SIREF FIDUCIARIA

(This is an English translation of the original Italian document "Bilancio 2019". 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 2019

Shareholders' meeting of 25 March 2020

Società Italiana di Revisione e Fiduciaria

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

Annual Report 2019

Società Italiana di Revisione e Fiduciaria S.I.RE.F. S.p.A., abbreviated as "SIREF Fiduciaria S.p.A." or "SIREFID S.p.A." Registered Office and General Management: Via Montebello, 18 – 20121 Milan, Share Capital €2,600,000, Milan Monza Brianza Lodi Companies Register and Taxpayer Identification Number 01840910150, a Company participating in the Intesa Sanpaolo VAT Group – VAT Registration Number 11991500015 (IT11991500015), belonging to the "Intesa Sanpaolo" Banking Group entered in the Register of Banking Groups, Management and Coordination by Intesa Sanpaolo S.p.A. Sole Shareholder Fideuram – Intesa Sanpaolo Private Banking S.p.A. Authorisation to operate the fiduciary business with Ministerial Decree of 6 September 1974 Registered in the separate section of the Register kept pursuant to Art. 106 of the Italian Banking Consolidation Act with an order by the Bank of Italy on 19 September 2017, identification code 19482.9 Member of Assofiduciaria.

Mission

SIREF Fiduciaria is a leading company in the Italian fiduciary sector and, thanks to the experience gained in over forty years of activity, it is committed to:

OFFERING the widest range of fiduciary services to customers, investors and entrepreneurs, guaranteeing the utmost confidentiality and the highest professional standards.

MEETING the capital requirements of the most sophisticated Private and Corporate customers of the Intesa Sanpaolo Group, offering cutting-edge customised solutions

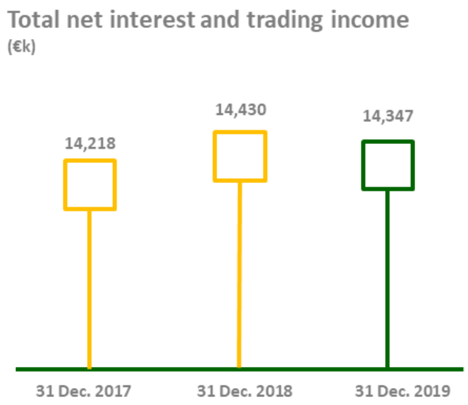
STRENGTHENING its contribution to support the service models of the Fideuram-Intesa Sanpaolo Private Banking Networks

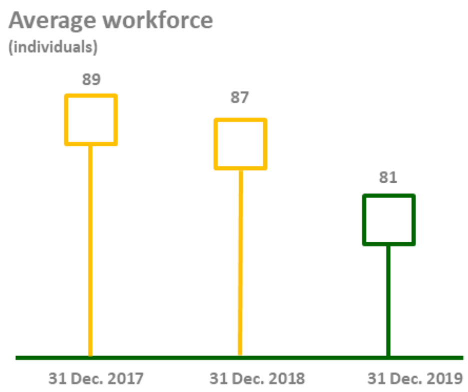
Contents

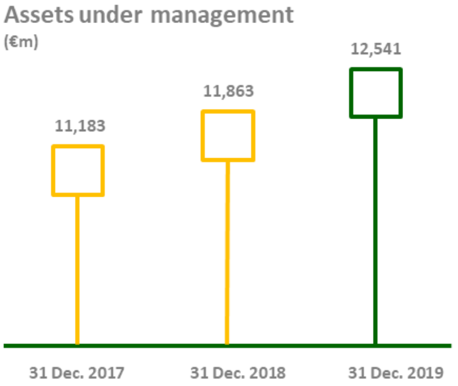
Highlights **6**
Company Officers **8**
Intesa Sanpaolo Group and the Private Banking Division **9**
Directors' Report **10**
Economic scenario **13**
Operating results **15**
Financial results 15
Balance sheet items 17
Operating figures, structure, product range **19**
Assets under management and number of fiduciary mandates per product 19
"Traditional" fiduciary business 19
Mandates of fiduciary administration without registration (MASI) 20
Escrow Agreement 20
Stock Ownership/Stock Option Plans 20
Activity related to Trusts 20
Commercial initiatives 21
Products and services 21
Distribution channels 21
Communications 22
Changes in Workforce 23
Information system, organisation and training 25
INFORMATION SYSTEM 25
MERGER OF FI.GE S.P.A. 25
OTHER PROJECTS 25
ORGANISATION 26
TRAINING 26
Social initiatives and cultural promotion 27
Other information **28**
Risk management and control 28
Internal audit system 28
Relations with Group companies and related parties disclosure 29
Going concern 29
Research and development activities 29
Transactions involving treasury shares or shares in parent companies 29
Other information 30

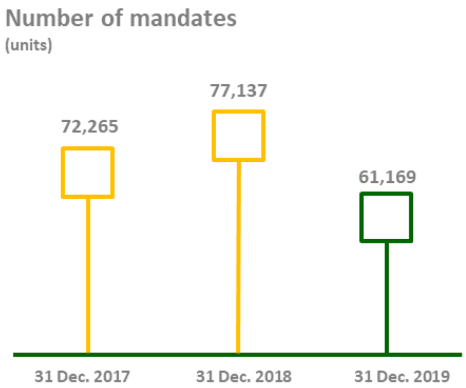
Reporting package 30
Secondary registered offices 30
Management and coordination activities 30
Information about the Group to which the Company belongs 30
Events after the reporting period and outlook 31
Proposals to the Shareholders' Meeting 32
Financial statements 33
Balance Sheet 33
Income Statement 35
Total comprehensive income 36
Statement of Comprehensive Income 36
Changes in shareholders' equity 37
Statement of changes in shareholders' equity 2019 37
Statement of changes in shareholders' equity 2018 37
Statement of cash flows 38
Notes to the Financial Statements 39
Part A - Accounting policies 41
A.1 - GENERAL 41
A.2 MAIN FINANCIAL STATEMENT ITEMS 44
A.4 - FAIR VALUE DISCLOSURES 57
Part B - Notes to the Balance Sheet 59
ASSETS 59
LIABILITIES 72
Part C - Notes to the Income Statement 78
Part D – Other information 87
Schedules to the Financial Statements 106
Last financial statements approved by the Parent Company 106
Report of the Board of Statutory Auditors 109
Independent Auditors' Report 118
Offices 124

Highlights (*)









(*) For a like-for-like comparison, the 2017 and 2018 figures have been restated to reflect the merger of Fideuram Fiduciaria S.p.A. and FI.GE. S.p.A., which took effect on 30 June 2018 and 31 March 2019, respectively.

SIREF Fiduciaria, the year of consolidation

The year 2019 was marked by important commercial and organisational results.

Specifically:

- *the confirmation of SIREF Fiduciaria's position at the top of its sector after the merger of FI.GE. Fiduciaria (the fiduciary company of Banque Morval) completed in March, and thanks to the commercial development of captive and extra-captive customers;*
- *completion of the integration of Group companies, with consolidation of an organisational structure more focused on new operational challenges and implementation of new technological solutions that can digitalise the processes and provide developed online services for Division customers and personal financial advisers;*
- *the move of the company headquarters in Milan to the prestigious building housing the General Management of Fideuram-Intesa Sanpaolo Private Banking, signalling the central role of the relationship with the Division and in view of reinforcing the relationship with Group structures and customers of high standing.*

The evolution and growing development of an internal process combining professional expertise and know-how has created a major endowment of skills capable of responding swiftly to the most complex commercial demands.

***Special thanks go to the Customers** who have proven with their choice that they appreciate and esteem the commitment of all the specialists who dedicate their time and professional expertise every day to build together the solutions most suited to their needs. Thanks also go to the network of Personal Financial Advisers and Private Bankers who, with their consulting approach, make it possible to expand the visibility of the fiduciary company and the products and services it offers throughout Italy.*

Constant focus on product innovation represents another strength: the company continues investing in the implementation of innovative solutions, providing services in paperless format (contract and statement documents), with the aim of simplifying the exchange of physical documents with customers and maximising the need for confidentiality, by offering the advantage of a multichannel range of services (opening of online mandates and statements that are accessible from the website) as a service enhancement.

***Understanding, developing and reinforcing the synergies** inside the Group Divisions (Private, Retail, Corporate) will be the drivers that will allow **SIREF Fiduciaria** to expand its own customer base and grow assets under management, and to identify new solutions that are complementary with highly competitive Group products.*

Company Officers

Board of Directors

Chairman	Pier Luigi Sappa
Managing Director	Lorenzo Petracca
Directors	Andrea Calamanti Fabio Cubelli Renzo Moro Mario Romano Negri Carlo Pacifici *(in office since 28 October 2019)* Saverio Perissinotto Carlo Vimercati *(in office until 12 August 2019)* Massimo Zanon di Valgiurata

Board of Statutory Auditors

Chairman	Giampaolo Brianza
Statutory Auditors	Federica Mantini Beatrice Ramasco
Acting Auditors	Patrizia Marchetti Francesca Monti

General Management

General Manager	Igor Basilicati

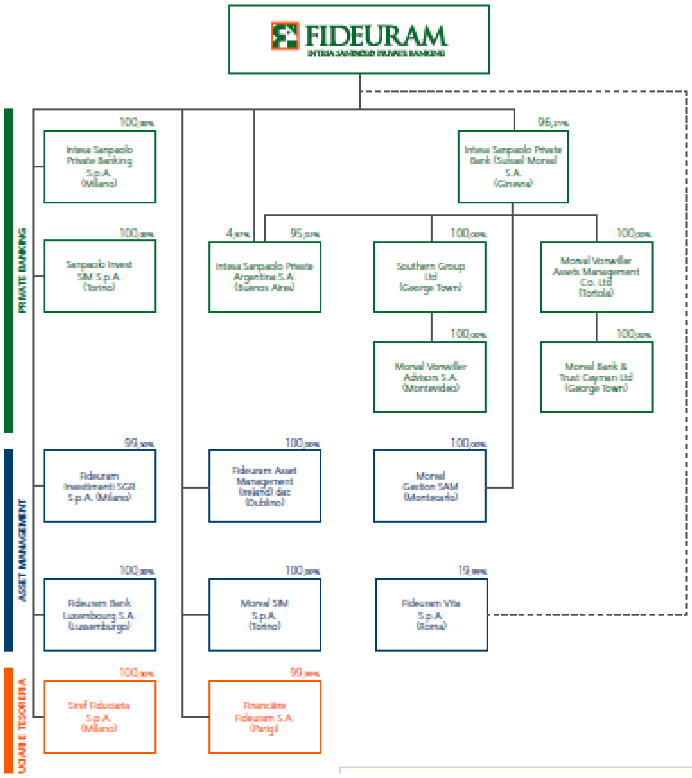
Independent Auditors

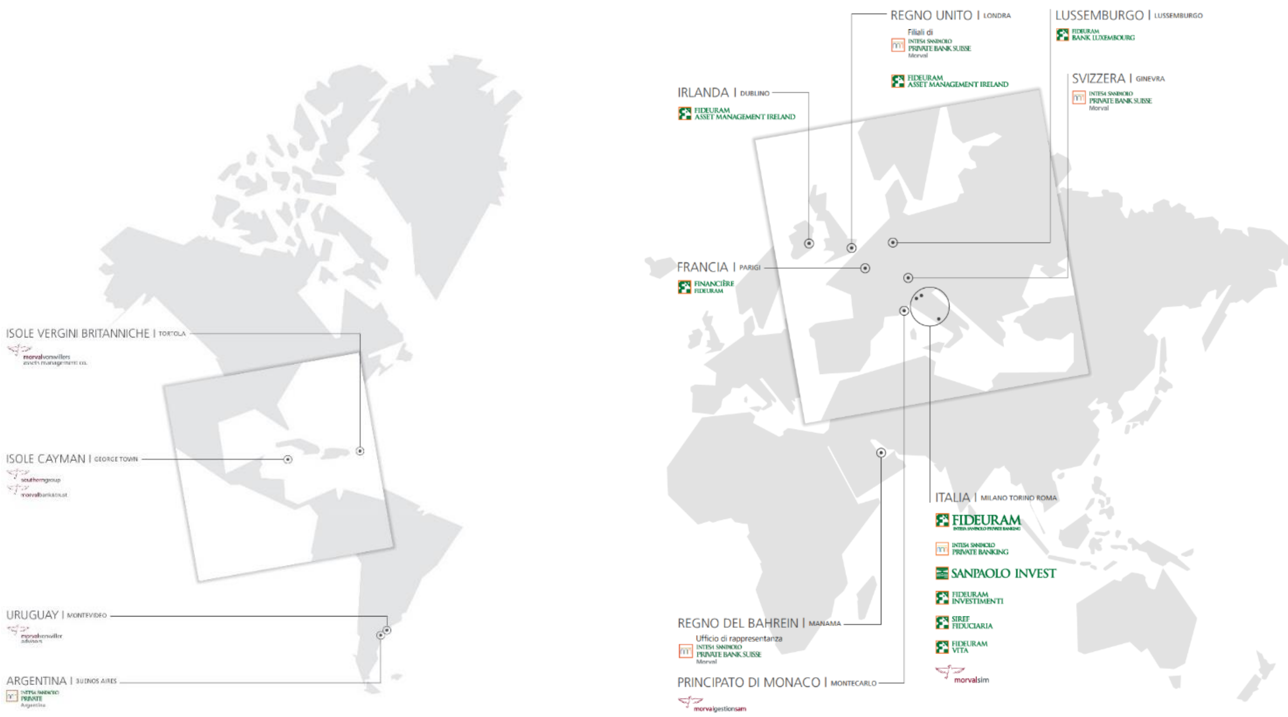
KPMG S.p.A.

Intesa Sanpaolo Group and the Private Banking Division

The Company belongs to the Intesa Sanpaolo Banking Group, through its Parent Company, Fideuram - Intesa Sanpaolo Private Banking.

Following below is a graphic representation of the corporate composition of the Group and the Private Banking Division.





Directors’ Report

Dear Shareholder,

We submit for your examination the financial statements at 31 December 2019 and, in general, the results achieved during the year by Società Italiana di Revisione e Fiduciaria S.I.RE.F. S.p.A. or, in abbreviated form, “SIREF Fiduciaria S.p.A.” or “SIREFID S.p.A.”.
SIREF Fiduciaria achieved positive results during a year of major changes affecting all parts of the Company, realising **Net Profit** at 31 December 2019 of €1,750,243 and **Assets Under Fiduciary Management** up from €11.4 (€11.9bn restated on a pro-forma basis with FI.GE.) to €12.5bn.

Declaration of compliance with the International Financial Reporting Standards

These financial statements have been prepared:

- in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by the European Commission that were in force at 31 December 2019;
- using the templates provided by the Governor of the Bank of Italy on 22 December 2017 (Appendix A - Financial Statements and Notes to the Financial Statements of financial intermediaries), which reflect the introduction of the International Financial Reporting Standards in Italian Law, in compliance with Legislative Decree no. 38 of 28 February 2005 (IAS Decree).

The financial statements consist of the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholders’ Equity, the Statement of Cash Flows, and the Notes to the Financial Statements which also include the summary of the most important accounting principles applied. They are also accompanied by the Directors’ Report at 31 December 2019.

The Notes to the Financial Statements are broken down as follows:

- Part A - Accounting policies
- Part B - Notes to the Balance Sheet
- Part C - Notes to the Income Statement
- Part D - Other information.

IFRS 16: The new International Financial Reporting Standard on Leases

The new IFRS 16 came into force on 1 January 2019 and 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.

The new standard requires determining whether a contract is or contains a finance lease, based on the concept of control of use of an identified asset for a specific period of time. Consequently, even lease, charter, rental, or commodatum agreements, which previously were not assimilated with finance lease, may fall within the scope of the new standard. The new accounting model introduced by IFRS 16 requires that the <u>right to use the leased asset be recognised as an asset on the balance sheet, while the payables for lease payments still due to the lessor have to be recognised as liabilities in the balance sheet</u>. The procedure for recognition of the income statement components is also modified. While the lease payments were

recognised as administrative expenses under IAS 17, the new IFRS 16 requires that these expenses be recognised as amortisation of the “right of use” and as the interest expenses on the payable.
Pursuant to the requirements of IFRS 16 and the clarifications of IFRIC, software is excluded from the scope of application of IFRS 16 and will continue to be recognised in accordance with IAS 38.
For the lessee, the application of IFRS 16 from 1 January 2019 causes – when final profit and final cash flow are considered – an increase in the assets carried on the balance sheet (the leased assets), an increase in liabilities (the payable on the leased assets), a reduction in administrative expenses (the lease payments), and a simultaneous increase in financial costs (the remuneration on the recognised payable) and amortisation (for the right to use recognised as an asset). Considering the entire duration of the contracts, the economic impact on the income statement does not change over the time horizon of the lease, but it appears with a different breakdown over time as compared with the previous situation under IAS 17.

