-	-	-	-
Total	**22,504**	**2,631**	**15,980**	**3,886**	**17,375**	**4**	**12,938**	**4,433**
1. Financial liabilities at amortised cost	888	-	888	-	1,576	-	1,576	-
2. Liabilities associated with disposal groups	-	-	-	-	-	-	-	-
Total	**888**	**-**	**888**	**-**	**1,576**	**-**	**1,576**	**-**

The company did not transfer assets and liabilities between the different levels during the year.

PART B – NOTES TO THE STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)

ASSETS

SECTION 1 – CASH AND CASH EQUIVALENTS – CAPTION 10

Breakdown of caption 10 "Cash and cash equivalents"

	31.12.2018	31.12.2017
Cash	10	4
Total	**10**	**4**

SECTION 3 - FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CAPTION 30

3.1 Financial assets at fair value through other comprehensive income: breakdown by type

	31.12.2018			31.12.2017		
Captions	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
1. Debt instruments	-	-	-	-	-	-
1.1 Structured instruments				-	-	-
1.2 Other instruments	-	-	-	7,071	-	-
2. Equity instruments	**87**	-	-	**70**	-	-
3. Financing	-	-	-	-	-	-
Total	**87**	-	-	**7,141**	-	-

This caption comprises the unassigned Intesa Sanpaolo shares purchased to serve the group employee investment plan in line with the 2014-2017 plan. The company currently holds 45,105 such shares.

3.2 Financial assets at fair value through other comprehensive income: breakdown by debtor/issuer

Captions	31.12.2018	31.12.2017
1. Debt instruments	**-**	**7,071**
a) Public administrations	-	-
b) Banks	-	7,071
c) Other financial companies	-	-
of which: insurance companies	-	-
d) Non-financial companies	-	-
2. Equity instruments	**87**	**70**
a) Public administrations	-	-
b) Banks	**87**	70
c) Other financial companies	-	
of which: insurance companies	-	-
d) Non-financial companies	-	-
3. Financing	**-**	**-**
a) Public administrations	-	-
b) Banks	-	-
c) Other financial companies	-	-
of which: insurance companies	-	-
d) Non-financial companies	-	-
e) Households	-	-
Total	**87**	**7,141**

3.3 Financial assets at fair value through other comprehensive income: gross amount and total impairment

	Gross amount				Total impairment			Partial/total write-offs
	Stage 1	of which: instruments with a low credit risk	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Debt instruments	-	-	-	-	-	-	-	-
Financing	-	-	-	-	-	-	-	-
Total 2018	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total 2017	**7,071**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
of which: purchased or originated credit-impaired exposures	X	X	-	-	X	-	-	-

SECTION 4 - FINANCIAL ASSETS AT AMORTISED COST - CAPTION 40

4.1 Financial assets at amortised cost: loans and receivables with banks broken down by type

Breakdown	31.12.2018						31.12.2017					
	Carrying amount			Fair value			Carrying amount			Fair value		
	Stages 1 and 2	Stage 3	of which: purchased or originated credit-impaired	Level 1	Level 2	Level 3	Stages 1 and 2	Stage 3	of which: purchased or originated credit-impaired	Level 1	Level 2	Level 3
1. Deposits and current accounts	**12,896**	**-**	**-**	**-**	**9,010**	**3,886**	**13,437**	**-**	**-**	**-**	**9,004**	**4,433**
2. Financing	**4,914**	**-**	**-**	**-**	**4,914**	**-**	**3,520**	**-**	**-**	**-**	**3,520**	**-**
2.1 Reverse repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Finance leases	-	-	-	-	-	-	-	-	-	-	-	-
2.3 Factoring	-	-	-	-	-	-	-	-	-	-	-	-
- with recourse	-	-	-	-	-	-	-	-	-	-	-	-
- without recourse	-	-	-	-	-	-	-	-	-	-	-	-
2.4 Other financing	4,914	-	-	-	4,914	-	3,520	-	-	-	3,520	-
3. Debt instruments	**2,635**	**-**	**-**	**2,628**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3.1 Structured instruments	-	-	-	-	-	-	-	-	-	-	-	-
3.2 Other instruments	2,635	-	-	2,628	-	-	-	-	-	-	-	-
4. Other assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**20,445**	**-**	**-**	**2,628**	**13,924**	**3,886**	**16,957**	**-**	**-**	**-**	**12,524**	**4,433**

This caption includes current accounts, term deposits, bonds issued by Intesa Sanpaolo and commissions to be received from group companies.

4.3 Financial assets at amortised cost: loans and receivables with customers broken down by type

Breakdown	31.12.2018						31.12.2017					
	Carrying amount			Fair value			Carrying amount			Fair value		
	Stages 1 and 2	Stage 3	of which: purchased or originated credit-impaired	Level 1	Level 2	Level 3	Stages 1 and 2	Stage 3	of which: purchased or originated credit-impaired	Level 1	Level 2	Level 3
1. Financing	**2,056**	**-**	**-**	**-**	**2,056**	**-**	**414**	**-**	**-**	**-**	**414**	**-**
1.1 Finance leases	-	-	-	-	-	-	-	-	-	-	-	-
of which: no final repurchase option	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Factoring	-	-	-	-	-	-	-	-	-	-	-	-
- with recourse	-	-	-	-	-	-	-	-	-	-	-	-
- without recourse	-	-	-	-	-	-	-	-	-	-	-	-
1.3 Consumer loans	-	-	-	-	-	-	-	-	-	-	-	-
1.4 Credit cards	-	-	-	-	-	-	-	-	-	-	-	-
1.5 Pawn loans	-	-	-	-	-	-	-	-	-	-	-	-
1.6 Financing granted in relation to service payments rendered	-	-	-	-	-	-	-	-	-	-	-	-
1.7 Other financing	-	-	-	-	-	-	-	-	-	-	-	-
of which: from enforcement of guarantees and commitments	-	-	-	-	-	-	-	-	-	-	-	-
1.8 Other financing	2,056	-	-	-	2,056	-	414	-	-	-	414	-
2. Debt instruments	**3**	**-**	**-**	**3**	**-**	**-**	**4**	**-**	**-**	**4**	**-**	**-**
2.1 Structured instruments	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other instruments	3	-	-	3	-	-	4	-	-	4	-	-
3. Other assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**2,059**	**-**	**-**	**3**	**2,056**	**-**	**418**	**-**	**-**	**4**	**414**	**-**

The debt instruments include government bonds held in accordance with the obligation imposed by Law no. 1966 of 23 November 1939 on fiduciary companies.

4.4 Financial assets at amortised cost: loans and receivables with customers broken down by debtor/issuer

Transaction type/Captions	31.12.2018 Stages 1 and 2	31.12.2018 Stage 3	31.12.2018 of which: purchased or originated credit-impaired	31.12.2017 Stages 1 and 2	31.12.2017 Stage 3	31.12.2017 of which: purchased or originated credit-impaired
1. Debt instruments	**3**	**-**	**-**	**4**	**-**	**-**
a) Public administrations	3	-	-	4	-	-
b) Other financial companies	-	-	-	-	-	-
of which: insurance companies	-	-	-	-	-	-
c) Non-financial companies	-	-	-	-	-	-
2. Financing to:	**2,056**	**-**	**-**	**414**	**-**	**-**
a) Public administrations	-	-	-	-	-	-
b) Other financial companies	-	-	-	-	-	-
of which: insurance companies	-	-	-	-	-	-
c) Non-financial companies	-	-	-	-	-	-
d) Households	2,056	-	-	414	-	-
3. Other assets	**-**	**-**	**-**	**-**	**-**	**-**
Total	**2,059**	**-**	**-**	**418**	**-**	**-**

4.5 Financial assets at amortised cost: gross amount and total impairment losses

	Gross amount				Total impairment			**Partial/total write-offs**
	Stage 1	of which: instruments with a low credit risk	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Debt instruments	2,639	-	-	-	1	-	-	-
Financing	19,665	-	803	-	155	447	-	-
Other assets	-	-	-	-	-	-	-	-
Total 2018	**22,304**	**-**	**803**	**-**	**156**	**447**	**-**	**-**
Total 2017	**18,167**	**-**	**-**	**-**	**792**	**-**	**-**	**-**
of which: purchased or originated credit-impaired exposures	X	X	-	-	X	-	-	-

SECTION 8 - PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY – CAPTION 80

8.1 Property and equipment: breakdown of assets measured at cost

Captions	31.12.2018	31.12.2017
1. Owned	**4**	**1**
a) land	-	-
b) buildings	-	-
c) furniture	4	1
d) electronic systems	-	-
e) other	-	-
2. Under finance lease	**-**	**-**
a) land	-	-
b) buildings	-	-
c) furniture	-	-
d) electronic systems	-	-
e) other	-	-
Total	**4**	**1**
of which: obtained through enforcement of guarantees received		

The owned assets have a useful life of roughly eight years and, therefore, the related depreciation rate is 12%.

8.6 Property and equipment: changes

	Land	Buildings	Furniture	Electronic systems	Other	Total
A. Gross opening balance	**-**	**-**	**49**	**105**	**34**	**188**
A.1 Total depreciation and net impairment losses	-	-	(48)	(105)	(34)	(187)
A.2 Net opening balance	**-**	**-**	**1**	**-**	**-**	**1**
B. Increases:	**-**	**-**	**6**	**-**	**-**	**6**
B.1 Purchases	-	-	5	-	-	5
of which: business combinations	-	-	5	-	-	5
B.2 Capitalised improvement costs	-	-	-	-	-	-
B.3 Reversals of impairment losses	-	-	-	-	-	-
B.4 Fair value gains recognised in:	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) profit or loss	-	-	-	-	-	-
B.5 Exchange gains	-	-	-	-	-	-
B.6 Transfers from investment property	-	-	X	X	X	-
B.7 Other increases	-	-	1	-	-	1
C. Decreases	**-**	**-**	**3**	**-**	**-**	**3**
C.1 Sales	-	-	-	-	-	-
C.2 Depreciation	-	-	3	-	-	3
C.3 Impairment losses recognised in:	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) profit or loss	-	-	-	-	-	-
C.4 Fair value gains recognised in:	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) profit or loss	-	-	-	-	-	-
C.5 Exchange losses	-	-	-	-	-	-
C.6 Transfers to:	-	-	-	-	-	-
a) investment property	-	-	X	X	X	-
b) non-current assets held for sale and disposal groups	-	-	-	-	-	-
C.7 Other decreases	-	-		-	-	-
D. Net closing balance	**-**	**-**	**4**	**-**	**-**	**4**
D.1 Total depreciation and net impairment losses	-	-	(100)	(334)	(58)	(492)
D.2 Gross closing balance	**-**	**-**	**104**	**334**	**58**	**496**
E. Cost	**-**	**-**	**-**	**-**	**-**	**-**

SECTION 9 - INTANGIBLE ASSETS – CAPTION 90

9.1 Intangible assets: breakdown

	31.12.2018		31.12.2017	
	At cost	At fair value	At cost	At fair value
1. Goodwill	-	-	-	-
2. Other				
2.1 Owned	771	-	23	-
- internally-generated	-	-	-	-
- other	771	-	23	-
2.2 Acquired under finance lease	-	-	-	-
Total 2	**771**	-	**23**	-
3. Assets related to finance leases				
3.1 Unopted assets	-	-	-	-
3.2 Assets taken back following lease termination	-	-	-	-
3.3 Other assets	-	-	-	-
Total 3	**-**	**-**	**-**	**-**
4. Leased out under operating leases	-	-	-	-
Total (1+2+3+4)	**771**	**-**	**23**	**-**

The balance shows the carrying amount of Fideuram Fiduciaria's software, increased by the additional application builds made directly as part of the digitalisation development project

The assets have a useful life of roughly three years and, therefore, the related amortisation rate is 33%.