The types of lease falling in the scope of application of the new standard particularly concern arrangements related to real estate, cars and hardware. Real estate lease contracts represent the most important area to be affected.

The main general choices made concerning the procedures used to recognise the effects of first-time adoption of the standard and certain rules applied upon full implementation for the accounting of lease contracts are illustrated as follows:

- In line with the choices made by the Intesa Sanpaolo Group, the Company has decided to recognise the effects of first-time adoption of the standard according to the modified retrospective approach, which grants the option of recognising the entire cumulative effect of application of the new standard at the date of first-time adoption, without restating the comparative data for the financial statements of the year when IFRS 16 was applied for the first time. As a result, the figures for 2019 are not comparable as regards the valuation of the rights of use and the corresponding lease payable.
- Upon first-time adoption (as allowed by the standard), the Company has excluded those contracts whose remaining duration is less than or equal to 12 months.
- In regard to the lease duration, the Company has decided to consider, at the first-time adoption date (and for new contracts upon full implementation), only the first reasonably certain contractual renewal period, unless there are any special clauses, facts, or circumstances that lead one to consider additional renewals.
- The Company has decided not to apply the new standard to contracts having a total duration of less than or equal to 12 months and to contracts where the unit value of the underlying asset when new is less than or equal to €5k.
- The Company has decided not to separate the service components from the lease components, and consequently to recognise the entire contract as a lease contract since the service components are deemed insignificant.

The Financial Statements use the Euro as their presentation currency. The financial statements present the data for the period together with the corresponding data at 31 December 2018 for the purposes of comparison.

Any analysis comparing the 2019 financial data with the data for the corresponding period in 2018 reflects:

- the effects of first-time adoption of IFRS 16;
- the effects of the merger of FI.GE. Fiduciaria into SIREF Fiduciaria on 31 March 2019 with effective date for tax and accounting purposes from 1 January 2019.

Several reclassified statements of highlights have been prepared to facilitate reading of the annual results. The accounting balances presented in the comparative Balance Sheet and Income Statement have been restated to allow for a like-for-like comparison.
Appropriate adjustments to the historical data were made to these restated statements. In particular, the net amounts were restated to include the contribution of FI.GE. Fiduciaria and the effects of the new IFRS 16 for comparative purposes.

The adoption of this standard has not had a significant impact on the equity and financial position of the Company.

Economic scenario

Global growth slowed down moderately in 2019 in all major geographical areas (with the sole exception of Japan). In fact, the growth trend was substantially in line with expectations in the United States, but weaker than expected in China and, above all, in the Eurozone (and, in particular, in Germany). Trade tensions between the United States and China, triggered by the Trump Administration's protectionist policies, had a major impact on economic activity, especially manufacturing. Two phases of significant escalation occurred in United States-China relations, within one in May and the other in August. These were marked by significant (and unexpected) tariff increases on growing volumes of Chinese imports to the United States (to which the Chinese authorities responded by raising their customs duties on American imports). The clash between China and the United States also spread to the area of technological supremacy (with the ban imposed by the United States on Huawei). Tensions relaxed somewhat towards the end of the year, and China and the United States reached a preliminary accord regulating their trade relations in December (which, for the first time since the beginning of 2018, also envisaged a reduction in previously applied tariffs). Other **political factors** had a major market impact during the year. In Europe, one negative effect came from the uncertainty surrounding Brexit. The risk of a "disorderly" exit of the United Kingdom from the European Union was averted only at the end of the year, with the broad majority gained by the Conservative Party in the 12 December parliamentary elections, which made it possible to obtain ratification by Parliament of the exit agreement negotiated by Prime Minister Johnson with the European Union in October. The significant increase in growth prospects, mainly tied to trade tensions and against the backdrop of generally moderate inflation, triggered a sharp turn towards an accommodating monetary policy. That shift was particularly pronounced in the case of the Federal Reserve Bank. After having raised its rates in December 2018 and implied that more rate increases were likely in the short term, the Federal Reserve significantly altered its own attitude, moving towards neutrality beginning in the first weeks of the year. The worsening of trade tensions and slowdown in manufacturing activity then induced the Fed to cut rates by a total of 75 bps between the end of July and the end of October. Even the ECB, which had completed its own Quantitative Easing program at the end of 2018, significantly softened its own attitude over the months, until it then adopted an expansionary package in September. That policy package included bond purchases and another cut in the deposit rate. Expansionary measures were also adopted by the Chinese Central Bank during the course of the year, while there were no significant changes in Bank of Japan monetary policy (although it was already ultra-expansionary).

The major relaxation in financial conditions triggered by the shift to accommodating monetary policy was reflected in a marked reduction in bond yields and, notwithstanding the trade war and uncertainties surrounding the prospects of the global economy, in a **strong performance by the stock markets,** especially in the United States (with the S&P500 index rising by nearly 29% during the period). The Stoxx-600 index in Europe rose by 23.1% (with the Italian market overperforming), while Japan and the Emerging Markets reported increases of just over 15% (for the Topix and MSCI indices in dollars). On the bond markets, the drop in yields on 10-year government bonds was significant both in the United States (about 75 bps during the period) and in Europe (over 40 bps for the Bund, whose yield was also stably negative and sank to -70 bps in the summer). On the other hand, the spread between Italian government bonds and the Bund narrowed significantly during the period, especially after the Italian government crisis in August.

During 2019, the cyclical recovery continued weakening in the **Eurozone,** in a context that remains characterised by high uncertainty and persistently low inflation, which prompted the ECB to boost its monetary stimulus yet again. The recovery proceeded at a fairly modest pace. GDP growth, slightly over 1%, was the lowest since 2013, and it was sustained largely by domestic demand, particularly in the services sector, since the steady labour market guaranteed support for private consumption. In contrast, conditions in the manufacturing sector worsened significantly, due to the uncertainty deriving from the trade tensions between the United States and China and the complex events related to Brexit. The United Kingdom should have left the European Union at the end of March 2019 but the British government asked for a postponement to the end of October, the month when the European Union and the new British government led by Boris Johnson negotiated a new “divorce” agreement. Finally, after the parliamentary elections that led to a clear victory by the Conservative Party, the divorce agreement was finally voted on by the British Parliament in December, opening the way to the exit of the United Kingdom from the European Union in January 2020. Political uncertainty was further increased by the European Parliament elections at the end of May, when the populist parties managed to significantly increase their influence. Finally, the political crisis in Italy during the month of August ended with the formation of a new government oriented more favourably to European positions. Inflation was the variable that offered the biggest surprise in 2019, by falling significantly. Above all, core inflation (i.e. inflation net of food and energy) remained stable at 1% for the seventh consecutive year, exhibiting a slight upward trend only during the final months of the year. The ECB, which had decided in December 2018 to end its Quantitative Easing programme, again found itself in the position of having to modify its monetary policy in a more expansionary direction: in March it prepared new measures in support of the banking sector (TLTRO-III, commenced in September), while announcing that rates would remain unchanged until the end of the year. In June, the ECB prepared the markets for the adoption of an expansionary policy package that was implemented in September (although against major internal opposition). The deposit rate was cut again (from 10 bps to -0.50 bps), while at the same time introducing a “tiering” system of bank reserves (to moderate the negative impact on bank profits) and the QE program was revived (monthly bond purchases of 20 bn beginning in November). Finally, Mario Draghi’s tenure as President of the ECB ended in November, with Christine Lagarde taking over that position. She announced that the ECB would work in 2020 to revise its own monetary policy strategy.

Operating results

FINANCIAL RESULTS

The following table presents the highlights of the Income Statement for the year just ended, as compared with the corresponding period of 2018 with the figures restated on a like-for-like basis to reflect the integration of FI.GE. S.p.A. and the application of IFRS 16.

(figures in €)

	2019	2018 (*)	ABSOLUTE CHANGE	%
Net interest income	(91,053)	(23,664)	(67,389)	n.s.
Net profit (loss) on financial assets and liabilities	14,456	8,658	5,798	67
Net fee and commission income	14,423,335	14,444,685	(21,350)	-
TOTAL NET INTEREST AND TRADING INCOME	**14,346,738**	**14,429,679**	**(82,941)**	**-1**
Other income (expense)	187,983	165,099	22,884	14
NET OPERATING INCOME	**14,534,721**	**14,594,778**	**(60,057)**	**-**
Personnel expenses	(7,426,527)	(7,836,173)	409,646	-5
Other administrative expenses	(3,424,767)	(3,878,823)	454,056	-12
Depreciation and amortisation	(908,216)	(577,688)	(330,528)	57
NET OPERATING EXPENSES	**(11,759,510)**	**(12,292,684)**	**533,174**	**-4**
NET OPERATING INCOME (EXPENSES)	**2,775,211**	**2,302,094**	**473,117**	**21**
Net impairment of loans	31,445	177,325	(145,880)	**-82**
Net provisions for risks and charges and net impairment of oth	-	(140,000)	140,000	n.s.
PRE-TAX PROFIT (LOSS) ON CONTINUING OPERATIONS	**2,806,656**	**2,339,419**	**467,237**	**20**
Income taxes for the year on continuing operations	(796,647)	(673,564)	(123,083)	18
Integration expenses (net of tax)	(259,766)	(216,247)	(43,519)	20
NET PROFIT	**1,750,243**	**1,449,608**	**300,635**	**21**

n.s.: not significant

The commentary on the principal items follows.

Net Operating Income, totalling about 14.5m, was largely on par with the previous year (14.6m), on a constant scope of consolidation basis. The analysis of the changes in principal items shows a reduction in net interest income (-€67k), mainly due to higher interest expense on lease instalment payables, recognised in the financial statements in accordance with IFRS 16.
The modest reduction in net fee and commission income (-€21k) depends on the drop in non-recurring revenue posted in 2018 for the closure/reopening of the Group Incentive Plan that was not entirely offset by higher ordinary fee and commission income. Other income was up by €23k.

Net Operating Expenses, totalling €11.8m, fell from the previous year (- €0.5m), due to the following trends:

- **personnel expenses** totalled 7.4m, down 0.4m from 2018 in consequence of the reduction in average workforce (see the paragraph "Changes in Workforce");
- **other administrative expenses**, totalling 3.4m, contracted by 0.5m, which was ascribable to the growing cost synergies made possible by the integration of Group fiduciary companies;
- **depreciation and amortisation,** totalling 0.9m, grew by 0.3m, which was ascribable to higher amortisation on lease costs, capitalised under assets in the balance sheet pursuant to IFRS 16.

Given the developments in legal, tax and regulatory risks, no additional **provisions for risks and charges** were made, in accordance with the instructions issued by the Division Legal and Tax functions and in accordance with the opinions of external professionals.

The **net impairment of loans** shows a modest positive balance, ascribable to a partial reversal of the provision for bad debts, in accordance with Group methods and parameters.

In consequence of the changes in the items illustrated above, the **pre-tax profit (loss) on continuing operations** totalled 2.8m, up 0.5m from 2018 (+20%).

Integration expenses totalled €260k, up €44k from the previous year. These costs refer to operational support and the portion of amortisation of IT investments and several operational supports connected with the integration activities.

In consequence of the changes in the items illustrated above, the **net profit** totalled 1.75m, up 0.3m from 2018 (+21%).

BALANCE SHEET ITEMS

The following table presents the changes in balance sheet items at 31 December 2019 and the comparison with the corresponding items at the beginning of the year restated on a like-for-like basis to reflect the integration of FI.GE. S.p.A. and the application of IFRS 16.

(figures in €)

	31.12.2019	1.1.2019 (*)	ABSOLUTE CHANGE	%
ASSETS				
Financial assets measured at fair value through profit or loss	62,043	-	62,043	n.s.
Financial assets measured at fair value through other comprehensive income	105,929	87,495	18,434	21
Loans and advances to banks	25,197,300	20,502,342	4,694,958	23
Loans and advances to customers	2,447,310	2,136,576	310,734	15
Property and equipment and intangible assets	6,336,477	4,261,550	2,074,927	49
Tax assets	625,630	652,678	(27,048)	-4
Other assets	10,594,599	12,165,167	(1,570,568)	-13
TOTAL ASSETS	**45,369,288**	**39,805,808**	**5,563,480**	**14**
LIABILITIES				
Debts	7,064,812	4,312,181	2,752,631	64
Tax liabilities	152,469	98,513	53,956	55
Other liabilities	7,047,710	4,960,062	2,087,648	42
Provisions for risks and charges	1,714,079	1,601,802	112,277	7
Share capital and reserves	27,639,975	27,383,642	256,333	-
Net Profit	1,750,243	1,449,608	300,635	21
TOTAL LIABILITIES	**45,369,288**	**39,805,808**	**5,563,480**	**14**

(*) Restated, where necessary, on a like-for-like basis to take the integration of FI.GE S.p.A. and the application of IFRS 16 into account.

n.s.: not significant

The commentary on the principal items follows:

- The **Financial Assets measured at fair value through profit or loss** refer to the acquisition of Intesa Sanpaolo shares under the remuneration and incentive schemes for management;

- **Financial Assets measured at fair value through other comprehensive income** include the Intesa Sanpaolo shares held in the portfolio and whose growth in value is ascribable to the gain recognised during the year (+21%);

- **Loans and advances to banks** consist of the available liquidity on current bank accounts and time deposits, in addition to receivables for fee and commission income from banks. The 4.7m increase from the net amount for the previous year is mainly ascribable to the greater liquidity present on current accounts;

- **Loans and advances to customers** (+ €311k on the figure at the beginning of 2019) mainly refer to receivables for fees and commissions to be collected;

- **Property and equipment and intangible assets** consist of the software and present value of user rights to leased assets, as adjusted by the amortisation allowance for the year, charged to the financial statements in application of the new IFRS 16 in force from 1 January 2019 (see the chapter "Accounting Policies"). The comparative item at 1 January 2019 has been restated as appropriate. The 2.1m increase is ascribable to the higher lease costs for the new Company headquarters;

- **Other assets** decreased by 1.6m, mainly due to the reduction in the receivable for the prepayment of the substitute tax on capital gains;

- **Payables** include 5.9m in payables for lease instalments to be paid to the lessor and the interest expense on the payable accrued during the year (IFRS16 - see "Accounting policies"). The remainder, 1.1m, refers to payables for fees and commissions to be paid to the sales network. The 2.7m increase from the comparison figure is mainly ascribable to the higher payable resulting from the increase in lease costs for the new Company headquarters;

- **Other liabilities** rose by 2.1m, mainly due to the payables for services received by Intesa Sanpaolo;

- Finally, the amount of **Provisions for risks and charges** (+7%) grew due to the higher provisions made for the variable component of personnel cost.

Operating figures, structure, product range

ASSETS UNDER MANAGEMENT AND NUMBER OF FIDUCIARY MANDATES PER PRODUCT

The aggregate figures illustrate the significant increase in **Assets Under Fiduciary Management,** which rise from €11.4bn to **€12.5bn**.
The number of mandates reached 61,169, with a negative delta between openings and closings of over 15 thousand relationships, mainly due to the process of closing two important stock ownership plans.
The figures at 31 December 2019 benefit from the effect of integration of FI.GE. Fiduciaria at the end of the first quarter of the year and the significant appreciation in value of the listed and administered assets.

	SIREF 31.12.2018 (A)	FI.GE. (B)	Change (C)	SIREF 31.12.2019 (A+B+C)
Assets Under Management (€m)	**11,407**	456	678	**12,541**
Number of mandates	**76,885**	252	-15,968	**61,169**

The detailed analysis follows.

"TRADITIONAL" FIDUCIARY BUSINESS

The traditional fiduciary business is a key component of the Company's commercial offering, both for investor customers (assets deposited with intermediaries) and for business customers (administration of equity investments and associated rights, with or without registration).

In particular, the **corporate mandates** posted a decrease in assets under management and mandates due to the process of customer selection carried out on the basis of profitability and risk criteria, and also due to the effect of several shareholders' loans repaid by the investees and then reinstated with the principals.

Corporate Mandates	SIREF 31.12.2018 (A)	FI.GE. (B)	Change (C)	SIREF 31.12.2019 (A+B+C)
Assets Under Management (€m)	**1,391**	13	-160	**1,244**
Number of mandates	**1,341**	26	-101	**1,266**

The **investment mandates,** which grew in the first quarter of the year in terms of assets due to the integration with FI.GE., which was mainly specialised in that service, also benefited from the positive market effect realised in 2019.
The number of active mandates is declining, although a growing number of new mandates were acquired, due to the persistent demand to revoke the more dated traditional investment mandates.

Investment Mandates	SIREF 31.12.2018 (A)	FI.GE. (B)	Change (C)	SIREF 31.12.2019 (A+B+C)
Assets Under Management (€m)	**8,894**	440	817	**10,151**
Number of mandates	**3,462**	219	-119	**3,562**

Mandates of fiduciary administration without registration (MASI)

This service, which was created in 2015 to satisfy customer demand, which wanted "*Voluntary Disclosure*", experienced a large reduction in assets and mandates due to termination of the initial reasons of support for legal repatriation that had justified it. In perspective, the trend of interest in this service should reverse in conjunction with the international development projects of the Private Division.

Mandates without registration	SIREF 31.12.2018 (A)	FI.GE. (B)	Change (C)	SIREF 31.12.2019 (A+B+C)
Assets Under Management (€m)	**45**	2	-21	**26**
Number of mandates	**97**	7	-66	**38**

Escrow Agreement

The assets and mandates associated with escrow agreement operations grew significantly. These are mainly carried out in collaboration with the HNWI structure of Intesa Sanpaolo Private Banking and with the Corporate Department of Intesa Sanpaolo, and on referral by leading outside firms and consolidated partners of the Group.

Escrow Agreement	SIREF 31.12.2018 (A)	FI.GE. (B)	Change (C)	SIREF 31.12.2019 (A+B+C)
Assets Under Management (€m)	**586**	0	76	**662**
Number of mandates	**192**	0	202	**394**

Stock Ownership/Stock Option Plans

The operations involving stock ownership and stock option plans acquired a new stock plan and initiated the closure of two plans that had reached their regulatory termination dates and the premature disposal of two other large plans due to extraordinary corporate transactions by the relevant issuer. The reduction in assets is mainly attributable to liquidation of the last positions of the Group incentive plan ("LECOIP 2014-2018").

Stock Ownership/Stock Option Plans	SIREF 31.12.2018 (A)	FI.GE. (B)	Change (C)	SIREF 31.12.2019 (A+B+C)
Assets Under Fiduciary Management (€ m)	**413**	0	-31	**380**
Number of mandates	**71,783**	0	-15,884	**55,899**
Number of plans	8	0	-1	**7**

Activity related to Trusts

The number of trusts and the associated assets under management remained stable. The growing interest recorded in 2019 in this segment allows us to presume that this activity will enjoy strong but selective growth.

Trusts	SIREF 31.12.2018 (A)	FI.GE. (B)	Change (C)	SIREF 31.12.2019 (A+B+C)
Assets Under Fiduciary Management (€ m)	**78**	0	0	**78**
Number of appointments	**10**	0	0	**10**

COMMERCIAL INITIATIVES

The Company continued its commercial development in 2019 by operating especially in the following areas, in accordance with the Business Plan:

- **product and service innovation** with expansion of the existing range and consolidation of the service model;
- **development of distribution channels,** by reinforcing the efficient working contacts and tools with the networks of the Private Banking Division;
- **diffused communication,** completing the biennial plan of initiatives aimed at spreading awareness of the fiduciary services within the Intesa Sanpaolo Group.

PRODUCTS AND SERVICES

Significant synergies were aimed at the development of processes and contractual schemes for fiduciary interposition capable of supporting the **international development** of the Private Division, for administration, as tax substitute, with or without registration of the assets located outside Italy.

The Company's leadership in connection with **escrow agreement** services and, more generally, in support of M&A transactions, was further reinforced through a significant effort to develop initiatives, both through leading professional firms and through the *High Net Worth Individual* function of Intesa Sanpaolo Private Banking.

Even the other specialised services offered, for **trustee** services and for the administration of corporate **stock plans,** have confirmed their interest to Group customers, but it is believed that the actual and previously realized development work may be carried out in 2020, even if gradually, given the high legal and operational complexity characterising those instruments.

The analysis of the **fiduciary trust agreement**, which is a legal instrument envisaged in, inter alia, Law no. 112 of 22 June 2016, which is of major social importance by offering to protect "persons with serious disabilities", has resulted in privileging at the time that the "after us" trust services proposal is made, in anticipation of completing any in-depth studies and planning under way once the Italian regulatory clarifications are obtained and a minimum of case law.

DISTRIBUTION CHANNELS

The service model using the **digital platform,** which was launched at the end of 2017 for the Fideuram Networks, and then enhanced with added features during the year, has confirmed its popularity among customers and Personal Financial Advisers, given the positive responses both during the development of new mandates (50% are digital) and in the conversion of traditional, already active mandates (12% use rate achieved). The extension of the digital services to the ISPB Network, currently used for online statements, is currently being designed. Even the **single contractual template** for fiduciary services implemented for all the served distribution networks, with operational and business appendices that are specialised according to channel/service, has generated major benefits in terms of operational simplification, both internally and for the Group bank networks, while also facilitating contractual conversions and thus the opportunities to meet with customers.

COMMUNICATIONS

During 2019, SIREF Fiduciaria completed the communications program on the Fideuram, Intesa Sanpaolo Private Banking and Sanpaolo Invest Networks, which was set up as part of the project for integration of the Group fiduciary companies. It dedicated special emphasis to the promotion of numerous commercial events, such as get-togethers and presentations for over 1,600 Personal Financial Advisers and, occasionally, for their local market professionals.

The activities focused on:

- **consolidation of the recognisability** of the new fiduciary company, which was accomplished at 43 stops throughout the territory on behalf of all the commercial areas of the Division and in 21 informational and training classrooms of a more advanced level of detailed study of real cases of success;
- **search for synergies with the distribution networks,** through 11 informational meetings focused on the internal functional contact persons of the Group Divisions (Private, Corporate and Retail) to reinforce the cross-selling activity;
- **specialised training,** promoting 5 events focused on high-level services tied to generational transitions, with direct speakers and flanked, in certain cases, by professional partners of the Group.

Articles were constantly being published in the national media even in 2019, within specials dedicated to the world of outstanding fiduciary companies (Sole 24 Ore) and to the specialised services provided (Milano Finanza, Investire On Line), always managing the presence of SIREF Fiduciaria in the internal communication channels of the Intesa Sanpaolo Group.
Consistently with the commitment of the Parent Company and the Immediate Parent Company to spread awareness of the limits on the expertise of the fiduciary company, the following activities were performed:

- Cyclical intranet news informed employees about significant aspects relating to SIREF Fiduciaria, such as the merger of FI.GE, former fiduciary of the Morval Group, and the main initiatives that were accomplished.
- The following article was published on the online house organ of the Group (Mosaico is the Italian version and Mosaico International is the English version): “SIREF Fiduciaria. Solidità e qualità per eccellere”, composed of interviews with the top management on start-up logics and the development prospects of the Division company, together with a series of insights into its own specialised services, with the article “SIREF Fiduciaria. Il Trust per tutti”, to present the tool dedicated to asset planning needs.

SIREF Fiduciaria participated in the Group’s principal structured listening initiative, the Climate Analysis 2019, with a focus on the Private Banking Division results.

The renewed website, which provides all the information, documentation, and contacts of the Company, enjoyed a 33% increase in the number of users from the previous year and a 48% increase in page viewings. This was due to the substantial change in having introduced the on-line statements service: a private area where the customer may totally independently and discretely view his or her own statements.

CHANGES IN WORKFORCE

As part of a streamlining process, the reduction in the total number of employees continued in 2019, following the integration of Group fiduciary companies and the retirement of employees mostly in connection with the Group's early retirement incentive plans.

The following tables present the 2018 figures restated on a like-for-like basis to permit a valid comparison of staff after the merger of FI.GE. They reflect the secondments from Intesa Sanpaolo Group companies and atypical staff.

At 31 December 2019, the workforce decreased by a total of 3 employees from the number at the beginning of the year.

Precise figures	*Direct employees*	*Seconded from the Group*	*Seconded to the Group*	*Seconded from Third Parties*	*Total*
31.12.2019	64	16	0	2	**82**
Total 31.12.2019	***64***	***16***	***0***	***2***	***82***
31.12.2018 Siref Fiduciaria	61	19	0	1	**81**
31.12.2018 ex FI.GE.	4				**4**
Total 31.12.2018	**65**	**19**	**0**	**1**	**85**
Change	**-1**	**-3**	**0**	**1**	**-3**

The following tables illustrate the **breakdown** of workforce by gender, job classification, and type of employment relationship.

Classification	*Women*		*Men*		*Total*	
	2019	*2018*	*2019*	*2018*	*2019*	*2018*
DIRECTORS			4	4	**4**	**4**
EXECUTIVE MANAGEMENT	23	21	16	20	**39**	**41**
PROFESSIONAL AREAS	24	25	13	14	**37**	**39**
TEMPORARY	2	1			**2**	**1**
TOTAL	**49**	**47**	**33**	**38**	**82**	**85**

Type of employment relationship	*Women*		*Men*		*Total*	
	2019	*2018*	*2019*	*2018*	*2019*	*2018*
FULL-TIME	33	31	32	38	**65**	**69**
PART-TIME	16	16	1		**17**	**16**
GRAND TOTAL	**49**	**47**	**33**	**38**	**82**	**85**

The tables highlight how the prevalence of female employees remained well represented in 2019 too at the different levels of job classification, with frequent use of part-time employment contracts.

The **average number of employees** highlights even more plainly the decrease in the number of employees that took place in 2019 as compared with 2018 (-6 employees).

Average figures	*Direct employees*	*Seconded from the Group*	*Seconded to the Group*	*Seconded from Third Parties*	*Total*
31.12.2019	63	16	0	2	**81**
Total 31.12.2019	63	16	0	2	**81**
12 months 2018 Siref Fiduciaria	*62*	*21*	*0*	*1*	***84***
12 months 2018 ex FI.GE.	*4*				***4***
Total 31.12.2018	**65**	**21**	**0**	**1**	**87**
Change	**-2**	**-4**	**0**	**0**	**-6**

INFORMATION SYSTEM, ORGANISATION AND TRAINING

INFORMATION SYSTEM

The Company information management and accounting system is outsourced to the **Intesa Sanpaolo Group Information Systems Department** (hereinafter, "ISD").

Outsourcing is governed by Service Level Agreements (SLA), which dictate the contents of the activities, contact persons, consideration and expected service levels. SIREF Fiduciaria monitors the provided services, dedicating special attention to cost containment, risk control, and improvement in the service provided to customers.

Depending on changes in the law and the market, priority information system projects are chosen – in collaboration with Parent Company functions and in accordance with the Business Plan – and developed with the ISD on the basis of a formalised capital budgeting process.

Otherwise, the platform of application services that assures integration with the procedures of Fideuram - Intesa Sanpaolo Private Banking and, in particular, with the network of personal financial advisers, is managed independently by the fiduciary company, who directly handles the relationship with the provider of application services. Ordinary software management activities are governed by an annual maintenance agreement, while development initiatives are determined and planned on an annual basis, within the limits of budgeted funds and in accordance with specific operational and business needs.

MERGER OF FI.GE S.P.A.

The **merger of FI.GE S.p.A.**, the fiduciary company of Banque Morval, incorporated in 1968 with the name "Fiduciaria Generale e di Revisioni Contabili FI.GE. S.r.l." was carried out as part of the international development plan for the Private Banking Division and, in particular, the project to integrate the Morval Vonwiller Holding S.A. Group.

The transaction, which began during the last quarter of 2018, **took legal effect on 31 March 2019,** with the effective date for tax and accounting purposes from 1 January 2019.

Given the limited size of the merged company (about 250 fiduciary mandates for a total value of about €450m and with three employees on the payroll), the integration project had no significant impact on the corporate, organisational and operational structure of SIREF Fiduciaria. The IT migration was executed with the support and under the supervision of the Group Information Systems Department.

The transaction made it possible **additional reinforcement of the position of SIREF Fiduciaria** on the Italian market and to **expand its role as tax substitute** for customers resident in Italy.

OTHER PROJECTS

Several projects initiated in 2018 as part of the Fideuram Fiduciaria Merger Project were completed during 2019. In particular, in the first quarter of the year, system upgrade activities were completed for the production of periodic customer account statements, using the new criteria for the valorisation of securities and new layouts. During the second quarter of the year, **the online statements function ("ROL") was extended to the mandates of the Bank Networks**.

The regulatory compliance projects specifically include measures to assure compliance with the **General Data Protection Regulation (GDPR).** After the regulatory updates, IT interventions began in the second quarter of the year, as coordinated by Division and Parent Company structures.

Moreover, several projects were undertaken during the year for the **development of solutions for HNWI customers,** with relationships involving a number of intermediaries in Italy and **outside Italy, aimed at tax simplification and aggregated financial reporting.**

ORGANISATION

A year after the merger of Fideuram Fiduciaria and completion of the merger of FI.GE., several **updates were made to the organisational structure** of the Company, in order to:

- improve operational efficiency in the context of staff reduction and growing volumes of activity;
- reinforcing oversight in the business areas, including the elimination of "interim" positions;
- implement the best practices of the three original fiduciary companies on the distribution networks (Bank Networks, Fideuram Networks, Foreign Networks), while simultaneously guaranteeing the maintenance of current service models;
- facilitate the integration of employees from different corporate cultures.

The organisational measures, which affected the line units reporting directly to the General Manager, involved:

- centralisation in a single unit of the activities of development, management and administration of investment mandates, both for the Fideuram Networks and the Bank Networks;
- allocation of the development and administration activities of the Stock Plans in the unit dedicated to corporate mandates and trusts;
- centralisation of the administrative activities for the acquisition of new customers in a business support unit;
- creation in the aforementioned business support unit of a core group dedicated to the execution of first level AML controls.

TRAINING

The training initiatives are managed and coordinated by the Parent Company's relevant unit.

Moreover, the "Three-year Training Program on Anti-Money Laundering, Anti-Terrorism and Embargo Measures (2017-2019)", organised by the Anti-Money Laundering Unit of the Company and arranged in the form of a plan of training activities that vary according to professional category and position held, was completed.

A total of 710 man-days of training were provided. These included both "remote" training sessions, using the Group intranet platform, on regulatory issues (Anti-Money Laundering, Data Protection, Cyber Security), and specific classroom sessions.

SOCIAL INITIATIVES AND CULTURAL PROMOTION

SIREF Fiduciaria has been organising a series of cultural promotion and divulgation programs for several years. These consist of activities (guided tours of exhibitions at Group museum centres or tours sponsored by Intesa Sanpaolo for employees and selected customers) that contribute to reinforcement of the services offered by the Parent Company culture centre in view of ever-broader and integrated development and enjoyment of assets.

In this way, SIREF increases its focus on personal growth and reinforcement of its relations with customers in terms of the identity expressed through various cultural manifestations that have marked Italian history.

Specifically, two events were organised for employees during the exhibitions on 19th century artists at the Gallerie d'Italia and the Poldi Pezzoli Museum in Milan, and guided tours for customers that were personalised according to individual requests.

The traditional commitment of SIREF Fiduciaria to various programs supporting social initiatives was renewed during the Christmas holidays. In collaboration with Intesa ForFunding and Destination Gusto, this year it was decided to support the initiatives of Piazza dei Mestieri by allocating part of the proceeds generated by the purchase of Christmas kits to the establishment of scholarships for young people coming from underprivileged family situations.

Other information

RISK MANAGEMENT AND CONTROL

INTERNAL AUDIT SYSTEM

The internal audit system is an essential core component of the Bank's corporate processes, designed to ensure – through managing the related risks – proper management of the Company.

The Integrated Internal Audit System (SCII) is comprised by the set of rules, functions, units, resources, processes and procedures that are designed to assure achievement of the following aims, in view of healthy and prudent management:

- checks of the implementation of corporate strategies and policies;
- protection of the value of assets and protection against loss;
- effectiveness and efficiency of corporate processes;
- reliability and security of corporate information and IT procedures;
- prevention of the risk that the Company be involved, even unintentionally, in unlawful activities, particularly with regard to money laundering, the financing of terrorism, and embargos, as the principal risk, together with the operational risk to which the Company is exposed;

In relation to operational risk monitoring and in accordance with current legislation and regulations, SIREF Fiduciaria S.p.A., like the other companies in the Division, is responsible for identifying, measuring, managing and mitigating risk. Each has clearly identified internal units coordinated by the Operational Risk Management unit of the Parent Company, which are responsible for their Operational Risk Management processes.

In particular, the operational risk management process is performed by the following corporate bodies: a) the Board of Directors, as the body which is actively involved in the strategic supervision of the risk management and control system; b) the Chairman of the Board of Directors, who presides over the implementation of those measures as necessary to assure the establishment, maintenance, and proper functioning of the risk management and control system within the Company and in implementation of its strategic policies; c) the Managing Director, responsible for the Self-diagnosis and recipient of reports on the operational risk profile of the Company, who proposes any measures to be taken to prevent/mitigate operational risks; d) Internal Audit, which is responsible for periodic audits of the operational risk management system and related reports to the Company Bodies; e) the Internal Operational Risk Officer, the Head of the “*Operational Controls and Reporting*” structure, which is responsible for the organisation and maintenance of the set of activities imposed by the operational risk management system.