9.2 Intangible assets: changes

	Total
A. Opening balance	**23**
B. Increases	**1,145**
B.1 Purchases	1,145
of which: business combinations	699
B.2 Reversals of impairment losses	-
B.3 Fair value gains recognised in:	-
- equity	-
- profit or loss	-
B4. Other increases	-
C. Decreases	**397**
C.1 Sales	-
C.2 Depreciation	397
C.3 Impairment losses recognised in:	-
- equity	-
- profit or loss	-
C.4 Fair value losses recognised in:	-
- equity	-
- profit or loss	-
C.5 Other decreases	-
D. Closing balance	**771**

SECTION 10 – TAX ASSETS AND LIABILITIES – CAPTIONS 100 OF ASSETS AND CAPTION 60 OF LIABILITIES

10.1 "Tax assets: current and deferred": breakdown

	31.12.2018	31.12.2017
A) Current	-	-
B) Deferred	**554**	**439**
- recognised in profit or loss	539	418
- recognised in equity	15	21
Total	**554**	**439**

Deferred tax assets are mainly recognised on increases in accruals made to the loss allowance and the provisions for disputes and for the personnel incentive scheme.

10.2 "Tax liabilities: current and deferred": breakdown

	31.12.2018	31.12.2017
A) Current	**91**	**10**
- provision for taxes (IRAP)	91	10
B) Deferred	**7**	**7**
- recognised in profit or loss	7	7
- recognised in equity	-	-
Total	**98**	**17**

10.3 Changes in deferred tax assets (recognised in profit or loss)

	Total 2018	Total 2017
1. Opening balance (*)	**421**	**438**
2. Increases	**287**	**164**
2.1 Deferred tax assets recognised in the year	215	164
a) related to previous years	-	-
b) due to changes in accounting policies	-	-
c) reversals of impairment losses	-	164
d) other	215	-
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
2.4 Business combinations	72	-
3. Decreases	**169**	**184**
3.1 Deferred tax assets derecognised in the year	169	184
a) reversals	-	184
b) impairment due to non-recoverability	-	-
c) due to changes in accounting policies	-	-
d) other	169	-
3.2 Decrease in tax rates	-	-
3.3 Other decreases	-	-
a) conversion into tax credits as per Law no. 214/2011	-	-
b) other	-	-
4. Closing balance	**539**	**418**

(*) The opening balances at 1 January 2018 include deferred tax assets of €3 thousand recognised at First Time Adoption of IFRS 9.

10.4. Changes in deferred tax liabilities (recognised in profit or loss)

	31.12.2018	31.12.2017
1. Opening balance	**7**	**7**
2. Increases	**-**	**1**
2.1 Deferred tax liabilities recognised in the year	-	1
a) related to previous years	-	-
b) due to changes in accounting policies	-	-
c) other	-	1
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
2.4 Business combinations		
3. Decreases	**-**	**1**
3.1 Deferred tax liabilities derecognised in the year	-	1
a) reversals	-	1
b) due to changes in accounting policies	-	-
c) other	-	-
3.2 Decrease in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**7**	**7**

10.5 Changes in deferred tax assets (recognised in equity)

	31.12.2018	31.12.2017
1. Opening balance (*)	**5**	**15**
2. Increases	**10**	**6**
2.1 Deferred tax assets recognised in the year	3	6
a) related to previous years	-	-
b) due to changes in accounting policies	-	-
c) other	3	6
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
2.4 Business combinations	7	-
3. Decreases	**-**	**-**
3.1 Deferred tax assets derecognised in the year	-	-
a) reversals	-	-
b) impairment due to non-recoverability	-	-
c) due to changes in accounting policies	-	-
d) other	-	-
3.2 Decrease in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**15**	**21**

(*) The opening balances at 1 January 2018 were adjusted by €16 thousand to reflect the First Time Adoption of IFRS 9.

10.6 Changes in deferred tax liabilities (recognised in equity)

	31.12.2018	31.12.2017
1. Opening balance	-	-
2. Increases	**8**	-
2.1 Deferred tax liabilities recognised in the year	-	-
a) related to previous years	-	-
b) due to changes in accounting policies	-	-
c) other	-	-
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
2.4 Business combinations	8	
3. Decreases	**8**	-
3.1 Deferred tax liabilities derecognised in the year	-	-
a) reversals	-	-
b) due to changes in accounting policies	-	-
c) other	-	-
3.2 Decrease in tax rates	-	-
3.3 Other decreases	8	-
4. Closing balance	-	-

SECTION 12 - OTHER ASSETS - CAPTION 120

12.1 Other assets: analysis

	31.12.2018	31.12.2017
Virtual stamp duties	1,000	955
Substitute tax paid on account (article 2.5 of Decree law no. 133 of 30 November 2013)	9,902	2,692
VAT asset	390	-
Tax asset with Intesa Sanpaolo for the national tax consolidation scheme	258	-
Reimbursement for accrual to the provision for redundancy payments with Fideuram Intesa Sanpaolo Private Banking	227	-
Guarantee deposits	1	1
Prepayments	59	20
Other assets	27	134
Total	**11,864**	**3,802**

The substitute tax was paid on account in December in accordance with article 2.5 of Decree law no. 133 of 30 November 2013. It was significant as it was calculated on the capital gains tax recognised during the year when the 2014-2017 LECOIP expired.

LIABILITIES

SECTION 1 – FINANCIAL LIABILITIES AT AMORTISED COST – CAPTION 10

1.1 Financial liabilities at amortised cost: breakdown by type

Captions	TOTAL 2018			TOTAL 2017		
	DUE TO BANKS	DUE TO FINANCIAL COMPANIES	DUE TO CUSTOMERS	DUE TO BANKS	DUE TO FINANCIAL COMPANIES	DUE TO CUSTOMERS
1. Financing	-	-	-	-	-	-
1.1 Repurchase agreements	-	-	-	-	-	-
1.2 Other financing	-	-	-	-	-	-
2. Other liabilities	888	-	-	881	695	-
Total	888	-	-	881	695	-
Fair value - level 1	-	-	-	-	-	-
Fair value - level 2	888	-	-	881	695	-
Fair value - level 3	-	-	-	-	-	-
Total fair value	888	-	-	881	695	-

This caption includes liabilities for fee and commission expense related to the company's core business.

SECTION 6 – TAX LIABILITIES – CAPTION 60

See section 10 of the assets.

SECTION 8 - OTHER LIABILITIES - CAPTION 80

8.1 Other liabilities: breakdown

	31.12.2018	31.12.2017
Trade payables	53	30
Invoices to be received	244	178
Group companies for services received (*)	1,802	-
Tax liabilities with Intesa Sanpaolo for the national tax consolidation scheme (*)	442	-
Social security institutions for contributions on remuneration	193	184
Employees	259	69
Withholding taxes to be paid	167	220
VAT liabilities	-	14
Stamp duties	93	82
Other	351	268
Total	**3,604**	**1,045**

(*) These amounts were classified as "Financial liabilities" in the 2017 financial statements.

SECTION 9 - POST-EMPLOYMENT BENEFITS – CAPTION 90

9.1 Post-employment benefits: changes

	31.12.2018	31.12.2017
A. Opening balance	**1,077**	**850**
B. Increases	**188**	**227**
B.1 Accruals	37	52
B.2 Other increases	14	175
B.3 Business combinations	137	-
C. Decreases	**44**	-
C.1 Payments	44	-
C.2 Other decreases	-	-
D. Closing balance	**1,221**	**1,077**

9.2 - Other information - Changes in net defined benefit plan liabilities

	31.12.2018			31.12.2017		
	POST-EMPLOYMENT BENEFITS	INTERNAL PLANS	EXTERNAL PLANS	POST-EMPLOYMENT BENEFITS	INTERNAL PLANS	EXTERNAL PLANS
Opening balance	**1,077**	-	-	**850**	-	-
Current service cost	-	-	-	-	-	-
Past service cost	-	-	-	-	-	-
Interest expense	37	-	-	33	-	-
Actuarial losses due to changes to demographic assumptions	-	-	-	-	-	-
Actuarial losses due to changes to financial assumptions	22	-	-	31	-	-
Actuarial losses based on past experience	-	-	-	-	-	-
Exchange gains	-	-	-	-	-	-
Increases - business combinations	137	-	-	-	-	-
Participants' contributions	-	-	-	-	-	-
Actuarial gains due to changes to demographic assumptions	(2)	-	-	-	-	-
Actuarial gains due to changes to financial assumptions	-	-	-	-	-	-
Actuarial gains based on past experience	(13)	-	-	(12)	-	-
Exchange losses	-	-	-	-	-	-
Benefits paid	(44)	-	-	-	-	-
Decreases - business combinations	-	-	-	-	-	-
Curtailments	-	-	-	-	-	-
Settlements	-	-	-	-	-	-
Other increases	7	-	-	175	-	-
Other decreases	-	-	-	-	-	-
Closing balance	**1,221**	-	-	**1,077**	-	-

SECTION 10 – PROVISIONS FOR RISKS AND CHARGES – CAPTION 100

10.1 Provisions for risks and charges: breakdown

Captions	**31.12.2018**	**31.12.2017**
1. Provisions for credit risk related to commitments and financial guarantees given	-	-
2. Other commitments and other guarantees given	-	-
3. Internal pension funds	-	-
4. Other provisions	1,602	1,016
4.1 legal and tax disputes	60	60
4.2 personnel	1,092	661
4.3 other	450	295
Total	**1,602**	**1,016**

10.2 Provisions for risks and charges: changes

	Other commitments and other guarantees given	Pension funds	Other provisions	Total
A. Opening balance	-	-	**1,016**	**1,016**
B. Increases	-	-	**1,095**	**1,095**
B.1 Accruals	-	-	821	821
B.2 Changes due to the passage of time	-	-	-	-
B.3 Changes due to amendments to the discount rate	-	-	-	-
B.4 Other increases	-	-	-	-
B.5 Business combinations	-	-	274	274
C. Decreases	-	-	**509**	**509**
C.1 Utilisations	-	-	509	509
C.2 Changes due to amendments to the discount rate	-	-	-	-
C.3 Other decreases	-	-	-	-
D. Closing balance	-	-	**1,602**	**1,602**

10.6 Provisions for risks and charges - other provisions

Other provisions comprise:

- Legal and tax disputes: this caption includes accruals made in previous years for potential charges arising from the need to make good fiduciary current accounts with negative balances and/or due to traditional fiduciary activities.
- Personnel: this caption relates to the variable component of employee remuneration and seniority bonuses. It also includes redundancy benefits for the 2017 transaction whereby the Intesa Sanpaolo Group acquired assets, liabilities and legal relations from Banca Popolare di Vicenza and Veneto Banca.
- The other provisions include accruals for a dispute with the Italian Financial Intelligence Unit for the non-reporting of suspicious transactions (€150 thousand), a dispute (€225 thousand) and risks related to the company's ordinary operations (€75 thousand).

SECTION 11 - EQUITY - CAPTIONS 110, 120, 130, 140, 150, 160 AND 170

11.1 Share capital: breakdown

	Amount
1. Share capital	
1.1 Ordinary shares	2,600
1.2 Other shares	-

The fully paid-up and subscribed share capital consists of 5,000,000 ordinary shares with a nominal amount of €0.52 each. It is entirely held by the sole shareholder Fideuram - Intesa Sanpaolo Private Banking S.p.A..

11.5 Other information

11.5.1 Breakdown and changes in caption 150 “Reserves”

	Legal reserve	Extraordinary reserve	Reserve for ISP shares	Reserve for LECOIP	Other reserves	Retained earnings	Total
A. Opening balance	**520**	**1,343**	**70**	**170**	**10,564**	**7,597**	**20,264**
B. Before IFRS 9 First Time Adoption	**- -**	**8**	**-**	**-**	**-**	**- -**	**8**
C. Increases	**-**	**2,511**	**55**	**281**	**1,551**	**-**	**4,398**
C.1 Business combinations	-	2,182	55	93	1,551	-	3,881
C.2 Allocation of profits	-	-	-	-	-	-	-
C.3 Other increases	-	329	-	188	-	-	517
D. Decreases	**-**	**-**	**38**	**291**	**-**	**-**	**329**
D.1 Utilisations							-
- to cover losses	-	-	-	-	-	-	-
- dividends	-	-	-	-	-	-	-
- to share capital	-	-	-	-	-	-	-
D.2 Other decreases	-	-	38	291	-	-	329
E. Closing balance	**520**	**3846**	**87**	**160**	**12,115**	**7597**	**24,325**

Description	Amount	Possible use
Equity-related reserves	**12,115**	
- other reserves	12,115	
Income-related reserves	**12,210**	
- reserve for ISP shares	87	
- legal reserve	520	B
- extraordinary reserve	3,846	A,B,C
- retained earnings	7,597	A,B,C
- reserve for LECOIP	160	A
Total	**24,325**	

A) for capital increases
B) to cover losses
C) dividends

11.5.2 Breakdown and changes in caption 160 “Valuation reserves”

	31.12.2018
1. Positive valuation reserves	-
2. Negative valuation reserves	(43)
Total	**(43)**

The negative reserves refer to financial assets at fair value through other comprehensive income and actuarial losses on post-employment benefits net of tax.