The Company did not receive any further notices during 2019 concerning “processes for assessment of and complaint for failure to report suspicious transactions”, received from the Bank of Italy after the inspection and audit carried out by the Financial Intelligence Unit (FIU) of the Bank of Italy between November 2016 and March 2017.

In regard to the legal risks connected with lawsuits against the Company and with tax and regulatory risks during 2019, no events occurred requiring the Company to make additional provisions for risks and charges, in accordance with the instructions issued by the Division Legal and Tax functions and in accordance with the opinions of external professionals.

For a qualitative and quantitative disclosure of credit and operational risks, see the Notes to the Financial Statements, Part D - Other information.

RELATIONS WITH GROUP COMPANIES AND RELATED PARTIES DISCLOSURE

The financial and economic transactions executed with related parties are largely ascribable to the following intercompany transactions: banking and intermediation transactions, administrative services, and secondment of personnel.

For the payment of income tax, the Company availed itself of the "Istituto del Consolidato Fiscale Nazionale" tax consolidation regime. Therefore, all of its corporate income tax (IRES) receivables and payables are reported at the level of the Parent Company.

SIREF Fiduciaria also participates in the Intesa Sanpaolo VAT Group.

For details on related party transactions, as defined by IFRS 24, the reader is referred to the Notes to the Financial Statements (Part D – Other information – Section 6 point 6.3 “Information on transactions with related parties”).

GOING CONCERN

In light of Company operations during the year, we are confident that, in the absence of unexpected and exceptional events of economic significance, the business will again generate a positive result in 2020.

The Company is currently able to remain in operation for the foreseeable future, and preparation of the following financial statements is consistent with that assumption.

There is currently no uncertainty and/or doubt over the capacity of the Company to operate as a going concern.

RESEARCH AND DEVELOPMENT ACTIVITIES

Updates to the regulations governing traditional fiduciary business, as regulated by Law 1966/39, effected partly for the purpose of identifying new types of services to be provided to customers, are largely carried out through the active participation of Company representatives at meetings and in the activities of the sector association Assofiduciaria and the “Il *Trust* in Italia” association.

The development of the Company management and accounting information system is manged by the Information Systems Department of the Intesa Sanpaolo Group, on the basis of the existing service agreement. The technological innovation projects, which are mainly aimed at streamlining operating processes through digitalization, are also managed directly by the Company with the information services provider.

TRANSACTIONS INVOLVING TREASURY SHARES OR SHARES IN PARENT COMPANIES

The Company does not hold any treasury shares in its portfolio.

At this time, the Company has 70,811 ordinary shares in Intesa Sanpaolo S.p.A. on its books, having an aggregate value of €106,287. The securities are covered by a restricted shareholders’ equity reserve for an amount equal to their value.

OTHER INFORMATION

REPORTING PACKAGE

The reporting package was prepared as at 31 December 2019 in compliance with the deadlines and in accordance with the procedures imposed by the Parent Company. That reporting package was sent by the applicable deadlines to the competent Group functions.

SECONDARY REGISTERED OFFICES

The Company does not have secondary registered offices. Since the Head office was moved to Via Montebello, 18, in the city of Milan, the Company has maintained two operating offices: in Rome at Via del Serafico 43 and in Turin at Piazza San Carlo 156.

MANAGEMENT AND COORDINATION ACTIVITIES

Pursuant to Articles 2497 et seq. of the Italian Civil Code, notice is given that the Company is subject to the management and coordination of Intesa Sanpaolo S.p.A. and belongs to the Intesa Sanpaolo Banking Group.

INFORMATION ABOUT THE GROUP TO WHICH THE COMPANY BELONGS

SIREF Fiduciaria S.p.A. belongs to the Intesa Sanpaolo Group, and its share capital has been wholly owned, since 30 June 2015, by Fideuram – Intesa Sanpaolo Private Banking S.p.A.

Events after the reporting period and outlook

Since the end of the year, no significant events have occurred as would lead us to adjust the earnings and financial results reported in the financial statements at 31 December 2019.

The prospects for global economic growth are extremely vulnerable due to high geopolitical tensions and spread of the "Covid-19" virus, with its implications for public health, economic activity and commerce.

Proposals to the Shareholders' Meeting

Dear Shareholder,

We submit for your approval the Financial Statements at 31 December 2019, consisting of the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholders' Equity, the Statement of Cash Flows, and the Notes to the Financial Statements as a whole and in their individual entries and the Director's Report.

We also propose to allocate the net profit of €1,750,243

as follows:

a) €1,700,000 to the Shareholder, in the form of a dividend corresponding to €0.34 per share

b) €4,233 to the Restricted reserve pursuant to Article 6 of Legislative Decree 38/2005

c) €46,010 to the profits surplus

Milan, 17 February 2020

For the Board of Directors
The Chairman

Pier Luigi Sappa

Financial statements

BALANCE SHEET

(figures in €)

	31.12.2019	31.12.2018
Assets		
10. Cash and cash equivalents	2,410	9,921
20. Financial assets measured at fair value through profit or loss	62,043	-
a) financial assets held for trading	-	-
b) financial assets measured at fair value	-	-
c) other financial assets mandatorily measured at fair value	62,043	-
30. Financial assets measured at fair value through other comprehensive income	105,929	87,495
40. Financial assets measured at amortised cost	27,644,610	22,504,168
a) loans and advances to banks	25,197,300	20,444,731
b) loans and advances to financial companies	-	-
c) loans and advances to customers	2,447,310	2,059,437
50. Hedging derivatives	-	-
60. Adjustments to financial assets subject to generic hedging (+/-)	-	-
70. Equity investments	-	-
80. Property and equipment	5,800,943	3,709
90. Intangible assets	535,534	771,487
including:		
- goodwill	-	-
100. Tax assets	625,630	553,569
a) current	-	-
b) deferred	625,630	553,569
110. Non-current assets held for sale and discontinued operations	-	-
120. Other assets	10,592,189	11,863,717
TOTAL ASSETS	**45,369,288**	**35,794,066**

The balances at 31 December 2018 do not include the figures for FI.GE. Fiduciaria.

(figures in €)

Liabilities and shareholders' equity	31.12.2019	31.12.2018
10. Financial liabilities measured at amortised cost	7,064,812	887,619
a) debts	7,064,812	887,619
b) debt on issue	-	-
20. Financial liabilities held for trading	-	-
30. Financial liabilities measured at fair value	-	-
40. Hedging derivatives	-	-
50. Adjustments to financial liabilities subject to macro-hedging (+/-)	-	-
60. Tax liabilities	152,469	98,371
a) current	140,480	91,525
b) deferred	11,989	6,846
70. Liabilities associated with non-current assets held for sale and discontinued operations	-	-
80. Other liabilities	5,752,331	3,604,235
90. Provision for employment termination indemnities	1,295,379	1,221,094
100. Provisions for risks and charges	1,714,079	1,601,802
a) commitments and guarantees issued	-	-
b) pensions and other commitments	-	-
c) other provisions for risks and charges	1,714,079	1,601,802
110. Share capital	2,600,000	2,600,000
120. Treasury shares (-)	-	-
130. Equity instruments	-	-
140. Share premium reserve	-	-
150. Reserves	25,116,433	24,324,624
160. Valuation reserves	(76,458)	(43,467)
170. Net profit (Loss) for the year	1,750,243	1,499,788
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**45,369,288**	**35,794,066**

The balances at 31 December 2018 do not include the figures for FI.GE. Fiduciaria.

INCOME STATEMENT

(figures in €)

	2019	2018
10. Interest income and similar income	16,380	19,316
of which: interest income calculated with the effective interest method	16,380	14,461
20. Interest expense and similar expense	(87,573)	(3,888)
30. Net interest income	**(71,193)**	**15,428**
40. Fee and commission income	15,319,345	15,189,912
50. Fee and commission expense	(896,010)	(1,206,281)
60. Net fee and commission income	**14,423,335**	**13,983,631**
70. Dividends and similar income	8,886	9,156
80. Net profit (loss) on trading activities	-	-
90. Net profit (loss) on hedging derivatives	-	-
100. Net profit (loss) on sale or repurchase of:	-	-
a) financial assets measured at amortised cost	-	-
b) financial assets measured at fair value through other comprehensive income	-	-
c) financial liabilities	-	-
110. Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	5,570	-
a) financial assets and liabilities measured at fair value	-	-
b) other financial assets mandatorily measured at fair value	5,570	-
120. Total net interest and trading income	**14,366,598**	**14,008,215**
130. Net impairment for credit risk on:	31,445	177,325
a) financial assets measured at amortised cost	31,445	177,325
b) financial assets measured at fair value through other comprehensive income	-	-
140. Gains/losses on contractual changes without cancellation	-	-
150. Operating income	**14,398,043**	**14,185,540**
160. Administrative expenses:	(11,231,440)	(11,672,158)
a) personnel expenses	(7,446,387)	(7,627,908)
b) other administrative expenses	(3,785,053)	(4,044,250)
170. Net provisions for risks and charges	-	(140,000)
a) commitments and guarantees issued	-	-
b) other net provisions	-	(140,000)
180. Net depreciation of property and equipment	(505,001)	(2,585)
190. Net amortisation of intangible assets	(403,215)	(397,344)
200. Other management income and expenses	187,983	130,662
210. Operating costs	**(11,951,673)**	**(12,081,425)**
220. Profit (loss) on equity investments	-	-
230. Net fair value gains (losses) on property and equipment and intangible assets	-	-
240. Goodwill impairment	-	-
250. Gain (loss) on disposal of investments	-	-
260. Profit (loss) before tax from continuing operations	**2,446,370**	**2,104,115**
270. Income taxes for the year on continuing operations	(696,127)	(604,327)
280. Profit (loss) after tax from continuing operations	**1,750,243**	**1,499,788**
290. Profit (loss) after tax from discontinued operations	-	-
300. Net profit (loss) for the year	**1,750,243**	**1,499,788**

TOTAL COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME

(figures in €)

Items	2019	2018
10. Net profit (loss) for the year	**1,750,243**	**1,499,788**
Other comprehensive income after tax not transferred to the income statement	**(32,991)**	**(31,968)**
20. Equity instruments measured at fair value through other comprehensive income	13,291	(26,998)
30. Financial liabilities measured at fair value through profit or loss (changes in own credit rating)	-	-
40. Hedging of equity instruments measured at fair value through other comprehensive income	-	-
50. Property and equipment	-	-
60. Intangible assets	-	-
70. Defined-benefit plans	(46,282)	(4,970)
80. Non-current assets held for sale and discontinued operations	-	-
90. Valuation reserves related to investments carried at equity	-	-
Other comprehensive income after tax that may be transferred to the income statement	**-**	**-**
100. Hedging of net investments in foreign operations	-	-
110. Exchange rate differences	-	-
120. Cash flow hedges	-	-
130. Hedging instruments (undesignated elements)	-	-
140. Financial assets (other than equity instruments) measured at fair value through other comprehensive income	-	
150. Non-current assets held for sale and discontinued operations	-	-
160. Valuation reserves related to investments carried at equity	-	-
170. Total other comprehensive income after tax	**(32,991)**	**(31,968)**
180. Total comprehensive income (Item 10+170)	**1,717,252**	**1,467,820**

CHANGES IN SHAREHOLDERS' EQUITY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 2019

(figures in €)

	Balance at 31.12.2018	Change in opening balances	Balance at 1.1.2019	Allocation of income for the previous year		Changes in the current financial year							Total comprehensive income at 31.12.2019	Shareholders' equity at 31.12.2019
							Operations on shareholders' equity							
				Reserves	Dividends and other uses	Change in reserves	Issue of new shares	Purchase of treasury shares	Distribution of special dividend	Change in equity instruments	Other increases (*)		
Share capital	2,600,000	-	2,600,000	-	-	-	-	-	-	-	-	-	2,600,000
Share premium reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves:	24,324,624	-	24,324,624	24,788	-	314,717	-	-	-	-	452,304	-	25,116,433
a) from net income	12,209,775	-	12,209,775	24,788	-	-	-	-	-	-	(117,092)	-	12,117,471
b) other	12,114,849	-	12,114,849	-	-	314,717	-	-	-	-	569,396	-	12,998,962
Valuation reserves	(43,467)	-	(43,467)	-	-	-	-	-	-	-	-	(32,991)	(76,458)
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Net profit (loss) for the year	1,499,788	-	1,499,788	(24,788)	(1,475,000)		-	-	-	-	-	1,750,243	1,750,243
Shareholders' equity	**28,380,945**	**-**	**28,380,945**	**-**	**(1,475,000)**	**314,717**	**-**	**-**	**-**	**-**	**452,304**	**1,717,252**	**29,390,218**

(*) The changes refer to the impact of the merger of FI.GE S.p.A. effective from 1 January 2019.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 2018

(figures in €)

	Balance at 31.12.2017	Change in opening balances	Balance at 1.1.2018	Allocation of income for the previous year		Changes in the current financial year							Comprehensive income for 2018	Shareholders' equity at 31.12.2018
							Operations on shareholders' equity							
				Reserves	Dividends and other uses	Change in reserves	Issue of new shares	Purchase of treasury shares	Distribution of special dividends	Change in equity instruments	Other changes		
Share capital	2,600,000	-	2,600,000	-	-	-	-	-	-	-	-	-	2,600,000
Share premium reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves:	20,263,762	(7,557)	20,256,205	-	-	187,518	-	-	-	-	3,880,901	-	24,324,624
a) from net income	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	-	-	-	-	-	-	-	-	-	-	-	-	-
Net profit (loss) for the year	1,243,904	-	1,243,904	-	(1,243,904)	-	-	-	-	-	-	1,499,788	1,499,788
Shareholders' equity	**24,054,253**	**43,766**	**24,098,019**	**-**	**(1,243,904)**	**187,518**	**-**	**-**	**-**	**-**	**3,871,492**	**1,467,820**	**28,380,945**

STATEMENT OF CASH FLOWS

(Indirect method)

(figures in €)

	31.12.2019	31.12.2018
A. OPERATING ACTIVITIES		
1. Operations	**3,382,636**	**2,503,298**
- net profit (loss)	1,750,243	1,499,788
- net profit (loss) on financial assets held for trading and on other financial assets/liabilities measured at fair value through profit or loss	(5,570)	-
- net profit (loss) on hedging activities	-	-
- net impairment for credit risk	(31,445)	(177,325)
- net depreciation and amortisation	908,216	399,929
- net provisions for risks and charges and other expense/income	40,681	176,579
- unpaid taxes and tax credits	696,127	604,327
- net impairment of discontinued operations net of tax effect	-	-
- other adjustments	24,384	-
2. Cash from/used in financing activities	**3,315,753**	**(385,373)**
- financial assets held for trading	-	-
- financial assets measured at fair value	-	-
- other assets mandatorily measured at fair value	(56,473)	-
- fnancial assets measured at fair value through other comprehensive income	-	530
- financial assets measured at amortised cost	1,748,492	6,885,150
- other assets	1,623,734	(7,271,053)
3. Cash from/used in financial liabilities	**1,645,096**	**(968,401)**
- financial liabilities measured at amortised cost	(101,396)	182,889
- financial liabilities held for trading	-	-
- financial liabilities measured at fair value	-	-
- other liabilities	1,746,492	(1,151,290)
Net cash from/used in operating activities	**8,343,485**	**1,149,524**
B. INVESTING ACTIVITIES		
1. Cash from	**-**	**-**
- disposal of equity investments	-	-
- dividend income from equity investments	-	-
- sale of property and equipment	-	-
- sale of intangible assets	-	-
- sale of business units	-	-
2. Cash used in	**(153,500)**	**(446,680)**
- acquisition of equity investments	-	-
- acquisition of property and equipment	-	-
- purchase of intangible assets	(153,500)	(446,680)
- acquisition of subsidiaries and company divisions	-	-
Net cash from/used in operating activities	**(153,500)**	**(446,680)**
C. FUNDING ACTIVITIES		
- issue/purchase of treasury shares	-	-
- issue/purchase of equity instruments	-	-
- distribution of dividends and other	(1,475,000)	(1,243,904)
Net cash from/used in funding activities	**(1,475,000)**	**(1,243,904)**
NET CASH GENERATED/USED IN THE YEAR	**6,714,985**	**(541,060)**
RECONCILIATION		
Cash and cash equivalents available at the beginning of the year	3,895,863	4,436,923
Total net cash generated/used in the year	6,714,985	(541,060)
Cash and cash equivalents: effect of changes in exchange rates	-	-
Cash and cash equivalents at end of year	10,610,848	3,895,863

	31.12.2019
A. Operating activities - 3. Cash from/used in financial liabilities	
a) Changes resulting from financing cash flows	(101,396)
b) Changes resulting from obtaining or losing control of subsidiaries or other companies	-
c) Changes in fair value	-
d) Other changes	1,746,492
Cash from/used in financial liabilities	**1,645,096**

The balances at 31 December 2018 do not include the figures for FI.GE. Fiduciaria.

Notes to the Financial Statements

Part A - Accounting policies

A.1 - General

Section 1 - Declaration of compliance with the International Financial Reporting Standards

Section 2 - Basis of preparation

Section 3 - Events after the reporting period

Section 4 - Other aspects

A.2 – Main financial statement items

Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through other comprehensive income (FVOCI)

Financial assets measured at amortised cost

Property and equipment

Intangible assets

Tax assets and tax liabilities

Other assets and liabilities

Financial liabilities measured at amortised cost

Provision for employment termination indemnities

Provisions for risks and charges

Other

Other information

A.4 - Fair value disclosures

Qualitative information

Quantitave information

Part B - Notes to the Balance Sheet

ASSETS

Section 1 - Cash and cash equivalents - Item 10

Section 2 - Financial assets measured at fair value through profit or loss - Item 20

Section 3 - Financial assets measured at fair value through other comprehensive income - Item 30

Section 4 - Financial assets measured at amortised cost - Item 40

Section 8 - Property and equipment - Item 80

Section 9 - Intangible assets - Item 90

Section 10 - Tax assets and tax liabilities - Assets item 100 and liabilities item 60

,Section 12 - Other assets - Item 120

LIABILITIES

Section 1 - Financial liabilities measured at amortised cost - Item 10

Section 6 - Tax liabilities - Item 60

Section 8 - Other liabilities - Item 80

Section 9 - Employment termination indemnities - Item 90

Section 10 - Provisions for risks and charges - Item 100

Section 11 - Shareholders' Equity - Items 110, 120, 130, 140, 150, 160 and 170

Part C - Notes to the Income Statement

Section 1 - Interest - Items 10 and 20

Section 2 - Fee and commission income and expense - Items 40 and 50

Section 3 - Dividends and similar income - Item 70

Section 7 - Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss - Item 110

Section 8 - Net impairment for credit risk - Item 130

Section 10 - Administrative expenses - Item 160

Section 11 - Net accruals to provisions for risks and charges - Item 170

Section 12 - Depreciation of property and equipment - Item 180

Section 13 - Amortisation of intangible assets - Item 190

Section 14 - Other income (expense) - Item 200

Section 19 - Income taxes for the year on continuing operations - Item 270

Section 21 – Income Statement: other information

Part D - Other information

Section 1 - Specific references to operatated activity

Section 2 – Securitisation transactions

Section 3 - Information on risks and related hedging policies

Section 4 - Information on shareholders' equity

Section 5 - Components of total comprehensive income

Section 6 - Transactions with related parties

Section 7- Information on Leases

Section 8 - Other details

PART A - ACCOUNTING POLICIES

A.1 - GENERAL

SECTION 1 - DECLARATION OF COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Financial Statements have been prepared in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by the European Commission that were in force at 31 December 2019, in application of Legislative Decree 38/2005 and in compliance with Regulation (EC) 1606/2002.

There were no derogations from the application of the International Accounting Standards or International Financial Reporting Standards.

The new International Accounting Standards or amendments to existing accounting standards and the related European Commission Regulations endorsing them and effective in 2019 are listed below:

- Regulation 1986/2017: IFRS 16 – Leases.
- Regulation 498/2018: Amendments to IFRS 9 – Financial instruments.
- Regulation 1595/2018: IFRIC 23 – Uncertainty over income tax treatments.
- Regulation 237/2019: Amendments to IAS 28 – Investments in Associates and Joint Ventures.
- Regulation 402/2019: Amendments to IFRS 19 – Employee Benefits.
- Regulation 412/2019: Amendments to IAS 12 – Income Taxes, to IAS 23 – Borrowing Costs, to IFRS 3 – Business Combinations, to IFRS 11 – Joint Arrangements.

The new International Accounting Standards and International Financial Reporting Standards and amendments to existing standards and the related European Commission Regulations endorsing them, making their application compulsory after 31 December 2019, are likewise listed below:

- Regulation 2075/2019: Modifications to references to the Conceptual Framework.
- Regulation 2014/2019: Amendments to IAS 1 – Presentation of Financial Statements and to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

IFRS 16: THE NEW INTERNATIONAL FINANCIAL REPORTING STANDARD ON LEASES

On 1 January 2019, the new IFRS 16, issued by the IASB in January 2016 and endorsed by the European Commission with Regulation (EU) 1986/2017, 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, and regulated the bookkeeping requirements for leasing.

The new standard requires determining whether a contract is or contains a finance lease, based on the concept of control of use of an identified asset for a specific period of time. Consequently, even lease, charter, rental, or commodatum agreements, which previously were not assimilated with finance lease, may fall within the scope of the new standard.

IFRS 16 introduces significant changes to the procedures for accounting for leases in the financial statements of the lessee/user, by requiring a single model for recognition of the contracts in the lessee's accounts. The new accounting model requires that the right to use the leased asset be recognised as an asset on the balance sheet, while the payables for lease payments still due to the lessor have to be recognised as liabilities in the balance sheet. The procedure for recognition of the income statement components is also modified. While the lease payments were recognised as administrative expenses under IAS 17, the new IFRS 16 requires that these expenses be recognised as amortisation of the "right of use" and as the interest expenses on the payable.

As a financial statement disclosure, the lessee will have to report:

- the breakdown of the leased assets into their different "classes";
- the analysis by due date of the liabilities related to the leases;
- the other information that is helpful for a better understanding of the entity's activities with regard to the lease contracts (for example, prepayment or extension options).

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

Pursuant to the requirements of IFRS 16 and the clarifications of IFRIC, software is excluded from the scope of application of IFRS 16, and is thus recognised in accordance with IAS 38 and its requirements.

For the lessee, the application of IFRS 16 from 1 January 2019 caused – when final profit and final cash flow are considered – an increase in the assets carried on the balance sheet (the leased assets), an increase in liabilities (the payable on the leased assets), a reduction in administrative expenses (the lease payments), and a simultaneous increase in financial costs (the remuneration on the recognised payable) and amortisation (for the right to use recognised as an asset). Considering the entire duration of the contracts, the economic impact on the income statement does not change over the time horizon of the lease, but it appears with a different breakdown over time as compared with the previous situation under IAS 17.

The types of lease falling in the scope of application of the new standard particularly concern arrangements related to real estate and cars. Real estate lease contracts represent the most important area to be affected.

The main general choices made concerning the procedures used to recognise the effects of first-time adoption of the standard and certain rules applied upon full implementation for the accounting of lease contracts are illustrated as follows:

- The effects of first-time adoption of the standard were recognised according to the modified retrospective approach, which grants the option of recognising the entire cumulative effect of application of the new standard at the date of first-time adoption, without restating the comparative data for the financial statements of the year when IFRS 16 was applied for the first time. As a result, the figures for 2019 are not comparable as regards the valuation of the rights of use and the corresponding lease payable;
- Upon first-time adoption (as allowed by the standard), the Company has adopted the practical expedient of excluding those contracts whose remaining duration is less than or equal to 12 months;
- In regard to the lease duration, the Company has decided to consider, at the first-time adoption date (and for new contracts upon full implementation), only the first reasonably certain contractual renewal period, unless there are any special clauses, facts, or circumstances that lead one to consider additional renewals or find that the lease contract has terminated;
- The Company has decided not to apply the new standard to contracts having a total duration of less

than or equal to 12 months and to contracts where the unit value of the underlying asset when new is less than or equal to €5k;

- The Company has decided not to separate the service components from the lease components, and consequently to recognise the entire contract as a lease contract since the service components are deemed insignificant.

SECTION 2 - BASIS OF PREPARATION

The Company has prepared the Financial Statements in accordance with the provisions contained in Annex A of the Order "The financial statements of IFRS intermediaries other than bank intermediaries" issued by the Bank of Italy on 30 November 2018 and in force from 1 January 2019.

The Financial Statements consist of the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholders' Equity, the Statement of Cash Flows, and the Notes to the Financial Statements. They also include the Directors' Report at 31 December 2019.

The Notes to the Financial Statements present all the information provided for by the regulations, together with the additional information considered necessary to give a true and fair view. These Financial Statements have been prepared on the assumption of business continuity. There is no uncertainty regarding the Company's ability to continue in business. Therefore, the adopted accounting policies are consistent with that assumption and fulfil the principles of accrual, relevance and significance of the accounting information and of economic substance over legal form.

The Financial Statements use the euro as their presentation currency, and the amounts are rounded to the closest whole number. The figures in these Notes to the Financial Statements are stated in thousands of euro unless specified otherwise.

In accordance with the cited instructions issued by the Bank of Italy, the tables that do not show amounts have not been indicated.

The financial statements and Notes to the Financial Statements present the data for the period together with the corresponding data at 31 December 2018 for the purposes of comparison.

Any analysis comparing the financial data at 31 December 2019 with the data for the corresponding period in 2018 reflects:

- the effects of first-time adoption of IFRS 16;
- the effects of the merger of FI.GE. Fiduciaria into SIREF Fiduciaria on 31 March 2019 with effective date from 1 January 2019.

Several reclassified statements of highlights have been prepared to facilitate reading of the results. The accounting balances presented in the comparative Balance Sheet and Income Statement models have been restated to allow for a like-for-like comparison.

Appropriate adjustments to the historical data were made to these restated statements. In particular, the net amounts were restated to include the contribution of FI.GE. Fiduciaria and the effects of the new IFRS 16 for comparative purposes.

SECTION 3 – EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period requiring any changes to be made to the Financial Statements of SIREF Fiduciaria at 31 December 2019.

SECTION 4 - OTHER ASPECTS

Audit of the Financial Statements

The Financial Statements were audited by KPMG S.p.A. in implementation of the shareholders' meeting resolution of 12 December 2011, which granted the mandate for accounting control and audits during the period 2012-2020.

Other information

SIREF Fiduciaria S.p.A. was incorporated in Milan on 9 November 1973, where it has its registered office. It has been entered in the Register of Fiduciary Companies and in the separate section of the Register kept pursuant to Article 106 of the Italian Banking Consolidation Act (Testo Unico Bancario – TUB) since 19 September 2017.

The purpose of the Company is to operate fiduciary activity pursuant to Law no. 1966 of 23 November 1939.

Effective 30 June 2015, the Company came under the control of Fideuram – Intesa Sanpaolo Private Banking S.p.A. and is subject to the management and coordination of Intesa Sanpaolo S.p.A. In accordance with the provisions of IAS 10, the Company has authorised publication of these Financial Statements by the current legal deadline.

The preparation of financial statements may also require the use of estimates and assumptions that can have significant effects on the amounts stated in the balance sheet and income statement, and on the information on assets and contingent liabilities provided in the financial statements. These estimates are made using the information available and adopting subjective valuations, which are also based on historical experience, to formulate reasonable assumptions for reporting operating performance. The estimates and assumptions used may by their nature vary from year to year, such that one cannot rule out the possibility of the values currently stated in the financial statements differing, even significantly, in subsequent years as a result of changes in the subjective valuations used.

Subjective valuations by company directors are mainly required for:

- quantifying impairment losses on loans and, as a rule, other financial assets;
- quantifying staff provisions and provisions for risks and charges;
- making estimates and assumptions regarding the recoverability of deferred tax assets.

A.2 MAIN FINANCIAL STATEMENT ITEMS

The accounting policies adopted to prepare the Financial Statements are illustrated as follows.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

CLASSIFICATION CRITERIA

This category contains the financial assets not classified as Financial assets measured at fair value through other comprehensive income or as Financial assets measured at amortised cost.

In particular, this item includes:

- financial assets held for trading;
- financial assets mandatorily measured at fair value, consisting of financial assets that do not meet the requirements for measurement at amortised cost or at fair value through other comprehensive income. These are financial assets whose contractual terms do not only require repayments of principal and payments of interest on the amount of principal to be repaid, or which are not held for the collection of contractual cash flows (Hold to Collect business model), or whose objective is achieved both through the collection of contractual cash flows and through the sale of financial assets (Hold to Collect and Sell business model);
- financial assets measured at fair value, i.e. financial assets that are defined as such upon initial recognition and when the conditions apply. In relation to this case, an entity may irrevocably designate a financial asset as measured at fair value through profit or loss only if it eliminates or significantly reduces a measurement inconsistency.

No reclassifications to other categories of financial assets are allowed, except when the Company decides to modify its own business model for the management of financial assets.

RECOGNITION AND MEASUREMENT CRITERIA

Initial recognition of financial assets occurs at settlement date for debt securities and equity instruments, at disbursement date for loans and at trade date for derivative contracts.

Upon initial recognition, financial assets measured at fair value through profit or loss are recognised at fair value, without considering transaction costs or revenues directly attributable to the instrument.

After initial recognition, the financial assets measured at fair value through profit or loss are carried at fair value. The effects of application of this measurement method are recognised in profit or loss.

DERECOGNITION CRITERIA

Financial assets are derecognised solely if the sale leads to the substantial transfer of all the risks and rewards connected to the assets.

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

CLASSIFICATION CRITERIA

This category consists of the financial assets which meet both of the following conditions:

- the financial asset is held under a business model whose objective is achieved both through the collection of expected contractual cash flows and through sale (Hold to Collect and Sell business model);
- the contractual terms of the financial asset require cash flows at fixed dates represented solely by

payments of principal and interest on the principal to be repaid.

This item also includes equity instruments that are not held for trading and for which at the time of initial recognition the option for measurement at fair value through other comprehensive income has been exercised.

No reclassifications to other categories of financial assets are allowed, except when the Company decides to modify its own business model for the management of financial assets.

Recognition and measurement criteria

Initial recognition of financial assets occurs at the settlement date for debt securities and equities, and at the date of disbursement for loans. The assets are recognised at fair value upon initial recognition, inclusive of the transaction costs or income directly attributable to the instrument itself. After initial recognition, the Financial assets classified at fair value through other comprehensive income, other than equity instruments, are measured at fair value, with the recognition in profit or loss of the impact resulting from the application of the amortised cost, the impairment effects and any exchange rate effect, whereas the other gains and losses resulting from a change in fair value are recognised in a specific shareholders' equity reserve until the financial asset is derecognised. Upon sale of all or part of the financial asset, the gain or loss accumulated in the valuation reserve are transferred entirely or partially to the income statement.

The equity instruments which were classified in this category are measured at fair value, and the amounts recognised through equity must not be subsequently transferred to the income statement, not even upon disposal. Dividends are the only component that can be associated with the equity instruments in question and which is recognised in profit or loss. The financial assets, both in the form of debt securities and loans, are subject to testing of a significant increase in credit risk (impairment) under IFRS 9, with consequent recognition in profit or loss of an adjustment to cover the expected losses. Equity instruments are instead not subject to the impairment process.

Derecognition criteria

Financial assets are derecognised solely if the sale leads to the substantial transfer of all the risks and rewards connected to the assets.

FINANCIAL ASSETS MEASURED AT AMORTISED COST

CLASSIFICATION CRITERIA

This category includes the financial assets (in particular loans and debt securities) that meet both the following conditions:

- the financial asset is held under a business model whose objective is achieved through the collection of expected contractual cash flows (Hold to Collect business model);
- the contractual terms of the financial asset require cash flows at fixed dates represented solely by payments of principal and interest on the principal to be repaid.

More specifically, loans to banks, loans to customers, and debt securities that feature both of these characteristics are recognised in this item. This category also includes the operating receivables connected with the performance of financial activities and services.

No reclassifications to other categories of financial assets are allowed, except when the Company decides to modify its own business model for the management of financial assets.

RECOGNITION AND MEASUREMENT CRITERIA

Initial recognition of the financial asset occurs at settlement date for debt securities and at disbursement date for loans. The assets are recognised at fair value upon initial recognition, inclusive of the transaction costs or income directly attributable to the instrument itself.

After initial recognition, the financial assets examined here are measured at amortised cost using the effective interest rate method.

The amortised cost method is not used for assets measured at historic cost, whose short duration minimises the effect of discounting, for those without a definite maturity date and for revocable loans.

DERECOGNITION CRITERIA

Financial assets are derecognised solely if the sale leads to the substantial transfer of all the risks and rewards connected to the assets.

PROPERTY AND EQUIPMENT

CLASSIFICATION CRITERIA

Property and equipment includes land, immovable property used for operating purposes, technical plant and equipment, furniture and furnishings, machinery and equipment. Property and equipment are held for use in the production or supply of goods and services for more than one year. Therefore, they are classified as assets used in operations in accordance with IAS 16. The rights of use acquired under the lease and relating to the use of an item of property and equipment are included.

RECOGNITION AND MEASUREMENT CRITERIA

Property and equipment are initially recognised at cost, which includes not only the purchase price but also any related direct charges incurred for the purchase or commissioning of the asset.

The special maintenance costs that increase the future economic benefits of assets are allocated as increases in the value of the assets, while other ordinary maintenance costs are recognised in the income statement.