Pursuant to article 2427.22-septies of the Italian Civil Code, the board of directors proposes that the profit for 2018 be allocated as follows:

- €1,475,000 to dividends;
- €24,788 to the extraordinary reserve.

PART C - NOTES TO THE INCOME STATEMENT

(in thousands of Euro)

SECTION 1 - INTEREST – CAPTIONS 10 AND 20

1.1 Interest and similar income: breakdown

Captions	DEBT INSTRUMENTS	FINANCING	OTHER TRANSACTIONS	2018	2017
1. Financial assets at fair value through profit or loss:	-	-	-	-	-
1.1 Held for trading	-	-	-	-	-
1.2 Designated at fair value	-	-	-	-	-
1.3 Mandatorily measured at fair value	-	-	-	-	-
2. Financial assets at fair value through other comprehensive income	-	-	**X**	-	**61**
3. Financial assets at amortised cost:	-	**14**	-	**14**	**14**
3.1 Loans and receivables with banks	-	14	X	14	14
3.2 Loans and receivables with financial companies	-	-	X	-	-
3.3 Loans and receivables with customers	-	-	X	-	-
4. Hedging derivatives	X	X	-	-	-
5. Other assets	**X**	**X**	**5**	**5**	**1**
6. Financial liabilities	X	X	X	-	-
Total	**-**	**14**	**5**	**19**	**76**
of which: interest income on credit-impaired financial assets	-	-	-	-	-

1.3 Interest and similar expense: breakdown

Captions	FINANCIAL LIABILITIES	SECURITIES	OTHER TRANSACTIONS	2018	2017
1. Financial liabilities at amortised cost:	**-**	**-**	**-**	**-**	**-**
1.1 Due to banks	-	X	X	-	-
1.2 Due to financial companies	-	X	X	-	-
1.3 Due to customers	-	X	X	-	-
1.4 Securities issued	X	-	X	-	-
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
3. Financial liabilities at fair value through profit or loss	**-**	**-**	**-**	**-**	**-**
4. Other liabilities	**X**	**X**	**-**	**4**	**-**
5. Hedging derivatives	**X**	**X**	**-**	**-**	**-**
6. Financial assets	**X**	**X**	**X**	**-**	**-**
Total				**4**	**-**

SECTION 2 - FEES AND COMMISSIONS - CAPTIONS 40 AND 50

2.1 Fee and commission income: breakdown

	2018	2017
a) finance leases	-	-
b) factoring transactions	-	-
c) consumer loans	-	-
d) guarantees given	-	-
e) services:	-	-
- fund management on behalf of third parties	-	-
- foreign exchange transactions	-	-
- product distribution	-	-
- other	-	-
f) collection and payment services	-	-
g) securitisation servicing services	-	-
h) other:	15,190	9,492
- registration and fiduciary administration services	13,541	8,759
- management of share-based plans	1,568	655
- asset administration services as trustee	81	78
Total	**15,190**	**9,492**

2.2 Fee and commission expense: breakdown

	2018	2017
a) guarantees received	-	-
b) distribution of third party services	-	-
c) collection and payment services	12	-
d) other (registration and fiduciary administration services)	1,194	94
Total	**1,206**	**94**

SECTION 3 – DIVIDENDS AND SIMILAR INCOME - CAPTION 70

3.1 Dividends and similar income: breakdown

	2018		2017	
	DIVIDENDS	SIMILAR INCOME	DIVIDENDS	SIMILAR INCOME
A. Financial assets held for trading	-	-	-	-
B. Other financial assets mandatorily measured at fair value	-	-	-	-
C. Financial assets at fair value through other comprehensive income	9	-	5	-
D. Equity investments	-	-	-	-
Total	**9**	**-**	**5**	**-**

SECTION 8 - NET IMPAIRMENT GAINS FOR CREDIT RISK – CAPTION 30

8.1 Net impairment gains for credit risk related to financial assets at amortised cost: breakdown

	Impairment losses			Impairment gains		2018	2017
		Stage 3					
	Stages 1 and 2	Write-offs	Other	Stages 1 and 2	Stage 3		
1. Loans and receivables with banks	**-**	**-**	**-**	**4**	**-**	**4**	**-**
Purchased or originated credit-impaired	-	-	-	-	-	-	-
- leases	-	-	-	-	-	-	-
- factoring	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-
Other assets	-	-	-	4	-	4	-
- leases	-	-	-	-	-	-	-
- factoring	-	-	-	-	-	-	-
- other	-	-	-	4	-	4	-
2. Loans and receivables with financial companies	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Purchased or originated credit-impaired	-	-	-	-	-	-	-
- leases	-	-	-	-	-	-	-
- factoring	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
- leases	-	-	-	-	-	-	-
- factoring	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-
3. Loans and receivables with customers	**-**	**-**	**-**	**173**	**-**	**173**	**-**
Purchased or originated credit-impaired	-	-	-	-	-	-	-
- leases	-	-	-	-	-	-	-
- factoring	-	-	-	-	-	-	-
- consumer loans	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-
Other assets	-	-	-	173	-	173	-
- leases	-	-	-	-	-	-	-
- factoring	-	-	-	-	-	-	-
- consumer loans	-	-	-	-	-	-	-
- pawn loans	-	-		-	-	-	-
- other	-	-	-	173	-	173	-
Total	**-**	**-**	**-**	**177**	**-**	**177**	**-**

As a result of application of IFRS 9, the company analysed loans and receivables with customers on a case-by-case basis, which led to the recognition of impairment gains of €173 thousand.

SECTION 10 - ADMINISTRATIVE EXPENSES – CAPTION 160

10.1 Personnel expenses: breakdown

	2018	2017
1. Employees	**5,560**	**4,029**
a) wages and salaries	3,794	2,606
b) social security contributions	1,075	752
c) post-employment benefits	167	-
d) pension costs	195	144
e) accrual for post-employment benefits	37	146
f) accrual for pension and similar provisions:	-	-
- defined contribution plans	-	-
- defined benefit plans	-	-
g) payments to external supplementary pension funds:	-	-
- defined contribution plans	-	-
- defined benefit plans	-	-
h) other employee benefits	292	381
2. Other personnel	**65**	**82**
3. Directors and statutory auditors	**219**	**152**
4. Retired personnel	**-**	**-**
5. Cost recoveries for personnel seconded to other companies	**(31)**	**-**
6. Cost reimbursements for personnel seconded to the company	**1,815**	**1,072**
Total	**7,628**	**5,335**

10.2 Average number of employees by category

	2018 (*)	2017
Employees		
a) managers	4	3
b) junior managers	39	28
c) other employees	32	30
Other personnel	1	-

(*) The 2018 balance differs from that shown in the Managing Director’s statement as it has not been restated and, hence, includes the former Fideuram Fiduciaria employees from 1 July 2018.

10.3 Other administrative expenses: breakdown

	2018	2017
Leases and building management costs	310	151
Consultancy, legal and notary fees and other professional services	285	424
Audit fees	128	94
Outsourced services provided by Intesa Sanpaolo Group Services S.c.p.a.	1,620	1,292
Services provided by Intesa Sanpaolo S.p.A.	59	32
Services provided by Fideuram-Intesa Sanpaolo Private Banking S.p.A.	881	248
IT system assistance	285	7
Indirect taxes and duties	46	8
Membership fees	38	17
Employee business trips and travel	65	40
Post office and courier	52	39
Other general costs	184	145
Integration costs	91	-
Total	**4,044**	**2,497**

The increase in services provided by group companies is due to the greater range of services. The IT systems assistance caption relates to the development of applications of the merged company Fideuram Fiduciaria.

SECTION 11 – NET ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES – CAPTION 170

11.3 Net accruals to other provisions: breakdown

	2018	2017
- Risks of sanctions	-	150
- Legal risks	140	-
Total	**140**	**150**

See Section 10 - point “10.6 Provisions for risks and charges – other provisions”.

SECTION 12 – DEPRECIATION AND NET IMPAIRMENT LOSSES ON PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY - CAPTION 180

12.1 Depreciation and net impairment losses on property, equipment and investment property: breakdown

Assets/Income	Depreciation (A)	Impairment losses (B)	Reversals of impairment losses (C)	Carrying amount (A+B-C)
A. Property, equipment and investment property	**3**	**-**	**-**	**3**
A.1 Owned	3	-	-	3
- Property and equipment	3	-	-	3
- Investment property	-	-	-	-
- Inventories	X	-	-	-
A.2 Under finance lease	-	-	-	-
- Property and equipment	-	-	-	-
- Investment property	-	-	-	-
A.3 Leased out under operating lease	-	-	-	-
Total	**3**	**-**	**-**	**3**

SECTION 13 – AMORTISATION AND NET IMPAIRMENT LOSSES ON INTANGIBLE ASSETS - CAPTION 190

13.1 Amortisation and net impairment losses on intangible assets: breakdown

Assets/Income	Amortisation (a)	Impairment losses (b)	Reversals of impairment losses (c)	Carrying amount (a + b - c)
1. Intangible assets other than goodwill	**397**	**-**	**-**	**397**
1.1 owned	397	-	-	397
1.2 under finance leases	-	-	-	-
2. Assets related to finance leases	-	-	-	-
2. Leased out under operating leases	-	-	-	-
Total	**397**	**-**	**-**	**397**

The balance refers to the amortisation of the applications managed directly by the merged company Fideuram Fiduciaria, introduced as part of the digital platform development plan.

SECTION 14 - OTHER OPERATING INCOME, NET – CAPTION 200

14.1 and 14.2 - Other operating income and expense: breakdown

	2018
Income:	**188**
- Cost recoveries for fiduciary mandates	48
- Reimbursement from the National Guarantee Fund	39
- Settlement of labour disputes	62
- Other	39
Expense:	**(57)**
- Costs for fiduciary mandates	(30)
- Other	(27)
Total	**131**

SECTION 19 - INCOME TAXES – CAPTION 270

19.1 Income taxes: breakdown

	2018	2017
1. Current taxes	(650)	(478)
2. Change in current taxes from previous years	-	(2)
3. Decrease in current taxes for the year	-	-
3.bis Decrease in current taxes for the year due to tax assets as per Law no. 214/2011	-	-
4. Change in deferred tax assets	46	(20)
5. Change in deferred tax liabilities	-	-
6. Income taxes	**(604)**	**(500)**

19.2 Reconciliation between the theoretical and effective tax expense

	2018
Taxable value	**2,104**
Applicable ordinary rate	27.90%
Theoretical tax expense	587
Effect of increases compared to the ordinary rate	-
Non-deductible costs	12
Other permanent differences	11
Taxable differences and effective IRAP rate	15
Effect of decreases compared to the ordinary rate	-
Other permanent differences	21
Effective tax expense	**604**

SECTION 21 – INCOME STATEMENT: OTHER DISCLOSURES

21.2 - Other information

In order to comply with the requirements of article 1.125 of Law no. 124/2017 (the annual market and competition law) and without prejudice to the clarifications about its interpretation being made and excluding remuneration for lending services or activities from this information, in 2018, the company received grants (included in the national register of government grants that can be accessed on the related website) of €17,696. They were all received for training purposes (article 31 of Regulation (EU) no. 651/2014).