Under IFRS 16, leases are accounted for on the basis of the right-of-use model according to which, on the commencement date, the lessee has a financial obligation to make lease payments to the lessor for its right to use the underlying asset during the lease term. When the asset is made available for use by the lessee (commencement date), the lessee recognises in the balance sheet a liability as well as an asset consisting of the right to use the asset in question.

After initial recognition, property and equipment are measured at cost, deducting depreciation and any impairment, with the exception of property used in operations and valuable art assets, which are measured according to the value recalculation method.

The depreciable value is distributed systematically over the useful life of the asset on a straight-line basis.

The useful life of property and equipment subject to depreciation is verified periodically. If the initial estimates require adjustment, the related depreciation rates are also changed.

In addition, at every reporting date, the bank also evaluates whether there is any evidence of an asset having been impaired. In such cases the book value and recoverable value of the asset are compared. Any adjustments required are recorded in the income statement. Should the reasons for the impairment cease to apply, a recovery is recognised that cannot, however, exceed the value the asset would have had, net of any depreciation calculated, had there not been any previous impairment.

DERECOGNITION CRITERIA

An item of property and equipment is eliminated from the balance sheet upon disposal or when an asset is permanently withdrawn from use and no future economic benefits are expected from its disposal.

INTANGIBLE ASSETS

CLASSIFICATION CRITERIA

Intangibles assets include the costs for software and related development expenses, after verification of their capacity to generate future economic benefits. They are identifiable non-monetary assets without physical substance, possessed for long-term use.

RECOGNITION AND MEASUREMENT CRITERIA

Intangible assets are recognised at cost, adjusted for any related expenses only if the future benefits attributable to the assets are certain to be obtained and the cost of the assets themselves can be calculated reliably. When this is not the case, the cost is recognised in the income statement for the year in which it was borne. Intangibles assets are amortised on a straight-line basis over their useful life.

At every reporting date, if there is impairment of an asset, the asset's recoverable value is estimated. The impairment is recognised in the income statement as the difference between the asset's carrying value and recoverable value.

DERECOGNITION CRITERIA

An intangible asset is eliminated from the balance sheet upon disposal and if no future economic benefits are expected.

TAX ASSETS AND TAX LIABILITIES

Income taxes, calculated in accordance with applicable national tax legislation, are recognised as costs on an accruals basis, in line with the accounting treatment of the costs and income that generated them. They therefore represent the balance of current and deferred tax assets and liabilities for the year.

Current tax assets and liabilities are the net balance of the Company’s tax positions with the tax authorities. The current IRAP tax liabilities for the year are calculated on the basis of a cautious forecast of the tax burden due for the year, determined on the basis of current tax legislation. Current tax assets are represented by advance tax payments or other tax credits from prior years which Group companies have requested be offset against taxes for subsequent years.

IRES (corporate income tax) is recognised as other assets or liabilities vis-à-vis the Parent Company Intesa Sanpaolo, in consequence of the Company’s participation in the Group Tax Consolidation regime. These assets or liabilities are also calculated on the basis of a cautious forecast of the tax burden due for the year, determined on the basis of current tax legislation.

Deferred tax assets and liabilities are calculated using the balance sheet liability method, which takes into account the tax effect of the timing differences between the book values of the assets and liabilities and their tax values which result in taxable or tax-deductible amounts arising in future periods. To this end, "taxable timing differences" are taken to be differences that result in taxable amounts arising in future periods, and "deductible timing differences" are taken to be differences that result in tax-deductible amounts arising in future financial years.

Deferred tax assets and liabilities are calculated applying the tax rates specified by current tax legislation to the taxable timing differences for which it is probable that taxes will have to be paid, and to the deductible timing differences for which there is reasonable certainty of recovery.

When the deferred assets and liabilities refer to components recognised in the income statement, they are recorded in a balancing entry under income taxes.

On the other hand, when the deferred tax assets and liabilities regard transactions that have had a direct effect on shareholders' equity without impacting the income statement, they are recorded as a balancing entry under shareholders' equity.

OTHER ASSETS AND LIABILITIES

The other assets include the receivables from tax authorities for advance tax payments made during the year and residual receivables that are not included in other assets.

The other liabilities concern trade payables and payables due to the tax authorities for taxes yet to be paid and other residual payables that are not included in other liabilities.

FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

The items Due to banks and Due to customers cover all the technical forms of borrowing from said counterparties. Debts recognised by the Company in the capacity of lessee within the scope of leases are also included.

These liabilities are initially recognised in the balance sheet at fair value, which is usually the amount collected, increased by any transaction costs directly attributable to the individual borrowing transaction.

The debts, with the exception of on-demand and short-term items which continue to be recognised at collection value, are subsequently measured at amortised cost using the effective interest rate method, with the related effect being recognised in the income statement among interest expense. Debts for leases are revalued when there is a lease modification (i.e. a change in the scope of the contract), which is not considered as a separate contract. Financial liabilities are derecognised when they mature or are settled.

PROVISION FOR EMPLOYMENT TERMINATION INDEMNITIES

Following the coming into force of the complementary social security reform provided for by Italian Legislative Decree No. 252/2005, the Provision for employment termination indemnities only regards contributions accrued up until 31 December 2006. The Provision for employment termination indemnities accrued up until 31 December 2006 therefore continues to be considered a “defined benefit scheme”, consequently making it necessary to perform an actuarial valuation which, however, differs from the calculation method adopted up until 31 December 2006 in no longer making the benefit proportional to the period of employment. This is because the employment period of the measurement is considered to have been accrued in full as a result of the change to the accounting treatment of the provision from 1 January 2007.

The Provision for employment termination indemnities thus constitutes a “post-employment benefit” classified as:

- a “defined contribution scheme” for the employment termination indemnity contributions accrued from 1 January 2007 (which is to say after 1 January 2007, the date when the complementary social security reform provided for by Italian Decree Law No. 252 of 5 December 2005 came into force), irrespective of whether the employee opts for complementary social security or for the contributions to be paid to the Treasury fund managed by Italy's Department of Social Security (INPS). The value of these contributions, which is recorded under personnel expenses, is calculated on the basis of the contributions due without applying actuarial calculation methods.
- a "defined benefit scheme" and therefore recognised on the basis of its actuarial value calculated using the Projected Unit Credit method for the employment termination indemnity contributions accrued up until 31 December 2006. These contributions are recognised on the basis of their actuarial value without pro-rating for length of service since the current service cost of the Provision for employment termination indemnities has almost been accrued in full, and it is considered that its revaluation for future years would not generate significant benefits for the employees. The discount rate used is set with reference to market yield, taking into account the average residual maturity of the liability, weighted in relation to the percentage of the amount paid and advanced, for each maturity, with respect to the total amount to be paid and advanced for the entire obligation to be discharged in full. The service costs of the scheme are recognised under personnel expenses and the actuarial gains and losses are recognised in the statement of comprehensive income.

PROVISIONS FOR RISKS AND CHARGES

OTHER

The other provisions for risks and charges include the provisions for legal obligations or those connected with employment relationships or litigation, including tax litigation, originating from a past event which will likely result in an outlay of economic resources in fulfilment of those same obligations, as long as a reliable estimate of the associated amount can be made.

Consequently, a provision is recognised if and only if:

- there is 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 fulfil the obligation;
- a reliable estimate of the amount deriving from the fulfilment of the obligation can be made.

The amount recognised as a provision represents the best estimate of the expenditure required to fulfil the present obligation at every accounting reference date and reflects risks and uncertainties that inevitably characterise a number of facts and circumstances.

If the time element is significant, the provisions are discounted by using current market rates. The provision and the increases due to the time factor are recognised in the income statement.

The provision is reversed when it becomes unlikely that resources will be invested in sufficient quantity to produce economic benefits and fulfil the obligation or when the obligation is extinguished.

OTHER INFORMATION

RECOGNITION OF COSTS AND INCOME

Costs are recognised in the income statement in the periods in which the related income is recognised. If the association of costs and income can only be made in a generic and indirect manner, the costs are recognised over more than one period following rational, systematic procedures. Costs that cannot be associated with related income are recognised in the income statement immediately. Income is recognised at the time it becomes receivable, and services at the time they are provided.

Specifically:

- interest income is recognised on an accrual basis applying the contractual interest rate or the effective interest rate when the amortised cost method is being used; default interest is recognised at the time of collection;
- fee and commission income on services is recorded, on the basis of contractual agreements, in the period when the services are provided;
- profit and loss on trading in financial instruments are recognised in the income statement when the sale is completed, as the difference between the amount paid or collected and the book value of the instruments.

The income for provision of services is recognised in the financial statements at the fair value of the agreed consideration. The transactions executed with Group companies were settled on an arm's length basis.

The fee and commission income resulting from the provision of fiduciary services is requested on an annual basis or for a fraction of the year beginning from accrual of the revenue from the starting date of the relationship.

Most types of income can be ascribed to four specific lines:

a) "corporate" (the corporate function of the bank);
b) "private" (the private function of the bank);
c) "stock ownership plans";
d) "administration of the assets held in trust" where the Company is the Trustee.

Other types of revenue are ascribable to the activity of Bondholders Representative (Securitisation) and the Escrow Agreement activity.

LEASEHOLD IMPROVEMENTS

The costs incurred in renovating leasehold property are capitalised in consideration of the fact that the Company has control of the assets for the term of the lease and can derive future economic benefits from them. These costs are recognised as Other assets and depreciated over a period not exceeding the lease term.

SHARE-BASED PAYMENT

Share-based payments refer to the Long-Term Incentive Plans 2018-2021 reserved respectively to Top Management, Risk Takers and Key Managers (POP), and to employees in general (Professionals and Managers) (Lecoip 2.0).

POP (PERFORMANCE BASED OPTION PLAN)

The purpose of the Plan is to align the managers who have direct influence over corporate performance with the targets set in the 2018-2021 Business Plan. More specifically, the POP Plan is based on financial instruments linked to the shares (*Call Option*), POP Options, assigned on 11 July 2018 at a strike price of €2.5416 calculated on the basis of the arithmetic average of the VWAP (*Volume Weighted Average Price*) of the ordinary shares of Intesa Sanpaolo recognised on each business day during the 30 calendar days preceding the assignment. The POP Options will be exercised automatically upon maturity of the Plan in 2022, in the event of:

- A positive difference between the forward price, calculated during the last year of the Plan, and the strike price;
- Maintenance in each year of the Plan of the levels required by the activation conditions;
- Achievement of the minimum limit envisaged for the performance conditions in 2021.

The POP Plan requires that the number of POP Options that can be exercised at each maturity date be determined according to achievement of the target set in the Business Plan for two strategic indicators: the Non Performing Loans Ratio and the ratio between Net Operating Income and Risk Weighted Assets.

The amount will be paid in shares and over a multi-year time horizon of staggered collection determined according to the cluster to which the beneficiary belongs, after checking the malus conditions over the years when these are envisaged. Intesa Sanpaolo launched the Plan in June 2018 and signed an assumption of obligations agreement with J.P. Morgan, with which it transfers to J.P. Morgan in June the obligation to deliver to the employees any ordinary shares due upon expiration of the POP Options and, consequently, assumption of all the volatility risks of the Plan by the counterparty itself.

LECOIP 2.0 (Leveraged Employee Co-Investment Plan)

The LECOIP is an employee stock ownership plan that the Intesa Sanpaolo Group offered for the second time concomitantly with the launch of its 2018-2021 Business Plan.
The Plan envisaged the assignment of Certificates issued by J.P. Morgan to employees in the following ways:

- Free assignment to employees of newly issued Intesa Sanpaolo ordinary shares resulting from a bonus issue (“*Free Shares*”);
- Free assignment to employees of additional newly issued Intesa Sanpaolo ordinary shares against the same bonus issue (“*Matching Shares*”);
- Subscription of newly issued Intesa Sanpaolo ordinary shares in a cash capital increase reserved for employees in which the shares were discounted from their market value (“*Discounted Shares*”).

The *Certificates* are divided into two categories and have different characteristics according to whether they are intended for “*Professional*” employees or “*Managers*”. They allow employees to receive an amount in cash (or in Intesa Sanpaolo ordinary shares) equal to the original market value of the *Free Shares* and the *Matching Shares* for the “*Professional*” employees and 75% of that market value for the “*Managers*”, plus any gain from the original market value, connected with the amount of *Free Shares*, *Matching Shares*, and *Discounted Shares*.

The remuneration and incentive plans for management provide for the acquisition of Intesa Sanpaolo shares under the plans, which are recorded under financial assets mandatorily measured at fair value through profit or loss. The amounts due to personnel under the plans are recorded under provisions for risks and adjusted for any fluctuations in the fair value of the shares until the liability is settled.

ASSETS UNDER FIDUCIARY MANAGEMENT AND CONTINGENCY ACCOUNTS

Assets Under Fiduciary Management were measured in these financial statements according to the following criteria:

- listed shares and bonds and government securities are reported at their market value;
- policies are reported at the value indicated by the insurance company;
- unlisted securities and quotas in limited liability companies are reported at their average book price;
- discretionary accounts are reported with the end-of-the-year value provided by the manager;
- the fiduciary current accounts are reported at the net book balance at the end of the year;
- all the amounts are shown in Euro; the net amounts expressed in foreign currency are converted into Euro at the Euro exchange rate available on the first business day after the reference date.

The assets held in trust that are reported in these financial statements were measured on the basis of the following principles:

- the buildings held in/acquired by the trust are measured according to the value declared in the deed of contribution or purchase and, if that information is missing, on the basis of its cadastral income, and it can be increased after special maintenance and/or remodelling work together the incidental costs incurred;
- unlisted shares, quotas in limited liability companies, securities issued by third parties and held in any form, and equity investments whose title is given to the trust are measured at their purchase price or, if contributed without a declaration of price, at their par value;
- the securities and the securities funds registered in the name of the trust are reported at their current market value at the end of the year;
- the discretionary accounts registered in the name of the trust are reported at their current value of the asset as measured or known by the manager at the end of the year;
- the current accounts registered in the name of the trust are reported at the net book balance at the end of the year; in the case of foreign accounts, the net amount is converted into Euro at the official exchange rate on the last business day of the year.

The other securities relate to owned assets and securities that are deposited with third parties, and third party assets used by the Company to realize their own purposes.

COMMITMENTS, GUARANTEES ISSUED AND GUARANTEES RECEIVED

The Company has issued sureties and assumed commitments (sale mandates) on behalf of the principals within the limits of the assigned assets, after they are restricted, inter alia in the form of a pledge on securities, and after authorisation by the principals to use those assets to cover the guarantees issued by the Company.

CLASSIFICATION CRITERIA FOR FINANCIAL ASSETS

The classification of financial assets in the three categories envisaged by IFRS 9 is based on two classification criteria, or drivers:

- the business model used for management of the financial instruments;
- the contractual characteristics of the cash flows of the financial assets.

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

- Financial assets measured at amortised cost: assets that pass the test on contractual characteristics (SPPI test) and fall in the Hold to Collect (HTC) business model;
- Financial assets measured at fair value through other comprehensive income (FVOCI): assets that pass the SPPI test and fall in the Hold to Collect and Sell (HTCS) business model;
- Financial assets measured at fair value through profit or loss (FVTPL): this is a residual category, which includes financial instruments that cannot be classified in the previous categories based on the results of the business model or the test of the contractual cash flow characteristics (SPPI test not passed).

SPPI TEST

For a financial asset to be classified as at amortised cost or at FVOCI – in addition to the analysis of the business model – the contractual terms of the asset must also provide, on specified dates, for cash flows consisting of solely payments of principal and interest (SPPI). This analysis must be carried out for loans and debt securities in particular.

The SPPI test must be carried out on every single financial instrument when it is recognised in the financial statements. After initial recognition and as long as it is carried on the balance sheet, the asset is no longer subject to new measurements for the purposes of the SPPI test. If the test shows that the contractual cash flows are significantly different from the cash flows of a benchmark instrument, the contractual cash flows cannot be considered compliant with the definition of SPPI. The presence of contractual clauses that may change the frequency or amount of the contractual cash flows must also be considered to determine whether those cash flows meet the requirements to be considered as SPPIs (e.g. prepayment options, the possibility of deferring contractually agreed cash flows, embedded derivative instruments, subordinated instruments, etc.).

BUSINESS MODEL

With regard to the business models, IFRS9 identifies three cases relating to the way in which cash flows and sales of financial assets are managed:

- Hold to Collect (HTC): this is a business model whose objective is achieved by collecting the contractual cash flows of the financial assets included in the portfolios associated to it. The inclusion of the portfolio of financial assets in this business model does not necessarily result in the inability to sell the instruments, but the frequency, value and timing of sales in prior periods, the reasons for the sales, and the expectations about future sales, need to be considered;
- Hold to Collect and Sell (HTCS): this is a mixed business model whose objective is achieved by collecting the contractual cash flows of the financial assets in portfolio and also through the sale of the financial assets, which is an integral part of the strategy. Both activities (collection of contractual

flows and sale) are indispensable for achieving the business model’s objective. Accordingly, sales are more frequent and significant than for an HTC business model and are an integral part of the strategies pursued;

- Other/Trading: this is a residual category that includes both financial assets held for trading and financial assets managed with a business model that does not come under the previous categories (Hold to Collect and Hold to Collect and Sell).