PART D – OTHER DISCLOSURES

SECTION 1 - SPECIFIC DISCLOSURES ABOUT THE BUSINESS

Other

	NOMINAL AMOUNT
Term deposit (Law no. 1996/39)	3
Ordinary Intesa Sanpaolo shares	23
Intesa Sanpaolo bonds 10/03/2019	2,630
Total	**2,656**

1.2 Assets under fiduciary administration

Assets Under Management with a fiduciary registration mandate at year-end 2018 are as follows:

SECURITIES CLASS	CARRYING AMOUNT
01 - LISTED ITALIAN BONDS - ALL TYPES	153,115,568.23
02 - UNLISTED ITALIAN BONDS - ALL TYPES	60,508,884.11
03 - GOVERNMENT SECURITIES	115,752,798.53
04 - LISTED ITALIAN SHARES	200,095,960.26
05 - UNLISTED ITALIAN SHARES	277,560,644.10
06 - QUOTAS OF COMPANIES LIMITED BY QUOTAS AND OTHER EQUITY INVESTMENTS	156,873,831.39
07 - MUTUAL FUND UNITS	1,606,102,013.55
08 - FOREIGN CORPORATE OR STATE BONDS	338,982,688.98
09 - FOREIGN SHARES	353,519,103.18
10 - LIQUIDITY	1,669,253,249.65
11 - ASSET MANAGEMENT (*)	2,227,388,119.29
12 - WORKS OF ART	625,232.14
13 - PRECIOUS METALS	590,049.96
14- OTHER SECURITIES AND ASSETS	4,124,011,436.82
	11,284,379,580.19

(*) Services provided by other authorised intermediaries

Assets Under Management without a fiduciary registration mandate at year end 2018 are as follows:

	CARRYING AMOUNT
05 - UNLISTED ITALIAN SHARES	61,985.30
06 - SHARES IN SRL AND OTHER SHARES IN COMPANIES	8,605,649.49
07 - MUTUAL FUND UNITS	10.00
09 - FOREIGN SHARES	3,133,675.56
10 - LIQUIDITY	164,610.12
12 - PROPERTY	14,555,545.27
14 - OTHER SECURITIES AND ASSETS	18,278,415.72
	44,799,891.46

At year end, the assets under fiduciary administration and memorandum and contingency accounts are as follows:

	SUBTOTAL	TOTAL
Securities and other valuables administrated with a fiduciary registration mandate and assets under fiduciary administration with third parties	11,284,379,580.19	
Securities and other assets administrated with a mandate without fiduciary registration and assets under fiduciary administration with third parties	44,799,891.46	
Third party trusts	78,283,791.98	
TOTAL		11,407,463,263.63

At the reporting date, the criteria used to measure the Assets Under Management of the two original companies, Sirefid and Fideuram Fiduciaria (see Part A - Accounting policies, section on "Assets under fiduciary administration and memorandum and contingency accounts") were standardised. The potentially positive effect of this change was substantially cancelled by the financial markets' negative performance during the year.

Assets under fiduciary administration with third parties include assets of €352,742,637 for LECOIP 2.0 (Leveraged Employee Co-Investment Plan). The assets related to the share-based and stock option plans amount to €412,620,271.

SECTION 2 – SECURITISATIONS

Not applicable.

SECTION 3 - RISKS AND RELATED HEDGING POLICIES

3.1. Credit risk

Credit risk is limited to loans and receivables with customers for the fees and commissions due on fiduciary mandates. They are recognised net of the loss allowance and are all current and recoverable.

QUANTITATIVE DISCLOSURE

3.1.1. Breakdown of financial assets by portfolio and credit quality (carrying amounts)

	Bad exposures	Unlikely to pay exposures	Non-performing past due exposures	Performing past due exposures	Other performing exposures	Total
1. Financial assets at amortised cost	-	-	-	356	22,148	22,504
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets at fair value through profit or loss	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	-	-
5. Financial assets held for sale	-	-	-	-	-	-
Total 2018	**-**	**-**	**-**	**356**	**22,148**	**22,504**
Total 2017	**-**	**-**	**-**	**-**	**24,516**	**24,516**

3.1.2. Breakdown of financial assets by portfolio and credit quality (gross amount and carrying amount)

	Non-performing				Performing			Total
	Gross amount	Total impairment losses	Carrying amount	Partial/total write-offs	Gross amount	Total impairment losses	Carrying amount	
Financial assets at amortised cost	-	-	-	-	23,107	(603)	22,504	22,504
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Financial assets designated at fair value through profit or loss	-	-	-	-	-	-	-	-
Other financial assets mandatorily measured at fair value	-	-	-	-	-	-	-	-
Financial assets held for sale	-	-	-	-	-	-	-	-
Total 2018	**-**	**-**	**-**	**-**	**23,107**	**(603)**	**22,504**	**22,504**
Total 2017	**-**	**-**	**-**	**-**	**25,308**	**(792)**	**24,516**	**24,516**

3.1.3. Breakdown of financial assets by past due stage (carrying amounts)

	Stage 1			Stage 2			Stage 3		
	Between 1 day and 30 days	Between 30 days and 90 days	Over 90 days	Between 1 day and 30 days	Between 30 days and 90 days	Over 90 days	Between 1 day and 30 days	Between 30 days and 90 days	Over 90 days
1. Financial assets at amortised cost	-	-	367	-	-	356	-	-	-
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-
Total 2018	**-**	**-**	**367**	**-**	**-**	**356**	**-**	**-**	**-**
Total 2017	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

3.1.4. Financial assets, loan commitments and financial guarantees given: total impairment losses and provisioning

	Total impairment losses													Total accruals on loan commitments and financial guarantees given			Total
	Stage 1				Stage 2				Stage 3				of which: purchased or originated credit-impaired exposures				
	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	of which: individual impairment	of which: collective impairment	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	of which: individual impairment	of which: collective impairment	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	of which: individual impairment	of which: collective impairment		Stage 1	Stage 2	Stage 3	
Opening balance	**792**	**-**	**792**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**792**
Increase in financial assets acquired or originated	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cancellations other than write-offs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net impairment gains (losses) for credit risk (+/-)	(177)	-	(177)	-	-	-	-	-	-	-	-	-	-	-	-	-	**(177)**
Contract modifications that do not entail derecognition	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in estimation methodology	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	(459)	-	(459)	-	447	-	447	-	-	-	-	-	-	-	-	-	**(12)**
Closing balance	**156**	**-**	**156**	**-**	**447**	**-**	**447**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**603**
Collections of written-off financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs recognised directly in profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

3.1.6. Loans and receivables with customers, banks and financial companies

3.1.6.1. On- and off-statement of financial position credit exposures with banks and financial companies: gross amount and carrying amount

Statement types/Amount	Gross amount		Total impairment losses and accruals	Carrying amount	Partial/total write-offs
	Non-performing	Performing			
A. On-statement of financial position					
a) Bad exposures	-	X	-	X	-
- including: forborne exposures	-	X	-	X	-
b) Unlikely to pay exposures	-	X	-	X	-
- including: forborne exposures	-	X	-	X	-
c) Non-performing past due exposures	-	X	-	X	-
- including: forborne exposures	-	X	-	X	-
d) Performing past due exposures	-	-	-	-	-
- including: forborne exposures	-	-	-	-	-
e) Other performing exposures	-	20,453	(8)	20,445	-
- including: forborne exposures	-	-	-	-	-
Total A	**-**	**20,453**	**(8)**	**20,445**	**-**
B. Off-statement of financial position					
a) Non-performing	-	X	-	-	-
b) Performing	X	-	-	-	-
Total B	**-**	**-**	**-**	**-**	**-**
Total (A+B)	**-**	**20,453**	**(8)**	**20,445**	**-**

3.1.6.2. On- and off-statement of financial position credit exposures with customers: gross amount and carrying amount

Statement types/Amount	Gross amount		Total impairment losses and accruals	Carrying amount	Partial/total write-offs
	Non-performing	Performing			
A. On-statement of financial position					
a) Bad exposures	-	X	-	X	-
- including: forborne exposures	-	X	-	X	-
b) Unlikely to pay exposures	-	X	-	X	-
- including: forborne exposures	-	X	-	X	-
c) Non-performing past due exposures	-	X	-	X	-
- including: forborne exposures	-	X	-	X	-
d) Performing past due exposures	-	803	(447)	356	-
- including: forborne exposures	-	-	-	-	-
e) Other performing exposures	-	1,851	(148)	1,703	-
- including: forborne exposures	-	-	-	-	-
Total A	**-**	**2,654**	**(595)**	**2,059**	**-**
B. Off-statement of financial position					
a) Non-performing	-	X	-	-	-
b) Performing	X	-	-	-	-
Total B	**-**	**-**	**-**	**-**	**-**
Total (A+B)	**-**	**2,654**	**(595)**	**2,059**	**-**

3.1.7. Classification of financial assets, loan commitments and financial guarantees given based on external and internal ratings

Classification of financial assets, loan commitments and financial guarantees given based on external and internal ratings (gross amounts)

	External rating class							
	Class 1	**Class 2**	**Class 3**	**Class 4**	**Class 5**	**Class 6**	**Unrated**	**Total**
A. Financial assets at amortised cost	**-**	**-**	**20,448**	**-**	**-**	**-**	**2,056**	**22,504**
- Stage 1	-	-	20,448	-	-	-	1,700	**22,148**
- Stage 2	-	-	-	-	-	-	356	**356**
- Stage 3	-	-	-	-	-	-	-	**-**
B. Financial assets at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Stage 1	-	-	-	-	-	-	-	**-**
- Stage 2	-	-	-	-	-	-	-	**-**
- Stage 3	-	-	-	-	-	-	-	**-**
Total (A+B)	**-**	**-**	**20,448**	**-**	**-**	**-**	**2,056**	**22,504**
of which: purchased or originated credit-impaired financial assets	-	-	-	-	-	-	-	-
C. Loan commitments and financial guarantees given	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
1. Stage 1	-	-	-	-	-	-	-	-
2. Stage 2	-	-	-	-	-	-	-	-
3. Stage 3	-	-	-	-	-	-	-	-

3.1.8. Credit concentration

Breakdown of on- and off-statement of financial position credit exposures by the counterparty's business segment

	Public administrations	Households	Banks
	Carrying amount	**Carrying amount**	**Carrying amount**
On-statement of financial position performing credit exposures	3	2,056	20,445

Breakdown of on- and off-statement of financial position credit exposures by the counterparty's geographical segment

The company's credit exposures are mainly with Italian residents with a small percentage due from counterparties resident in Europe.

3.2. Market risk

3.2.1 INTEREST RATE RISK

QUALITATIVE DISCLOSURE

The company invests temporary available liquidity solely in government bonds and/or corporate bonds on its own behalf.

3.3 Operational risks

QUALITATIVE DISCLOSURE

GENERAL ASPECTS, MANAGEMENT AND ASSESSMENT OF OPERATIONAL RISK

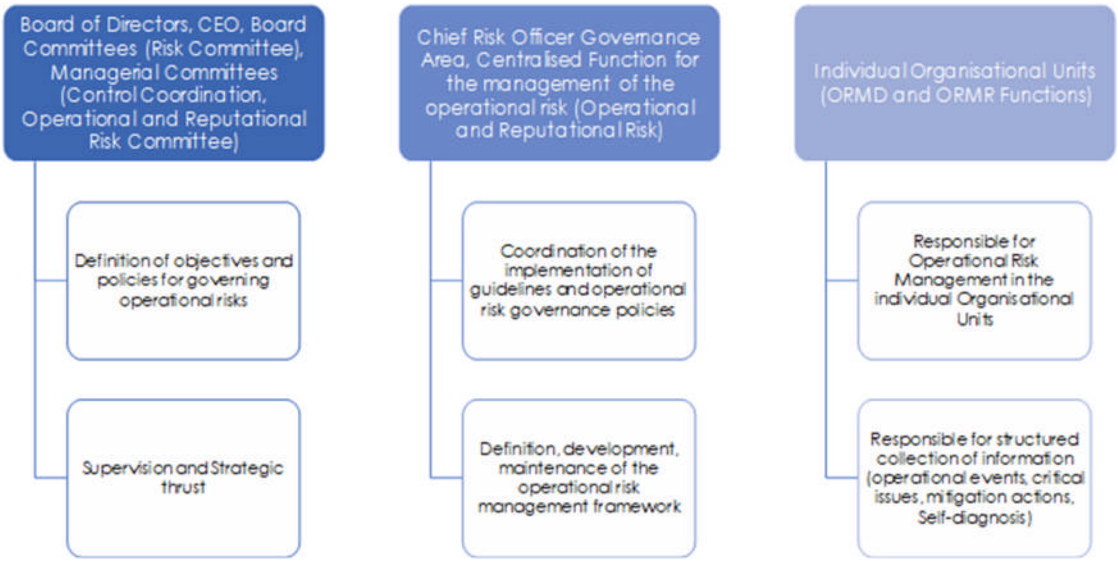
Operational risk is the risk of losses resulting from inadequate or failed internal procedures, human resources or systems and external factors. This risk includes legal risk and compliance risk, model risk, IT risk and the financial reporting risk. It does not include strategic and reputational risks.