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

In summary, the business model:

- reflects the way in which financial assets are managed to generate cash flows;
- is defined by top management with the participation of business units as appropriate;
- must be observable by considering the way the financial assets are managed.

AMORTISED COST MEASUREMENTS

The amortised cost of a financial asset or liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation, calculated using the effective interest method, of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

The effective interest rate is the rate that discounts the contractual future cash payments or receipts up to maturity or the next repricing date to the present value of a financial asset or liability. The present value is calculated by applying the effective interest rate to the future receipts or payments throughout the useful life of the financial asset or financial liability or for a shorter period in certain conditions (e.g. a change in market interest rates).

Subsequent to the initial recognition, the amortised cost allows one to add income and subtract costs from the value of the financial instrument throughout its useful life using the process of amortisation.

Amortised cost measurements are used for financial assets measured at amortised cost and for those measured at fair value through other comprehensive income, and for financial liabilities measured at amortised cost.

Financial assets and liabilities traded in arm's-length transactions are initially recognised at fair value, which is normally the amount received or paid, including - for instruments valued at amortised cost - any directly related transaction costs, commission and fees.

The marginal internal or external costs and proceeds ascribable to the issue, the purchase or the disposal of a financial instrument are considered transaction costs and cannot be charged back to the customer.

IMPAIRMENT MEASUREMENTS

Impairment of financial assets

At every reporting date, the financial assets other than those measured at fair value through profit or loss are tested to determine whether there is evidence that might justify considering that the carrying value of those assets cannot be fully recovered. A similar analysis is also performed for the commitments to disburse funds and for the guarantees that fall within the scope of impairment under IFRS 9. If such evidence exists ("evidence of impairment"), the financial assets in question shall be considered doubtful and placed in stage 3. Adjustments equal to the expected losses for their entire remaining lifetime have to be recognised for these exposures, which are represented by the financial assets classified – pursuant to the provisions of Bank of Italy Circular 262/2005 – in the categories of doubtful loan, unlikely to pay, and past due for more than ninety days categories.

For financial assets for which there is no evidence of impairment (performing financial instruments), on the other hand it is necessary to check whether there are indicators that the credit risk of the individual transaction has increased significantly since initial recognition. This check, in terms of classification (or, more precisely, staging) and measurement, has the following consequences:

- when those indicators exist, the financial asset is classified in stage 2. Measurement in that case, even in the absence of manifest impairment, requires the recognition of adjustments equal to the losses expected over the entire residual lifetime of the financial instrument. These adjustments are subject to revision at each subsequent reporting date, both to periodically check their consistency with the continuously updated loss estimates and to take account – if the indicators of "significantly increased" credit risk are no longer present – of the change in the forecast period for the calculation of the expected credit loss;
- when those indicators do not exist, the financial asset is classified in stage 1. In that case, even if there is no manifest impairment, the measurement must recognise the expected losses for the specific financial instrument over the following 12 months. These adjustments are subject to revision at each subsequent reporting date both to periodically check their consistency with the continuously updated loss estimates and to take into account – if there are indicators that the credit risk has "significantly increased" – the change in the forecast period for the calculation of the expected loss. The following elements have to be considered for measurement of the financial assets and, in particular, identification of the "significant increase" in credit risk (a necessary and sufficient condition for classification of the measured stage 2 asset):
    - the variation of the lifetime probabilities of default compared to the time of initial recognition of the financial instrument. This is therefore an assessment made on a relative basis, which constitutes the main driver;
    - any presence of payments that are at least 30 days past due. In that case, the credit risk of the exposure is considered to be presumably and "significantly increased" and consequently the asset is moved to stage 2;
    - any presence of forbearance measures that entail classifying the exposures among those whose credit risk has increased significantly since initial recognition.

Once the allocation of the exposures to the various credit risk stages has been established, the expected credit losses (ECL) are determined at individual transaction or securities tranche level, using the IRB/Business models, based on the parameters of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD), to which appropriate corrections are made to ensure compliance with the requirements of IFRS9.

The following definitions apply to PD, LGD, and EAD:

- PD (Probability of Default): likelihood of being moved from the status of performing to that of non-performing loan over a one-year time horizon; in the models consistent with supervisory provisions, the PD factor is typically quantified through the rating;
- LGD (Loss Given Default): percentage of loss in the event of default. In the models that are consistent with supervisory regulations, it is quantified through the historic experience of recoveries discounted on the loans that have been reclassified as non-performing;
- EAD (Exposure At Default) or credit equivalent: amount of exposure at the time of default.

A.4 - FAIR VALUE DISCLOSURES

QUALITATIVE INFORMATION

A.4.1 - FAIR VALUE LEVELS 2 AND 3: MEASUREMENT 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 at the measurement date.

In the definition of fair value, a fundamental assumption is that a company is engaged in normal business operations and has no intention of liquidating its assets, of significantly reducing its assets or of entering into transactions with unfavourable conditions. The fair value reflects the credit quality of the instrument insofar as it incorporates the counterparty risk.

The best indication of fair value is a quoted price in an active market. These quoted prices are therefore given precedence for the measurement. In the absence of an active market, the fair value is determined using valuation techniques.

A.4.3 FAIR VALUE HIERARCHY

As prescribed by the International Accounting Standards used by the Company, the measurement of financial assets at fair value represents the result of various measurement processes which, depending on their greater derivation from active market valuations, can be defined according to three levels of representation (fair value hierarchy).

Quoted prices in active markets (level 1)

In this case, the measurement is the market price of the measured financial instrument, which is obtained from the quoted prices in an active market. In particular, a financial instrument is considered to be quoted in an active market when the quoted prices representing effective, standard market transactions that have occurred over a normal reference period are readily and regularly available through stock exchanges, dealers, brokers, sector companies, pricing services or authorised bodies.

Valuation techniques: Comparable Approach (level 2)

If the reference market cannot be considered active, the valuation cannot be based on the prices of the financial instrument being valued, but on parameters observable on the market, or through the use of non-observable parameters but supported and confirmed by market data, such as prices or credit spreads obtained from the quoted prices of instruments that are broadly similar in terms of risk, using appropriate calculation methods (pricing models).

These models must allow reproduction of the prices of financial instruments quoted in active markets without including subjective parameters able to substantially impact the final valuation price.

Valuation techniques: Mark to Model Approach (level 3)

The measurement uses different inputs, not all of which are obtained from parameters that are directly observable in the market and therefore involve estimates and assumptions by the valuer that must have a decisive impact on the value of the measured financial instrument. In particular, following this approach, the calculation method is based on specific assumptions concerning the development of future cash flows and the level of specific parameters of inputs not quoted on active markets, for example through recourse to historic data or specialised research.

The following representation is obtained by applying the foregoing approaches to the definition of the fair value of the financial assets in portfolio at 31 December 2019:

QUANTITATIVE INFORMATION

A.4.5 Fair value hierarchy

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

	31.12.2019			31.12.2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets/liabilities measured at fair value						
1. Financial assets measured at fair value through profit or loss	60	2	-	-	-	-
a) financial assets held for trading	-	-	-	-	-	-
b) financial assets measured at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	60	2	-	-	-	-
2. Financial assets measured at fair value through other comprehensive income	106	-	-	87	-	-
3. Hedging derivatives	-	-	-	-	-	-
4. Property and equipment	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	**166**	**2**	**-**	**87**	**-**	**-**
1. Financial liabilities held for trading	-	-	-	-	-	-
2. Financial liabilities measured at fair value	-	-	-	-	-	-
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: analysis by fair value level

	2019				2018			
	Book value	Level 1	Level 2	Level 3	Book value	Level 1	Level 2	Level 3
1. Financial assets measured at amortised cost	27,645	44	16,992	10,609	22,504	2,631	15,980	3,886
2. Investment property and equipment	-	-	-	-	-	-	-	-
3. Non-current assets held for sale and discontinued operations	-	-	-	-	-	-	-	-
Total	**27,645**	**44**	**16,992**	**10,609**	**22,504**	**2,631**	**15,980**	**3,886**
1. Financial liabilities measured at amortised cost	7,065	-	7,065	-	888	-	888	-
2. Liabilities associated with discontinued operations	-	-	-	-	-	-	-	-
Total	**7,065**	**-**	**7,065**	**-**	**888**	**-**	**888**	**-**

PART B - NOTES TO THE BALANCE SHEET

ASSETS

SECTION 1 - CASH AND CASH EQUIVALENTS - ITEM 10

Breakdown of item 10 “Cash and cash equivalents"

	31.12.2019	31.12.2018
Cash on hand	2	10
Total	**2**	**10**

SECTION 2 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - ITEM 20

2.6 Other financial assets mandatorily measured at fair value: analysis

	31.12.2019			31.12.2018		
Items / Values	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
1. Debt securities	-	-	-	-	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	-	-	-	-
2. Equities	**60**	-	-	-	-	-
3. Units in mutual funds	-	-	-	-	-	-
4. Loans	-	**2**	-	-	-	-
4.1 Repurchase agreement	-	-	-	-	-	-
4.2 Other	-	2	-	-	-	-
Total	**60**	**2**	-	-	-	-

This item reflects the Intesa Sanpaolo shares purchased under the remuneration and incentive plans for management. The Company currently has 25,706 shares.

2.7 Other financial assets mandatorily measured at fair value: analysis by debtor/issuer

Items / Values	31.12.2019	31.12.2018
1. Equities	**60**	**-**
of which: banks	60	-
of which: other financial institutions	-	-
of which: non-financial companies	-	-
2. Debt securities	-	-
a) Public entities	-	**-**
b) Banks	-	-
c) Other financial institutions	-	-
of which: insurance companies	-	-
d) Non-financial companies	-	-
3. Units in mutual funds	**-**	-
4. Loans	**2**	-
a) Public entities	-	-
b) Banks	2	-
c) Other financial institutions	-	-
of which: insurance companies	-	-
d) Non-financial companies	-	-
e) Households	-	-
Total	**62**	**-**

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

3.1 Financial assets measured at fair value through other comprehensive income: analysis

Items / Values	31.12.2019			31.12.2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	-	-	-	-	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	-	-	-	-
2. Equities	106	-	-	87	-	-
3. Loans	-	-	-	-	-	-
Total	106	-	-	87	-	-

This item reports the unassigned excess of the Intesa Sanpaolo shares purchased under the investment plan 2014-2017 reserved to employees of the Intesa Sanpaolo Group. The Company currently has 45,105 shares.

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

	31.12.2019	31.12.2018
1. Debt securities	-	-
a) Public entities	-	-
b) Banks	-	-
c) Other financial institutions	-	-
of which: insurance companies	-	-
d) Non-financial companies	-	-
2. Equities	**106**	**87**
a) Public entities	-	-
b) Banks	106	87
c) Other financial institutions	-	-
of which: insurance companies	-	-
d) Non-financial companies	-	-
3. Loans	-	-
a) Public entities	-	-
b) Banks	-	-
c) Other financial institutions	-	-
of which: insurance companies	-	-
d) Non-financial companies	-	-
e) Households	-	-
Total	**106**	**87**

SECTION 4 - FINANCIAL ASSETS MEASURED AT AMORTISED COST - ITEM 40

4.1 Financial assets measured at amortised cost: analysis of loans and advances to banks

Composition	31.12.2019						31.12.2018					
	Book value			Fair value			Book value			Fair value		
	First and second stage	Third stage	of which: impaired, purchased or	Level 1	Level 2	Level 3	First and second stage	Third stage	of which: impaired, purchased or	Level 1	Level 2	Level 3
1. Deposits and current accounts	**19,612**	**-**	**-**	**-**	**9,003**	**10,609**	**12,896**	**-**	**-**	**-**	**9,010**	**3,886**
2. Loans	**5,585**	**-**	**-**	**-**	**5,585**	**-**	**4,914**	**-**	**-**	**-**	**4,914**	**-**
2.1 Repurchase agreement	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Loans for leases	-	-	-	-	-	-	-	-	-	-	-	-
2.3 Factoring	-	-	-	-	-	-	-	-	-	-	-	-
- with recourse	-	-	-	-	-	-	-	-	-	-	-	-
- without recourse	-	-	-	-	-	-	-	-	-	-	-	-
2.4 Other loans	5,585	-	-	-	5,585	-	4,914	-	-	-	4,914	-
3. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**	**2,635**	**-**	**-**	**2,628**	**-**	**-**
3.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
3.2 Other debt securities	-	-	-	-	-	-	2,635	-	-	2,628	-	-
4. Other assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**25,197**	**-**	**-**	**-**	**14,588**	**10,609**	**20,445**	**-**	**-**	**2,628**	**13,924**	**3,886**

Current accounts, time deposits and receivables for fees and commissions to be collected are classified in this item.

4.3 Financial assets measured at amortised cost: analysis of loans and advances to customers

Composition	31.12.2019						31.12.2018					
	Book value			Fair value			Book value			Fair value		
	First and second stage	Third stage	of which: impaired, purchased or originated	Level 1	Level 2	Level 3	First and second stage	Third stage	of which: impaired, purchased or originated	Level 1	Level 2	Level 3
1. Loans	**2,404**	**-**	**-**	**-**	**2,404**	**-**	**2,056**	**-**	**-**	**-**	**2,056**	**-**
1.1 Loans for leases	-	-	-	-	-	-	-	-	-	-	-	-
of which: without final purchase option	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Factoring	-	-	-	-	-	-	-	-	-	-	-	-
- with recourse	-	-	-	-	-	-	-	-	-	-	-	-
- without recourse	-	-	-	-	-	-	-	-	-	-	-	-
1.3 Consumer loans	-	-	-	-	-	-	-	-	-	-	-	-
1.4 Credit cards	-	-	-	-	-	-	-	-	-	-	-	-
1.5 Collateralised loans	-	-	-	-	-	-	-	-	-	-	-	-
1.6 Loans granted in connection with provided payment services	-	-	-	-	-	-	-	-	-	-	-	-
1.7 Other transactions	2,404	-	-	-	2,404	-	2,056	-	-	-	2,056	-
of which: enforcement of guarantees and commitments	-	-	-	-	-	-	-	-	-	-	-	-
3. Debt securities	**44**	**-**	**-**	**44**	**-**	**-**	**3**	**-**	**-**	**3**	**-**	**-**
3.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
3.2 Other debt securities	44	-	-	44	-	-	3	-	-	3	-	-
4. Other assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**2,448**	**-**	**-**	**44**	**2,404**	**-**	**2,059**	**-**	**-**	**3**	**2,056**	**-**

The debt securities include the Government Securities held by the Company pursuant to Law no. 1966 of 23 November 1939.