The Parent Company Intesa Sanpaolo adopts an operational risk taking and management strategy based on prudent management principles and aimed at guaranteeing long-term solidity and continuity. In addition, it pays particular attention to achieving an optimal balance between growth and profitability and the resulting risks.

In line with these objectives, the Intesa Sanpaolo Group has long since established an overall operational risk management framework, by setting up a group policy and organisational processes for measuring, managing and controlling operational risks.

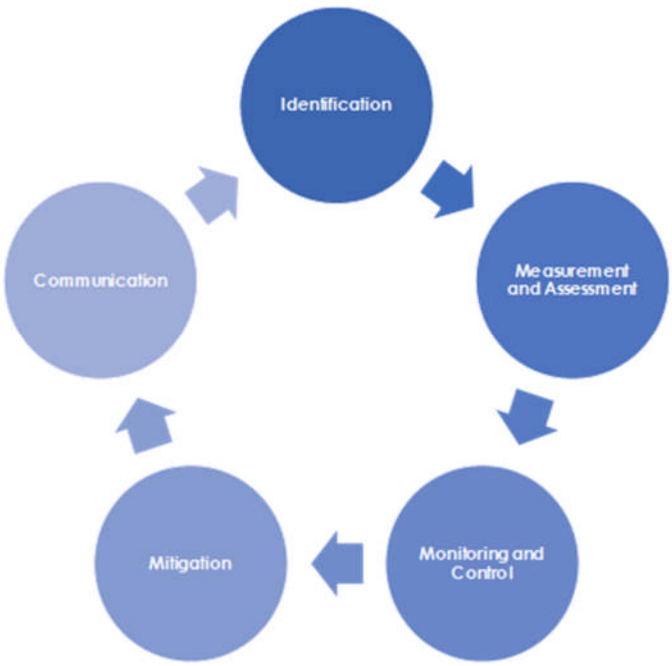
Governance model

Monitoring the Intesa Sanpaolo Group's operational risk management involves bodies, committees and units that interact with different responsibilities and roles in order to create an effective operational risk management system that is closely integrated into the decision-making process and the management of company operations.



Operational risk management process

The Intesa Sanpaolo Group's operational risk management process is divided into the following phases:



Identification

The identification phase involves:

- the structured collection and timely updating of the data on operational events, decentralised to the organisational units;
- the detection of critical issues;
- the performance of the annual self-diagnosis process;

- the identification of potential operational risks arising from the introduction of new products and services, the launch of new activities and the entry in new markets, as well as risks associated with outsourcing;
- the analysis of operational events and indicators originating from external consortia (O.R.X. - Operational Riskdata eXchange Association);
- the identification of operational risk indicators (including ICT and cyber risks, compliance risks, etc.) by the individual organisational units.

Pursuant to the relevant regulations, the individual Fideuram Group companies, including SIREF Fiduciaria S.p.A., are responsible for the identification, measurement, management and mitigation of risks. They have internal functions, coordinated by Fideuram ISBP's operational risk management function, in charge of the operational risk management processes.

With respect to SIREF Fiduciaria S.p.A., operational risk management is ensured by: a) the board of directors, as the body actively engaged in the strategic supervision of the risk management system; b) the chairman of the board of directors, who ensures that measures are taken to guarantee that the company has a risk management system in place and that it works correctly in line with its strategic objectives; c) the managing director, as the self-assessment manager and recipient of reports on the operational risk, who proposes actions to prevent/mitigate operational risks; d) the internal audit unit, which performs periodic checks of the operational risk management system and reports to the company bodies; e) the internal operational risk manager, who is part of the operating controls and reporting unit and is responsible for structuring and coordinating the activities required by the operational risk management system including, for example, the structured analysis of information about operating events.

Measurement and assessment

Measurement is the transformation, using a dedicated model, of the elementary information (internal and external operational loss data, scenario analyses and business environment evaluations) into synthetic risk measures. These measures present adequate details to allow complete knowledge of the group's overall risk profile and to allow the quantification of capital at risk for the group's units.

Monitoring and control

The monitoring of operational risks consists of the analysis and structured organisation of the results obtained from the identification and/or measurement in order to verify and control the evolution over time of the exposure to operational risk (including ICT and cyber risk) and to prevent the occurrence of harmful events.

Mitigation

Mitigation activities, defined on the basis of the results of the identification, measurement and monitoring, consist of:

- the identification, definition and implementation of risk mitigation and transfer activities, in accordance with the established risk appetite;
- the analysis and acceptance of residual operational risks;
- the rationalisation and optimisation, from a cost/benefit perspective, of insurance coverage and any other forms of risk transfer adopted by the group.

In this regard, in addition to benefiting from a traditional insurance programme (to protect against offences such as employee infidelity, theft and damage, transport of valuables, computer fraud, forgery, cybercrimes, fire and earthquake and third-party liability), the group stipulated an insurance coverage policy named Operational Risk Insurance Programme in compliance with the requirements established by the regulations and to have access to the capital benefits provided for by the policy, which provides specific cover, significantly increasing the limits and transferring the risk of significant operational losses to the insurance market.

In addition, with respect to risks relating to real estate and infrastructure, with the aim of containing the impacts of phenomena such as catastrophic events, situations of international crisis and social protest events, the group may activate its business continuity solutions.

Communication

Communication consists of setting up adequate information flows related to the management of operational risks between the various actors involved, in order to enable the monitoring of the process and provide adequate knowledge of the exposure to those risks.

Self-diagnosis

The self-diagnosis is the annual process through which the organisational units identify their level of exposure to operational risk by assessing the level of management of the elements characterising their business environment (business environment evaluation) and estimating potential losses in the event of potentially harmful operational events (scenario analysis). The assessment takes into account the critical issues identified and the operational events occurred. This assessment does not replace the specific risk assessments carried out by the specialised and control functions within the scope of their responsibilities (e.g., assessments carried out by the chief audit officer, by the manager in charge of financial reporting and by the chief compliance officer) but allows the assessments that emerge during the process to be brought to the attention of the functions concerned and to be discussed with the head of the organisational unit concerned.

The detection of critical issues enables the identification and definition of suitable mitigation actions, whose implementation is monitored over time to reduce the exposure to operational risk.

ICT risk

Information Technology or ICT risk means the risk of incurring economic, reputational and market share losses, in relation to the use of information and communication technology. In the integrated representation of business risks for prudential purposes, this type of risk is considered, according to the specific aspects, under the operational, reputational and strategic risks and includes the risk of violation of the confidentiality, integrity or availability of the information.

In line with the methodological framework established for the governance of corporate risks and, in particular, for operational risks, the Intesa Sanpaolo Group's ICT risk framework has been developed with a view to integrating and coordinating the specific expertise of the structures involved.

Every year, the technical functions (e.g., ICT head office department, IT functions of the main Italian and international subsidiaries) and the cybersecurity function identify the level of exposure to ICT risk (and to the information security risk included within it) of the information technology assets managed through the top-down assessment of the level of management of the relevant risk factors. In addition to this analysis, carried out for all the application assets and company processes when there are situations that may modify the overall level of risk or in the case of innovation projects or changes to significant components of the ICT system, the technical functions and the cybersecurity function identify the level of exposure to ICT risk of the specific components of the ICT system.

This assessment is accompanied, as part of the self-diagnosis process, by the bottom-up assessment carried out by the individual group organisational units, which analyse their own exposure to ICT risk and provide an opinion on the level of management of the risk factors relevant for this purpose (e.g., relating to the adequacy of the software for the unit's operations, etc.).

Internal model for the measurement of operational risk

The Intesa Sanpaolo Group's internal model for calculating capital absorption is designed to combine all the main sources of quantitative information (operational losses: internal and external events) and qualitative information (self-diagnosis: scenario analysis and business environment evaluation).

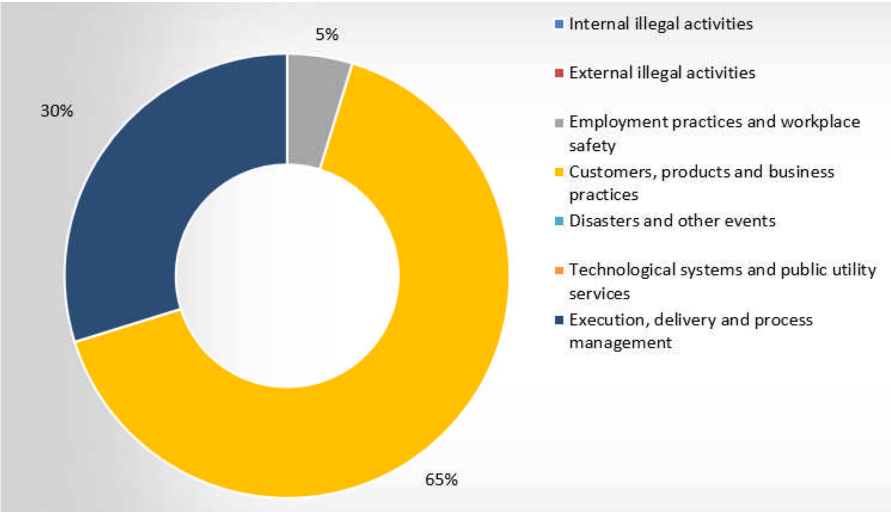
Capital-at-risk is therefore identified as the minimum amount at group level required to bear the maximum potential loss (worst case). It is estimated using a loss distribution approach (actuarial statistical model to calculate the Value-At-Risk of operational losses), applied on quantitative data and the results of the scenario analysis assuming a one-year estimation period, with a confidence level of 99.90%. The methodology also applies a corrective factor, which derives from the qualitative analysis of the risk level of the business environment to take into account the effectiveness of internal controls in the various organisational units.

The internal model's insurance mitigation component was approved by Bank of Italy in June 2013 with immediate effect of its benefits on operations and on the capital requirements.

QUANTITATIVE DISCLOSURE

A breakdown of operational losses recognised during the year by event is provided below.

Impact of operating losses by type of event



The most significant event types were "Customers, products and business practices" and "Execution, delivery and process management".
The chart shows the individual events that generated losses above the ceiling of €3,000 set by the Parent Company.

Operating losses are included in other operating costs.

Liquidity risk

QUALITATIVE DISCLOSURE

GENERAL ASPECTS, MANAGEMENT AND ASSESSMENT OF OPERATIONAL RISK

Liquidity risk is based on the nature of the company's activities. Specifically, the company deems that this risk is immaterial as its collection and payment times are short and the balance between assets and liabilities related to its core business is positive.

QUANTITATIVE DISCLOSURE

	On demand	Between 1 day and 7 days	Between 7 and 15 days	Between 15 days and a month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 3 years	Between 3 and 5 years	After 5 years	Indefinite
On-statement of financial position assets	**22,720**	**-**	**-**	**-**	**2,635**	**-**	**-**	**9,010**	**2**	**1**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	2	1	-
A.2 Other debt instruments	-	-	-	-	2,635	-	-	-	-	-	-
A.3 Financing	10,856	-	-	-	-	-	-	9,010	-	-	-
A.4 Other assets	11,864	-	-	-	-	-	-	-	-	-	-
On-statement of financial position liabilities	**4,492**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B.1 Due to:	888	-	-	-	-	-	-	-	-	-	-
- Banks	888	-	-	-	-	-	-	-	-	-	-
- Financial companies	-	-	-	-	-	-	-	-	-	-	-
- Customers	-	-	-	-	-	-	-	-	-	-	-
B.2 Debt instruments	-	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	3,604	-	-	-	-	-	-	-	-	-	-
Off-statement of financial position	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
C.1 Financial derivatives with exchange of capital	-	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.2 Financial derivatives without exchange of capita	-	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.3 Financing to be received	-	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.4 Firm loan commitments	-	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-	-

SECTION 4 – EQUITY

4.1.1 Qualitative disclosure

The company manages its equity to ensure that it is solid enough to guarantee the proper management of the fiduciary assets.

4.1.2.1 Equity: breakdown

Captions	31.12.2018	31.12.2017
1. Share capital	2,600	2,600
2. Share premium	-	-
3. Reserves	24,325	20,264
- income-related	12,210	9,700
a) legal	520	520
b) statutory	-	-
c) own shares	-	-
d) other	11,690	9,180
- other	12,115	10,564
4. Treasury shares	-	-
5. Valuation reserves	(43)	(53)
- Equity instruments at fair value through other comprehensive income	(6)	13
- Hedges of equity instruments at fair value through other comprehensive income	-	-
- Financial assets (other than equity instruments) at fair value through other comprehensive income	-	(51)
- Property, equipment and investment property	-	-
- Intangible assets	-	-
- Hedges of investments in foreign operations	-	-
- Cash flow hedges	-	-
- Hedging instruments	-	-
- Exchange gains (losses)	-	-
- Non-current assets held for sale and disposal groups	-	-
- Special revaluation laws	-	-
- Net actuarial losses on defined benefit pension plans	(37)	(15)
- Share of valuation reserves of equity-accounted investees	-	-
6. Equity instruments	-	-
7. Profit for the year	1,499	1,243
Total	**28,381**	**24,054**

4.1.2.2 Fair value reserves for financial assets measured at fair value through other comprehensive income

	31.12.2018		31.12.2017	
	Fair value gains	Fair value losses	Fair value gains	Fair value losses
1. Debt instruments	-	-	-	(51)
2. Equity instruments	-	(6)	13	-
3. Financing	-	-	-	-
Total	**-**	**(6)**	**13**	**(51)**

4.1.2.3 Valuation reserves for financial assets measured at fair value through other comprehensive income: analysis

	Debt instruments	Equity instruments	OEIC units	Financing
1. Opening balance	**-**	**13**	**-**	**-**
2. Increases	**-**	**8**	**-**	**-**
2.1 Fair value gains	-	-	-	-
2.2 Impairment losses for credit risk	-	X	-	-
2.3 Reclassification of fair value losses to profit or loss on sale	-	X	-	-
2.4 Transfers to other equity items (equity instruments)	-	-	-	-
2.5 Other increases	-	-	-	-
2.6 Business combinations	-	8	-	-
3. Decreases	**-**	**27**	**-**	**-**
3.1 Fair value losses	-	27	-	-
3.2. Impairment gains for credit risk	-	-	-	-
3.3 Reclassification of fair value gains to profit or loss: on sale	-	X	-	-
3.4 Transfers to other equity items (equity instruments)	-	-	-	-
3.5 Other decreases	-	-	-	-
3.6 Business combinations	-	-	-	-
Closing balance	**-**	**(6)**	**-**	**-**

SECTION 5 – STATEMENT OF COMPREHENSIVE INCOME

	2018	2017
10. Profit for the year	**1,500**	**1,244**
Other comprehensive income (expense) that will not be reclassified to profit or loss	**(32)**	**(7)**
20. Equity instruments at fair value through other comprehensive income	(37)	8
a) fair value gains/(losses)	(37)	8
b) transfers to other equity items	-	-
30. Financial liabilities at fair value through profit or loss (changes in own credit worthiness)	-	-
a) fair value gains/(losses)	-	-
b) transfers to other equity items	-	-
40. Hedges of equity instruments at fair value through other comprehensive income	-	-
a) fair value gains/(losses) (hedged item)	-	-
b) fair value gains/(losses) (hedging instrument)	-	-
50. Property, equipment and investment property	-	-
60. Intangible assets	-	-
70. Defined benefit plans	(6)	(20)
80. Non-current assets held for sale	-	-
90. Share of valuation reserves of equity-accounted investees	-	-
100. Related tax	11	5
Other comprehensive income (expense) that will be reclassified to profit or loss	**-**	**(5)**
110. Hedges of investments in foreign operations:	-	-
a) fair value gains/(losses)	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
120. Exchange gains (losses)	-	-
a) fair value gains/(losses)	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
130. Cash flow hedges	-	-
a) fair value gains/(losses)	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
of which: net positions	-	-
140. Hedging instruments (non-designated items):	-	-
a) fair value gains/(losses)	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
150. Financial assets (other than equity instruments) at fair value through other comprehensive income	-	(7)
a) fair value gains/(losses)	-	(7)
b) reclassification to profit or loss	-	-
-impairment losses	-	-
- gains/losses on sales	-	-
c) other changes	-	-
160. Non-current assets held for sale and disposal groups	-	-
a) fair value gains/(losses)	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
170. Share of valuation reserves of equity-accounted investees	-	-
a) fair value gains/(losses)	-	-
b) reclassification to profit or loss	-	-
-impairment losses	-	-
- gains/losses on sales	-	-
c) other changes	-	-
180. Related tax	-	2
190. Total other comprehensive expense	**(32)**	**(12)**
200. Comprehensive income (captions 10 + 190)	**1,468**	**1,232**

SECTION 6 – RELATED PARTY TRANSACTIONS

6.1 Fees of key management personnel

	2018
Short-term benefits	612
Post-employment benefits	35
Other long-term benefits	185
Termination benefits	
Share-based payments	71
Total	**903**

6.2 Loans and guarantees to Directors and Statutory Auditors

The company has not given any loans or guarantees to or on behalf of the directors and statutory auditors.

6.3 Information on related party transactions

Transactions with group companies

Transactions with related parties that are not atypical or unusual mainly relate to the following (€ Thousands):

	ASSETS	LIABILITIES	INCOME	EXPENSE
Parent Company				
Intesa Sanpaolo S.p.A.	5,731	676	1,246	953
Subsidiaries of the parent Company				
Cassa di Risparmio in Bologna S.p.A.	6	-	-	-
Fideuram - Intesa Sanpaolo Private Banking S.p.A.	1,857	1,357	431	2,758
Intesa Sanpaolo Group Services S.C.p.A.	-	868	-	1,622
Intesa Sanpaolo Private Banking S.p.A.	13,358	165	4,365	385
Intesa Sanpaolo Vita S.p.A.	-	24	-	24

There are also nine customers that are related to the Parent Company and its associates, recognised as part of the existing transactions with their group. At the reporting date, the related assets under fiduciary administration amount to approximately €260 million and fee and commission income to €8,173 while there are no amounts due from them presented in the financial statements.

SECTION 7 - ADDITIONAL INFORMATION

INDEPENDENT AUDITORS

As required by article 149-duodecies of CONSOB regulation no. 11971, the fees for the services provided by KPMG S.p.A. are shown below:

	31.12.2018
Audit fees	104
Total	**104**

The amounts do not include out-of-pocket expenses and the CONSOB contributions.

MANAGEMENT AND COORDINATION

Management and coordination of the subsidiaries as per article 2497 and following articles of the Italian Civil Code is performed by Intesa Sanpaolo S.p.A..

Intesa Sanpaolo S.p.A.'s registered office is in 156 Piazza San Carlo, Turin and its branch is in 8 Via Monte di Pietà, Milan.

Turin company registration number and tax code 00799960158.

SIREF Fiduciaria S.p.A., is wholly owned by Fideuram - Intesa Sanpaolo Private Banking S.p.A. which prepares consolidated financial statements and is wholly owned by Intesa Sanpaolo S.p.A..

Fideuram - Intesa Sanpaolo Private Banking S.p.A. has its registered office in 156 Piazza San Carlo, Turin and its branch and secondary office in 18 via Montebello, Milan.

Company registration number and tax code 00714540150.

Milan, 19 February 2019

On behalf of the Board of Directors
Chairman

Pier Luigi Sappa

(signed on the original)

ANNEXES TO THE FINANCIAL STATEMENTS

Most recently approved financial statements of the Parent Company

Financial statements of the company that manages and coordinates SIREF Fiduciaria, Intesa Sanpaolo S.p.A. - Statement of Financial position

(Euro)

Assets	31.12.2017	31.12.2016
10. Cash and cash equivalents	5,749,702,612	6,213,061,883
20. Financial assets held for trading	18,264,452,315	19,577,097,879
30. Financial assets at fair value through profit or loss	322,287,851	371,284,919
40. Available-for-sale financial assets	36,911,639,839	38,982,566,972
50. Held-to-maturity investments	334,879,246	334,833,432
60. Loans and receivables with banks	157,439,934,737	126,634,511,488
70. Loans and receivables with customers	232,692,765,694	200,548,518,866
80. Hedging derivatives	3,822,813,304	5,720,102,749
90. Macro-hedging adjustments to financial assets (+/-)	-130,633,072	160,047,319
100 Equity investments	30,558,013,553	30,589,126,130
110 Property, equipment and investment property	4,399,954,385	2,758,072,076
120 Intangible assets	2,454,495,926	2,378,906,198
including:		
- goodwill	*858,532,215*	*858,532,215*
130 Tax assets	13,012,846,576	10,588,545,954
a) current	*2,950,336,388*	*2,562,704,416*
b) deferred	*10,062,510,188*	*8,025,841,538*
- of which: that can be transformed into a tax credit (Law no. 214/2011)	*7,172,434,760*	*6,758,409,444*
140 Non-current assets held for sale and disposal groups	265,849,446	1,365,205
150 Other assets	3,278,434,392	2,834,453,572
Total assets	**509,377,436,804**	**447,692,494,642**

(Euro)

Liabilities and equity	31.12.2017	31.12.2016
10. Due to banks	173,709,711,661	139,035,582,228
20. Due to customers	170,914,110,169	147,364,280,391
30. Securities issued	82,665,715,208	84,823,937,105
40. Financial liabilities held for trading	14,579,631,354	16,669,826,899
50. Financial liabilities at fair value through profit or loss	9,133,072	7,966,878
60. Hedging derivatives	5,555,327,525	6,517,246,619
70. Macro-hedging adjustments to financial liabilities (+/-)	323,857,059	528,416,248
80. Tax liabilities	1,284,667,901	811,518,875
a) current	*102,626,726*	*189,891,442*
b) deferred	*1,182,041,175*	*621,627,433*
90. Liabilities associated with disposal groups	-	-
100 Other liabilities	7,194,999,999	5,761,906,598
110 Post-employment benefits	767,146,054	736,374,747
120 Provisions for risks and charges	3,900,901,688	1,947,847,258
a) pension and similar provisions	*883,579,918*	*835,550,285*
b) other provisions	*3,017,321,770*	*1,112,296,973*
130 Valuation reserves	773,748,333	-425,109,781
140 Redeemable shares	-	-
150 Equity instruments	4,102,750,714	2,117,321,664
160 Reserves	3,843,194,689	3,816,072,856
170 Share premium	26,164,131,214	27,507,513,386
180 Share capital	8,731,984,116	8,731,984,116
190 Treasury shares (-)	-25,863,278	-19,708,272
200 Profit for the year	4,882,289,326	1,759,516,827
Total liabilities and equity	**509,377,436,804**	**447,692,494,642**

Income Statement

	2017	2016
10. Interest and similar income	6,458,141,888	6,580,673,834
20. Interest and similar expense	-3,647,250,788	-4,066,869,038
30. Net interest income	**2,810,891,100**	**2,513,804,796**
40. Fee and commission income	3,793,854,801	3,482,123,330
50. Fee and commission expense	-825,520,418	-653,990,646
60. Net fee and commission income	**2,968,334,383**	**2,828,132,684**
70. Dividends and similar income	1,888,660,731	1,845,156,349
80. Net trading income	46,821,374	-106,060,586
90. Net hedging loss	-17,328,451	-25,210,954
100 Net profit/(loss) on sale or repurchase of:	181,248,529	129,989,209
a) loans and receivables	*-10,886,814*	*-52,084,805*
b) available-for-sale financial assets	*212,407,293*	*208,575,050*
c) held-to-maturity investments	-	-
d) financial liabilities	*-20,271,950*	*-26,501,036*
110 Net gain on financial assets and financial liabilities at fair value through profit or loss	2,366,331	12,975,097
120 Total income	**7,880,993,997**	**7,198,786,595**
130 Net impairment losses:	-2,017,498,209	-1,788,042,361
a) loans and receivables	*-1,599,745,798*	*-1,586,917,634*
b) available-for-sale financial assets	*-476,221,727*	*-231,780,004*
c) *held-to-maturity investments*	*46,858*	*66,662*
d) other financial transactions	*58,422,458*	*30,588,615*
140 Net financial income	**5,863,495,788**	**5,410,744,234**
150 Administrative expenses:	-6,384,782,140	-5,115,466,013
a) personnel expense	*-3,775,235,832*	*-2,576,593,491*
b) other administrative expenses	*-2,609,546,308*	*-2,538,872,522*
160 Net accruals to provisions for risks and charges	-818,539,821	-107,838,666
170 Depreciation and net impairment losses on property, equipment and investment property	-123,334,124	-124,302,815
180 Amortisation and net impairment losses on intangible assets	-12,895,800	-2,521,643
190 Other operating income, net	5,328,341,445	246,791,642
200 Operating costs	**-2,011,210,440**	**-5,103,337,495**
210 Share of profits (losses) of investees	166,969,444	-315,403,030
220 Net fair value gains (losses) on property, equipment and investment property and intangible assets	-16,560,861	-
230 Impairment losses on goodwill	-	-
240 Net gains on sales of investments	77,195,893	324,620,741
250 Pre-tax profit from continuing operations	**4,079,889,824**	**316,624,450**
260 Income taxes	802,399,502	368,110,138
270 Post-tax profit from continuing operations	**4,882,289,326**	**684,734,588**
280 Post-tax profit from discontinued operations	-	1,074,782,239
290 Profit for the year	**4,882,289,326**	**1,759,516,827**

Statutory Auditors’ report

SOCIETÀ ITALIANA DI REVISIONE E FIDUCIARIA

S.I.RE.F. S.p.A.

SEDE LEGALE: MILANO, VIA MONTEBELLO, 18

CAPITALE SOCIALE: EURO 2.600.000,00 I.V.

REGISTRO IMPRESE DI MILANO MONZA BRIANZA LODI E CODICE FISCALE: 01840910150

SOCIETÀ PARTECIPANTE AL GRUPPO IVA INTESA SANPAOLO – PARTITA IVA 1199150015

SOCIETÀ SOGGETTA ALL'ATTIVITÀ DI DIREZIONE E COORDINAMENTO

DI INTESA SANPAOLO S.P.A. ED APPARTENENTE AL GRUPPO BANCARIO INTESA SANPAOLO, ISCRITTO ALL'ALBO DEI GRUPPI BANCARI

SOCIO UNICO FIDEURAM – INTESA SANPAOLO PRIVATE BANKING S.P.A.

* * * *

RELAZIONE DEL COLLEGIO SINDACALE ALL'ASSEMBLEA DELL'AZIONISTA

SUL BILANCIO DELL'ESERCIZIO CHIUSO AL 31 DICEMBRE 2018

AI SENSI DELL'ARTICOLO 2429, COMMA 2 DEL CODICE CIVILE

All'Azionista Unico.

Il Collegio Sindacale di SIREF Fiduciaria S.p.A. (di seguito anche la "Società") attesta, preliminarmente, che nell'adempimento dei doveri contemplati ai sensi degli artt. 2403 e segg. del codice civile, delle pertinenti disposizioni del D. Lgs. 39/2010 nonché nel rispetto delle disposizioni emanate dalle Autorità di Vigilanza, si è attenuto, nella redazione della presente relazione, alle Norme di Comportamento del Collegio Sindacale emanate dal Consiglio Nazionale dei Dottori Commercialisti ed Esperti Contabili nonché al documento sulle "Linee Operative per i Collegi Sindacali, anche in qualità di Organismi di Vigilanza, delle società controllate italiane del Gruppo Intesa Sanpaolo".

Il Collegio, nella sua composizione attuale, è stato nominato dall'Assemblea dell'Azionista nel corso dell'adunanza del 9 marzo 2016, affidando al medesimo anche le funzioni di Organismo di Vigilanza ai sensi del D. Lgs. 231/2001. Pertanto, ai sensi dell'art. 2400 c.c., con l'approvazione del Bilancio 2018 scade il mandato del Collegio Sindacale.

Il Bilancio 2018, corredato della Relazione del Consiglio di Amministrazione sull'andamento della gestione, è stato messo a disposizione del Collegio Sindacale il 19 febbraio 2019 e sarà sottoposto all'approvazione dell'Assemblea dell'Azionista programmata per il giorno 20 marzo 2019.

Il Collegio Sindacale fa presente che l'Azionista Unico ha rinunciato al termine di cui al 3° comma dell'art. 2429 c.c..

Ciò premesso, il Collegio Sindacale espone di seguito le risultanze dell'attività svolta nel corso dell'anno.

VIGILANZA SULL'OSSERVANZA DELLA LEGGE E DELLO STATUTO

Il Collegio Sindacale ha esercitato attività di vigilanza circa l'osservanza della legge e dello statuto da parte della Società, in particolare tramite:

- 7 (sette) riunioni periodiche dell'Organo di controllo, nonché nelle 6 (sei) riunioni del Collegio nella veste di Organismo di Vigilanza, nel corso delle quali i sottoscritti Sindaci hanno ricevuto periodici flussi informativi da parte dell'organo di gestione e delle funzioni aziendali di controllo, incontrando l'Amministratore Delegato, il Direttore Generale ed i Responsabili delle principali funzioni aziendali di controllo, tra cui l'*Internal Audit*, la *Compliance* e l'Antiriciclaggio;
- la partecipazione alle 12 (dodici) riunioni del Consiglio di Amministrazione ottenendo, nel rispetto di quanto previsto dal comma 5 dell'art. 2381 c.c., tempestive ed idonee informazioni sul generale andamento della gestione e sulla sua prevedibile evoluzione, nonché sulle operazioni di maggior rilievo per loro dimensioni o caratteristiche e alle 3 (tre) adunanze dell'Assemblea, potendo constatare che la riunioni di tali organi sociali si sono svolte nel rispetto delle norme di legge e statutarie;
- incontri con la Società di Revisione, incaricata del controllo legale dei conti, per lo scambio di dati ed informazioni rilevanti finalizzato al miglior espletamento dei rispettivi compiti.

Il Collegio Sindacale ha verificato e constatato la corretta tenuta dei libri delle riunioni del Consiglio di Amministrazione e delle adunanze delle Assemblee dell'Azionista nonché il rispetto degli adempimenti civilistici e di vigilanza posti in essere dalla Società in conseguenza, ovvero in concomitanza, con le delibere assunte dalle Assemblee e dai Consigli di Amministrazione.
In data 30 giugno 2018 è divenuta efficace la fusione per incorporazione di Fideuram Fiduciaria S.p.A. in SIREFID S.p.A. con efficacia fiscale e contabile retrodatata al 1° gennaio 2018, nel rispetto del disposto di cui all'art. 2504 *bis* del Codice Civile. Successivamente a tale integrazione, in sede di Consiglio, il Collegio ha, altresì, esercitato la propria attività di vigilanza in merito all'integrazione del Consiglio di Amministrazione e alla nomina del nuovo Direttore Generale della Società appurando

l'avvenuta verifica dei requisiti di legge previsti ai sensi del D. M. del 16 gennaio 1995, della Circolare della Banca d'Italia n. 288 del 3 aprile 2016 e del D. M. n. 161 del 18 marzo 1998.

Nel corso del secondo semestre 2018 il Consiglio di Amministrazione della Società ha predisposto il progetto di fusione per incorporazione della Consociata FI.GE. S.p.A. in Società Italiana di Revisione e Fiduciaria S.I.RE.F. S.p.A. approvato, per quanto di competenza, dall'Assemblea Ordinaria della Società in data 21 dicembre 2018, nel rispetto delle disposizioni di cui all'art. 2501-*ter* c.c. e successivi, adempiendo, inoltre, alle previste comunicazioni formali e preventive verso le competenti Autorità di Vigilanza. Il Collegio dà, altresì, atto che in data 12 marzo 2019 il Presidente della Società ha stipulato l'atto di fusione in parola con efficacia 31 marzo 2019 ed efficacia fiscale e contabile retrodatata al 1° gennaio 2019, nel rispetto del disposto di cui all'art. 2504 *bis* del c.c..

Sulla base delle informazioni ottenute, il Collegio Sindacale può affermare che non sono state poste in essere operazioni contrarie alla legge, estranee all'oggetto sociale o in contrasto con lo Statuto o con le deliberazioni dell'Assemblea e del Consiglio di Amministrazione.

VIGILANZA SUL RISPETTO DEI PRINCIPI DI CORRETTA AMMINISTRAZIONE

Il Collegio Sindacale ha acquisito conoscenza e vigilato, per quanto di competenza, sul rispetto dei principi di corretta amministrazione, il tutto sulla scorta anche della partecipazione alle riunioni del Consiglio di Amministrazione, della documentazione e delle tempestive informazioni ricevute con riguardo alle operazioni poste in essere dalla Società, nonché tramite incontri con l'alta direzione ed analisi e verifiche specifiche. L'iter decisionale del Consiglio di Amministrazione è apparso ispirato al rispetto del fondamentale principio dell'agire informato. La documentazione relativa alle riunioni del Consiglio di Amministrazione è risultata adeguata, sia in relazione alla chiarezza dei contenuti, sia in termini di tempistica di messa a disposizione di Consiglieri e Sindaci. L'Amministratore Delegato ed il Direttore Generale hanno costantemente fornito notizie in merito all'andamento della gestione nonché esposto i temi in esame con dovizia di informazioni anche con gli approfondimenti opportuni emersi in corso di riunione.

Quanto alle operazioni di maggior rilievo economico, finanziario e patrimoniale poste in essere dalla Società, apposite riunioni con l'Amministratore Delegato hanno consentito di accertarne la conformità alle previsioni di legge e statutarie nonché la rispondenza delle delibere assunte in tal senso all'interesse sociale.

Come precedentemente accennato, nel corso del secondo semestre 2018 il Consiglio di Amministrazione della Società ha predisposto il progetto di fusione per incorporazione della Consociata FI.GE. S.p.A. in Società Italiana di Revisione e Fiduciaria S.I.RE.F. S.p.A. il quale è stato preventivamente condiviso con il Collegio; è risultata, da un punto di vista finanziario e di rischi

operativi, una corretta gestione ed informativa dell'operazione straordinaria in parola. In merito, in sede di Consiglio, è risultato che gli Amministratori, sulla scorta delle informazioni disponibili, abbiano svolto consapevoli valutazioni di carattere finanziario, economico e sui rischi inerenti.
Il Collegio Sindacale ha acquisito informazioni circa operazioni infragruppo e con parti correlate attraverso quanto esposto nei documenti di Bilancio e attraverso le informazioni tempo per tempo rese in occasione della partecipazione alle riunioni del Consiglio di Amministrazione. Con specifico riguardo alle operazioni con parti correlate, esse risultano poste in essere con la Capogruppo Intesa Sanpaolo e sue controllate nonché con la Controllante Fideuram e sue controllate, in una logica di ottimizzazione delle potenzialità del Gruppo e nel rispetto delle norme di legge e del Regolamento di Gruppo. Operazioni che risultano indicate nella Relazione sulla gestione e dettagliate nella Nota Integrativa nel rispetto di quanto previsto dagli artt. 2428, 2497-*bis* e 2497-*ter* del codice civile.
Complessivamente, le informazioni acquisite hanno consentito di riscontrare la conformità alla legge ed allo Statuto delle azioni deliberate e poste in essere e che le stesse non fossero manifestamente imprudenti o azzardate.

VIGILANZA SULL'ADEGUATEZZA DELL'ASSETTO ORGANIZZATIVO

Dalle informazioni acquisite nel corso delle riunioni del Consiglio di Amministrazione ed in veste di Organismo di Vigilanza, il Collegio Sindacale ha avuto modo di verificare, per quanto di competenza, l'idonea definizione dei poteri delegati, la chiara identificazione di ruoli e responsabilità nonché l'adeguatezza dell'assetto organizzativo della Società nel perseguimento dei propri scopi sociali.
Le attività della Società risultano regolate da un impianto normativo interno, disponibile in apposito sistema informativo. Tutti gli atti normativi ed informativi emanati e/o recepiti, quando viene specificatamente richiesta delibera del Consiglio di Amministrazione, sono pubblicati nel sistema aziendale e costituiscono così norme della Società.
Il Collegio Sindacale, anche in veste di Organismo di Vigilanza, ha, altresì, vigilato sull'adeguatezza della struttura organizzativa attraverso incontri periodici con i responsabili delle funzioni aziendali di controllo nonché attraverso l'esame delle loro relazioni semestrali riscontrando adeguati presidi.
L'appartenenza della Società al Gruppo Intesa Sanpaolo, nonché alla Divisione *Private Banking*, fa sì che la Società, nel perseguire le proprie attività di *business*, si avvalga, in ottica di ottimizzazione dei costi e delle potenzialità gestionali, della fornitura di servizi in *outsourcing* da parte della Controllante Fideuram e della Capogruppo Intesa Sanpaolo.
Nell'ambito delle attività di verifica periodica, il Collegio ha avuto modo di avere evidenza – in relazione alle materie di volta in volta oggetto di esame ed approfondimento – degli assetti, delle procedure e degli strumenti che caratterizzano l'organizzazione delle attività all'interno delle

strutture della Società. Il Collegio Sindacale ha, inoltre, accertato l'adeguatezza dei presidi posti a controllo della qualità ed efficacia dei servizi forniti dagli *outsourcer*, anche in linea con quanto previsto dal Disposizione di Vigilanza della Banca d'Italia con Circolare 288 del 3 aprile 2015.

Dalle informazioni acquisite nel corso delle riunioni del Consiglio di Amministrazione aventi ad oggetto il rinnovo dei contratti di *outsourcing* (con le modifiche ai *Service Level Agreement*), il Collegio ha riscontrato il perseguimento di criteri di trasparenza, oggettività ed uniformità nella definizione degli stessi.

Il Collegio Sindacale ha vigilato in merito alla corretta esternalizzazione delle funzioni operative importanti di Antiriciclaggio, *Compliance* ed Amministrazione e Bilancio a favore della Controllante Fideuram nel rispetto della normativa interna e di settore.

La Società ha recepito la normativa di Gruppo relativamente a:

- l'aggiornamento del "Regolamento sul Sistema dei Controlli Interni Integrato di Intesa Sanpaolo";
- l'aggiornamento delle "Linee Guida per il Governo dei Processi di Redazione ed Attivazione dei Piani di *Recovery*";
- l'aggiornamento delle "Linee Guida di *Compliance* di Intesa Sanpaolo";
- i "Principi in materia di Diritti Umani";
- l'aggiornamento del "*Fair Value Policy*";
- l'aggiornamento delle "Linee Guida di Governo del Rischio Paese di Gruppo";
- le "Linee Guida di Sicurezza Informatica";
- le "Linee Guida di Continuità Operativa";
- il "Modello Organizzativo per la Gestione delle Crisi";
- l'aggiornamento del "Regolamento di Gruppo per la gestione delle operazioni con Parti Correlate di Intesa Sanpaolo S.p.A., Soggetti Collegati del Gruppo e Soggetti Rilevanti ex art. 136 TUB".

La Società ha recepito la normativa emanata dalla Controllante Fideuram – Intesa Sanpaolo Private Banking S.p.A. relativamente a:

- le "Linee Guida in materia di esternalizzazioni di Fideuram – Intesa Sanpaolo Private Banking"
- i "Principi di condotta in materia fiscale";
- l'aggiornamento del "Regolamento attuativo delle Linee Guida di *Compliance* di Gruppo di Fideuram".

VIGILANZA SULL'ADEGUATEZZA DEL SISTEMA DI CONTROLLO INTERNO

Il Collegio Sindacale ha vigilato sull'adeguatezza del sistema di controllo interno, nonché

sull'efficienza ed efficacia di quest'ultimo nel presidio dei rischi e del rispetto delle procedure e delle disposizioni interne ed esterne, mediante acquisizione di informazioni dai responsabili delle funzioni esternalizzate di *Audit*, *Compliance* ed Antiriciclaggio.
Con efficacia 1° marzo 2018, nell'ottica di assicurare un maggior presidio di conformità alle norme e garantire la prestazione di servizi di qualità elevata, consentendo il raggiungimento di economie di scopo e di risultato, la Società ha istituito – e contestualmente esternalizzato presso la Controllante – la funzione di *Compliance* per l'importanza che, a livello strategico e di Gruppo, riveste tale presidio. Contestualmente, ha esternalizzato la funzione Antiriciclaggio presso la Controllante Fideuram per conformarsi alle *best practice* in materia.

Il Collegio Sindacale dà atto che la Società, in risposta alla richiesta formulata dalla Vigilanza in sede di autorizzazione all'iscrizione di SIREFID alla sezione separata dell'albo *ex* art. 106 TUB relativa alla valutazione sull'efficacia e sull'adeguatezza delle azioni di *remediation* poste in essere in ambito antiriciclaggio, si è attivata – coinvolgendo le competenti funzioni della Controllante e della Capogruppo – per la realizzazione di tutti gli opportuni interventi e le azioni intraprese per rimuovere i punti di debolezza sono oggetto di continuo monitoraggio da parte delle competenti funzioni di controllo.

In qualità di Organismo di Vigilanza, il Collegio ha, inoltre, monitorato sul rispetto da parte della Società del "Modello di organizzazione, gestione e controllo ai sensi del D. Lgs. 231/2001", relazionando il Consiglio di Amministrazione sull'applicazione dello stesso all'interno della medesima, sull'evoluzione della normativa e sugli adeguamenti proposti; in esito delle attività non sono emerse criticità rispetto alla corretta attuazione del Modello, né sono pervenute segnalazioni ai sensi del Decreto Legislativo n. 231/2001.

VIGILANZA SULL'ADEGUATEZZA DEL SISTEMA AMMINISTRATIVO-CONTABILE

Il Collegio Sindacale, per quanto di competenza, ha valutato l'affidabilità del sistema amministrativo e contabile a recepire e rappresentare correttamente i fatti di gestione ottenendo informazioni dai responsabili delle diverse funzioni e incontrando la Società di Revisione. Nell'ambito del consueto scambio di informazioni con la Società di revisione non sono emerse segnalazioni di anomalie significative e non sono state sollevate eccezioni in merito all'organizzazione della struttura contabile e all'idoneità della stessa a rappresentare correttamente i fatti di gestione, né sono emersi dati e informazioni rilevanti che debbano essere evidenziati nella presente relazione.

Il Collegio Sindacale ha esaminato il contenuto della relazione di revisione sul bilancio d'esercizio al

31 dicembre 2018 emessa dalla KPMG S.p.A. in data 11/03/2019 che non evidenzia aspetti di criticità.

PARERI E COMUNICAZIONI DEL COLLEGIO SINDACALE

Nel corso del 2018 il Collegio Sindacale ha, inoltre, dato il proprio parere favorevole in merito a:

- la revisione – in linea con le indicazioni di Banca d'Italia – delle proposte di modifica statutarie contenute nel Progetto di Fusione per incorporazione di Fideuram Fiduciaria S.p.A. in SIREFID S.p.A.;
- la nomina del nuovo Referente interno *Operational Risk Management*;
- il Progetto di Fusione per incorporazione di FI.GE. S.p.A. in SIREF Fiduciaria S.p.A..

VIGILANZA SUL BILANCIO DI ESERCIZIO E SULLA RELAZIONE SULLA GESTIONE

Il Collegio Sindacale, per quanto di competenza, attesta di aver esaminato il progetto di bilancio dell'esercizio chiuso alla data del 31 dicembre 2018, che è stato redatto ed approvato dal Consiglio di Amministrazione nella riunione del 19 febbraio 2019, ai sensi di legge, e messo a disposizione del Collegio Sindacale, unitamente agli allegati di dettaglio.

Tale progetto, che viene sottoposto all'esame dell'Assemblea per l'approvazione, è stato redatto secondo i principi contabili internazionali IAS/IFRS, emanati dall'*International Accounting Standard Board* ("IASB"), omologati dalla Commissione Europea con il Regolamento tenendo anche conto, per le fattispecie applicabili, delle interpretazioni dell'*International Financial Reporting Interpretations Commitee* ("IFRIC").

Gli schemi utilizzati per la redazione del progetto di bilancio sono quelli previsti dal Provvedimento del Governatore della Banca d'Italia del 22 dicembre 2017 (Allegato A – Schemi di bilancio e nota integrativa degli intermediari finanziari) che tiene conto dell'introduzione, nel nostro ordinamento, dei principi contabili internazionali in applicazione del D. Lgs. n. 38 del 28 febbraio 2005 (Decreto IAS).

Il bilancio al 31 dicembre 2018 evidenzia un utile dell'esercizio, al netto delle imposte di Euro 1.499.788. Il patrimonio netto, compreso l'utile dell'esercizio, ammonta a complessivi Euro 28.380.945.

Il Collegio Sindacale osserva inoltre che:

- nella formazione di suddetto progetto sono state rispettate le norme di legge inerenti l'impostazione del Bilancio e della Relazione sulla gestione; gli schemi di Bilancio adottati ed i principi contabili, descritti nella Nota Integrativa, sono adeguati in relazione all'attività della

Società;

- la Relazione sulla gestione risponde ai requisiti dell'art. 2428 del Codice civile così come novellato dal Decreto Legislativo 2 febbraio 2007 n. 32 ed è coerente con i dati e le risultanze del Bilancio; essa fornisce un'adeguata informativa sulle attività della Società.

Il Collegio sindacale osserva, infine, che:

- il Bilancio è stato redatto in applicazione dei principi generali di prudenza, competenza e nella prospettiva della continuità aziendale;
- gli Amministratori non hanno derogato nell'applicazione delle disposizioni previste dai principi contabili internazionali e dunque non si è reso necessario motivarne le ragioni e l'influenza;
- come sopra indicato la Società di Revisione KPMG S.p.A. ha emesso in data 11/03/2019 la sua relazione sul bilancio, ai sensi degli articoli 14 e 16 del D. Lgs. n. 39/2010, senza evidenziare rilievi o irregolarità.

In considerazione di quanto riferito e per quanto di propria competenza, il Collegio Sindacale non ha osservazioni o proposte da formulare con riferimento al Bilancio al 31 dicembre 2018 ed esprime, sotto i profili di propria competenza, parere favorevole all'approvazione dello stesso e all'accoglimento della proposta formulata dal Consiglio di Amministrazione in ordine alla destinazione dell'utile di esercizio.

Infine, il Collegio, stante la scadenza del proprio mandato con l'Assemblea Ordinaria del 20 marzo 2019, ringrazia per la fiducia accordata.

Milano, 20 marzo 2019

IL COLLEGIO SINDACALE

Rag. Gianpaolo Brianza

Dott.ssa Federica Mantini

Dott. Lorenzo Ginisio

Independent auditors' report

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

Siref Fiduciaria S.p.A.

Financial Statements as at and for the year ended 31 december 2018

(with the related indipendent auditor's report)

KPMG S.p.A.

11 March 2019

KPMG S.p.A.
Revisione e organizzazione contabile
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(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010

To the sole shareholder of
Siref Fiduciaria S.p.A.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Siref Fiduciaria S.p.A. (the "company"), which comprise the statement of financial position as at 31 December 2018, the income statement and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Siref Fiduciaria S.p.A. as at 31 December 2018 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the financial statements*" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

As required by the law, the company's directors disclosed the key figures from the latest financial statements of the company that manages and coordinates it in the notes to its own financial statements. Our opinion on the financial statements of Siref Fiduciaria S.p.A. does not extend to such data.

Responsibilities of the company's directors and board of statutory auditors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *statutory auditors* are responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;

— evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10

The company's directors are responsible for the preparation of a directors' report at 31 December 2018 and for the consistency of such report with the related financial statements and its compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report with the company's financial statements at 31 December 2018 and its compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report is consistent with the company's financial statements at 31 December 2018 and has been prepared in compliance with the applicable law.

With reference to the statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, 11 March 2019

KPMG S.p.A.

(signed on the original)

Simone Archinti
Director of Audit

Siref Fiduciaria S.p.A.

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