4.4 Financial assets measured at amortised cost: analysis by debtor/issuer of loans and advances to customers

Type of operations / Values	31.12.2019 First and second stage	31.12.2019 Third stage	31.12.2019 of which: impaired, purchased or originated	31.12.2018 First and second stage	31.12.2018 Third stage	31.12.2018 of which: impaired, purchased or originated
1. Debt securities	**44**	**-**	**-**	**3**	**-**	**-**
a) Public entities	44	-	-	3	-	-
b) Non-financial companies	-	-	-	-	-	-
2. Loans to	**2,404**	**-**	**-**	**2,056**	**-**	**-**
a) Public entities	-	-	-	-	-	-
b) Non-financial companies	-	-	-	-	-	-
c) Households	2,404	-	-	2,056	-	-
3. Other assets	**-**	**-**	**-**	**-**	**-**	**-**
Total	**2,448**	**-**	**-**	**2,059**	**-**	**-**

4.5 Financial assets measured at amortised cost: gross value and total net adjustments

	Gross value				Total net adjustments			Total partial write-offs
	First stage	of which: Instruments with low credit risk	Second stage	Third stage	First stage	Second stage	Third stage	
Debt securities	44	-	-	-	-	-	-	-
Loans	27,269	25,200	845	-	163	350	-	-
Other assets	-	-	-	-	-	-	-	-
31.12.2019	**27,313**	**25,200**	**845**	**-**	**163**	**350**	**-**	**-**
31.12.2018	**22,304**	**-**	**803**	**-**	**156**	**447**	**-**	**-**
of which: impaired financial assets that are purchased or originated	X	X	-	-	X	-	-	-

SECTION 8 - PROPERTY AND EQUIPMENT - ITEM 80

8.1 Property and equipment used in operations: analysis of assets measured at cost

Asset / Value	31.12.2019	31.12.2018
1. Owned assets	**43**	**4**
a) land	-	-
b) buildings	-	-
c) furniture	41	4
d) electronic equipment	2	-
e) other	-	-
2. Rights of use acquired with leases	**5,758**	**-**
a) land	-	-
b) buildings	5,758	-
c) furniture	-	-
d) electronic equipment	-	-
e) other	-	-
Total	**5,801**	**4**
of which: obtained through execution of received guarantees		

8.6 Property and equipment used in operations: changes in the year

Owned assets

	Land	Buildings	Furniture	Electronic equipment	Other	Total
A. Gross opening balance	**-**	**-**	**104**	**334**	**58**	**496**
A.1 Total net adjustments	-	-	(100)	(334)	(58)	(492)
A.2 Net opening balance	**-**	**-**	**4**	**-**	**-**	**4**
B. Increases:	**-**	**-**	**50**	**2**	**-**	**52**
B.1. Purchases	-	-	50	2	-	52
of which: business combination transactions	-	-	50	2	-	52
B.2. Expenditures for capitalised improvements	-	-	-	-	-	-
B.3. Write-backs	-	-	-	-	-	-
B.4 Increases in fair value recognised in:	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
B.5 Positive exchange rate differences	-	-	-	-	-	-
B.6 Transfers from investment property	-	-	X	X	X	-
B.7 Other increases	-	-	-	-	-	-
C. Decreases	**-**	**-**	**13**	-	**-**	**13**
C.1. Sales	-	-	-	-	-	-
C.2. Amortisation	-	-	13	-	-	13
C.3. Impairment recognised in:	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.4. Decreases in fair value recognised in:	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.5 Negative exchange rate differences	-	-	-	-	-	-
C.6 Transfer to:	-	-	-	-	-	-
a) investment property and equipment	-	-	X	X	X	-
b) non-current assets held for sale and discontinued operations	-	-	-	-	-	-
C.7 Other decreases	-	-	-	-	-	-
D. Net closing balance	**-**	**-**	**41**	**2**	**-**	**43**
D.1 Total net adjustments	-	-	(153)	(334)	(58)	(545)
D.2 Gross closing balance	-	-	**194**	**336**	**58**	**588**
E. Valuation at cost	**-**	**-**	**-**	**-**	**-**	**-**

The useful life of plant and equipment is about eight years, which triggers a depreciation rate of 12%.

Rights of use acquired with leases

	Buildings
A. Gross opening balance	**-**
A.1 Total net adjustments	-
A.2 Net opening balance	**-**
B. Increases:	**9,304**
B.1. Purchases	-
of which: business combination transactions	-
B.2. Expenditures for capitalised improvements	-
B.3. Write-backs	-
B.4 Increases in fair value recognised in:	-
a) shareholders' equity	-
b) income statement	-
B.5 Positive exchange rate differences	-
B.6 Transfers from investment property	X
B.7 Other increases (*)	9,304
C. Decreases	**3,546**
C.1. Sales	-
C.2. Amortisation	492
C.3. Impairment recognised in:	-
a) shareholders' equity	-
b) income statement	-
C.4. Decreases in fair value recognised in:	-
a) shareholders' equity	-
b) income statement	-
C.5 Negative exchange rate differences	-
C.6 Transfer to:	-
a) investment property and equipment	X
b) non-current assets held for sale and discontinued operations	-
C.7 Other decreases	3,054
D. Net closing balance	**5,758**
D.1 Total net adjustments	(492)
D.2 Gross closing balance	**6,250**
E. Valuation at cost	**-**

(*) The other increases include €3,420k for the rights of use acquired with leases recognised upon first-time adoption of IFRS 16.

SECTION 9 - INTANGIBLE ASSETS - ITEM 90

9.1 Intangible assets: analysis

Items/Measurement	31.12.2019 Assets measured at cost	31.12.2019 Assets measured at fair value	31.12.2018 Assets measured at cost	31.12.2018 Assets measured at fair value
1. Goodwill	-	-	-	-
2. Other intangible assets				
2.1 Owned	536	-	771	-
- Generated internally	-	-	-	-
- Other	536	-	771	-
2.2 Rights of use acquired with finance leases	-	-	-	-
Total 2	**536**	-	**771**	-
3. Assets related to finance leases				
3.1 Unopted assets	-	-	-	-
3.2 Assets recovered after termination	-	-	-	-
3.3 Other assets	-	-	-	-
Total 3	-	-	-	-
Total (1+2+3)	**536**	-	**771**	-

This item refers to the value of software, as increased by additional application developments implemented as part of the digital platform development project.

The useful life of software is about three years, which triggers an amortisation rate of 33%.

9.2 Intangible assets: changes in the year

	31.12.2019
A. Opening balance	**771**
B. Increases	**168**
B.1 Purchases	168
of which: business combination transactions	14
B.2 Write-backs	-
B.3 Increases in fair value recognised in:	-
- shareholders' equity	-
- income statement	-
B4. Other increases	-
C. Decreases	**403**
C.1 Sales	-
C.2 Amortisation	403
C.3 Write-downs	-
- shareholders' equity	-
- income statement	-
C.4 Decreases in fair value recognised in:	-
- shareholders' equity	-
- income statement	-
C.5 Other decreases	-
D. Closing balance	**536**

SECTION 10 - TAX ASSETS AND TAX LIABILITIES - ASSETS ITEM 100 AND LIABILITIES ITEM 60

10.1 Current and deferred tax assets: analysis

	31.12.2019	31.12.2018
A. Current	-	-
B. Deferred	**626**	**554**
- Balancing entry in income statement	597	539
- Balancing entry in shareholders' equity	29	15
Total	**626**	**554**

The deferred tax assets essentially consist of the accruals made to cover the provision for bad debts and the provisions for risks and charges for litigation and for the employee incentive system.

10.2 Current and deferred tax liabilities: analysis

	31.12.2019	31.12.2018
A. Current	**140**	**91**
- Provision for income taxes (IRAP)	140	91
B. Deferred	**12**	**7**
- Balancing entry in income statement	7	7
- Balancing entry in shareholders' equity	5	-
Total	**152**	**98**

10.3 Changes in deferred tax assets (balancing entry in income statement)

	31.12.2019	31.12.2018
1. Opening balance	**539**	**421**
2. Increases	**214**	**287**
2.1 Deferred tax liabilities recognised in the year	190	215
a) from prior years	-	-
b) due to changes in accounting policies	-	-
c) write-backs	-	-
d) other	190	215
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
2.4 Business combination transactions	24	72
3. Decreases	**156**	**169**
3.1 Deferred tax liabilities reversed in the year	156	169
a) reversals	-	-
b) write-downs for uncollectibility	-	-
c) due to changes in accounting policies	-	-
d) other	156	169
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	-
a) conversion to tax credits in accordance with Italian law No.	-	-
b) other	-	-
4. Closing balance	**597**	**539**

10.4 Changes in deferred tax liabilities (balancing entry in income statement)

	31.12.2019	31.12.2018
1. Opening balance	**7**	**7**
2. Increases	**-**	**-**
2.1. Deferred tax liabilities recognised in the year	-	-
a) from prior years	-	-
b) due to changes in accounting policies	-	-
c) other	-	-
2.2. New taxes or increases in tax rates	-	-
2.3. Other increases	-	-
3. Decreases	**-**	**-**
3.1. Deferred tax liabilities reversed in the year	-	-
a) reversals	-	-
b) due to changes in accounting policies	-	-
c) other	-	-
3.2. Reductions in tax rates	-	-
3.3. Other decreases	-	-
4. Closing balance	**7**	**7**

10.5 Changes in deferred tax assets (balancing entry in shareholders' equity)

	31.12.2019	31.12.2018
1. Opening balance	**15**	**5**
2. Increases	**14**	**10**
2.1 Deferred tax liabilities recognised in the year	14	3
a) from prior years	-	-
b) due to changes in accounting policies	-	-
c) other	14	3
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
2.4 Business combination transactions	-	7
3. Decreases	-	-
3.1 Deferred tax liabilities reversed in the year	-	-
a) reversals	-	-
b) write-downs for uncollectibility	-	-
c) due to changes in accounting policies	-	-
d) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**29**	**15**

10.6 Changes in deferred tax liabilities (balancing entry in shareholders' equity)

	31.12.2019	31.12.2018
1. Opening balance	-	-
2. Increases	5	8
2.1. Deferred tax liabilities recognised in the year	5	-
a) from prior years	-	-
b) due to changes in accounting policies	-	-
c) other	5	-
2.2. New taxes or increases in tax rates	-	-
2.3. Other increases	-	-
2.4 Business combination transactions	-	8
3. Decreases	-	8
3.1. Deferred tax liabilities reversed in the year	-	-
a) reversals	-	-
b) due to changes in accounting policies	-	-
c) other	-	-
3.2. Reductions in tax rates	-	-
3.3. Other decreases	-	8
4. Closing balance	5	-

SECTION 12 - OTHER ASSETS - ITEM 120

12.1 Other assets: analysis

	31.12.2019	31.12.2018
Due from tax authorities for substitute tax prepayment	8,989	9,902
Due from customers for stamp duty	891	1,000
Due from Fideuram for reimbursement of provision for redundancies	209	227
Prepaid expenses	40	59
Due from Intesa Sanpaolo under Italy's tax consolidation regime	8	258
Other receivables from tax authorities	7	390
Other receivables	448	28
Total	**10,592**	**11,864**

The receivables from tax authorities for the advance payment of the substitute tax refer to what was paid in December 2018 pursuant to Article 2, paragraph 5, of Decree Law no. 133 of 30 November 2013. The payment was made for a significant amount, as it was calculated on the capital gain tax recognised in 2018 upon maturity of the 2014-2017 LECOIP Plan.

LIABILITIES

SECTION 1 - FINANCIAL LIABILITIES MEASURED AT AMORTISED COST – ITEM 10

1.1 Financial liabilities measured at amortised cost: analysis of debts

Items	31.12.2019			31.12.2018		
	Due to banks	Due to financial institutions	Due to customers	Due to banks	Due to financial institutions	Due to customers
1. Loans	-	-	-	-	-	-
1.1 Repurchase agreement	-	-	-	-	-	-
1.2 Other loans	-	-	-	-	-	-
2. Debts for leases	205	-	5,711	-	-	-
3. Other debts	1,149	-	-	888	-	-
Total	1,354	-	5,711	888	-	-
Fair value - Level 1	-	-	-	-	-	-
Fair value - Level 2	1,354	-	5,711	888	-	-
Fair value - Level 3	-	-	-	-	-	-
Total fair value	1,354	-	5,711	888	-	-

This item includes the payables for fee and commission expense resulting from the ordinary activity of the Company and the payables for lease instalments (IFRS 16 - see "Accounting policies").

1.5 Debts for leases

The cash outflows during the year to cover debts for leases totalled €363k.

Analysis of debts for leases by remaining contractual term

	Within 1 year	Between 1 and 5 years	Over 5 years	31.12.2019
Due to banks for leases	27	108	70	205
Due to customers for leases	454	1,896	3,361	5,711

SECTION 6 - TAX LIABILITIES - ITEM 60

See Section 10 of Assets.

SECTION 8 - OTHER LIABILITIES - ITEM 80

8.1 Other liabilities: analysis

	31.12.2019	31.12.2018
Due to Group companies for services received	3,614	1,802
Due to Intesa Sanpaolo under Italy's tax consolidation regi	555	442
Due to suppliers	396	297
Debts for salaries	232	259
Due to pension and social security institutions	199	193
Due to tax authorities	182	260
Due to Intesa Sanpaolo for Group VAT	157	-
Other debts	417	351
Total	**5,752**	**3,604**

SECTION 9 - EMPLOYMENT TERMINATION INDEMNITIES - ITEM 90

9.1 Provision for employment termination indemnities: changes in the year

	31.12.2019	31.12.2018
A. Opening balance	**1,221**	**1,077**
B. Increases	**141**	**188**
B.1 Provisions for the year	41	37
B.2 Other increases	86	14
B.3 Business combination transactions	14	137
C. Decreases	**67**	**44**
C.1 Indemnities paid	67	44
C.2 Other decreases	-	-
D. Closing balance	**1,295**	**1,221**

9.2 Other information - Changes in net defined-benefit liabilities in the year

	31.12.2019			31.12.2018		
	PROVISION FOR EMPLOYMENT TERMINATION INDEMNITIES	INTERNAL PLANS	EXTERNAL PLANS	PROVISION FOR EMPLOYMENT TERMINATION	INTERNAL PLANS	EXTERNAL PLANS
Opening balance	**1,221**	**-**	**-**	**1,077**	**-**	**-**
Current service cost	-	-	-	-	-	-
Past service cost	-	-	-	-	-	-
Interest expense	18	-	-	37	-	-
Actuarial losses recognised for changes in demographic assumptions	1	-	-	-	-	-
Actuarial losses recognised for changes in financial assumptions	54	-	-	22	-	-
Actuarial losses based on past experience	6	-	-	-	-	-
Positive exchange rate differences	-	-	-	-	-	-
Increases – business combination transactions	14	-	-	137	-	-
Contributions by plan participants	-	-	-	-	-	-
Actuarial gains recognised for changes in demographic assumptions		-	-	(2)	-	-
Actuarial gains recognised for changes in financial assumptions	-	-	-	-	-	-
Actuarial gains based on past experience		-	-	(13)	-	-
Negative exchange rate differences	-	-	-	-	-	-
Indemnities paid	(67)	-	-	(44)	-	-
Decreases – business combination transactions	-	-	-	-	-	-
Effect of reduction in provision	-	-	-	-	-	-
Effect of termination of provision	-	-	-	-	-	-
Other increases	48	-	-	7	-	-
Other decreases	-	-	-	-	-	-
Closing balance	**1,295**	**-**	**-**	**1,221**	**-**	**-**

The main actuarial assumptions and reference rates used to determine the provision for employment termination indemnities were as follows:

- Discount rate: 0.92%
- Anticipated rate of increase in remuneration: 2.73%
- Annual inflation rate: 1.50%

SECTION 10 - PROVISIONS FOR RISKS AND CHARGES - ITEM 100

10.1 Provisions for risks and charges: analysis

Items / Values	31.12.2019	31.12.2018
1. Provisions for credit risk associated with commitments and financial	-	-
2. Provisions for other commitments and guarantees issued	-	-
3. Company pension funds	-	-
4. Other provisions for risks and charges	1,714	1,602
4.1 Lawsuits and tax disputes	340	340
4.2 Personnel expenses	1,204	1,092
4.3 Other	170	170
Total	**1,714**	**1,602**

10.2 Provisions for risks and charges: changes in the year

	Provisions for other commitments and guarantees issued	Pension funds	Other provisions for risks and charges	Total
A. Opening balance	**-**	**-**	**1,602**	**1,602**
B. Increases	**-**	**-**	**633**	**633**
B.1 Provisions for the year	-	-	-	-
B.2 Changes due to the passage of time	-	-	-	-
B.3 Changes due to fluctuations in the discount rate	-	-	-	-
B.4 Other increases	-	-	633	633
C. Decreases	**-**	**-**	**521**	**521**
C.1 Utilisation in the year	-	-	355	355
C.2 Changes due to fluctuations in the discount rate	-	-	-	-
C.3 Other decreases	-	-	166	166
D. Closing balance	**-**	**-**	**1,714**	**1,714**

10.6 Provisions for risks and charges - other provisions

Other provisions for risks and charges comprise the following:

- *Lawsuits and tax disputes*: this item refers to the accruals made for litigation.

- *Personnel expenses:* this includes the variable component of the remuneration of employees and the provisions set aside to pay seniority bonuses to employees. This item also includes the costs for exit incentives connected with the 2017 transaction in which the Intesa Sanpaolo Group acquired certain assets and liabilities and certain legal relationships of Banca Popolare di Vicenza and Veneto Banca.

- *The other provisions for risks and charges include*: €150k for accruals made to cover a complaint by UIF for failure to report suspicious transactions.

SECTION 11 - SHAREHOLDERS' EQUITY - ITEMS 110, 120, 130, 140, 150, 160 AND 170

11.1 Share capital: analysis

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

The share capital, which is wholly subscribed and paid in, is divided into 5,000,000 ordinary shares having a par value of €0.52 each. It is wholly owned by the Sole Shareholder, Fideuram - Intesa Sanpaolo Private Banking S.p.A..

11.5 Other information

11.5.1 Composition and changes in Item 150 "Reserves"

	Legal reserve	Extraordinary	Reserve for	Reserve for	Other	Retained	Total
A. Opening balance	**520**	**3,846**	**87**	**160**	**12,115**	**7,597**	**24,325**
B. Increases	**-**	**333**	**79**	**605**	**119**	**24**	**1,160**
B.1 Business combination transactions	-	333	-	-	119	-	**452**
B.2 Allocation of profits	-	-	-	-	-	-	-
B.3 Other decreases	-	-	79	605	-	24	**708**
C. Decreases	**-**	**369**	**-**	**-**	**-**	**-**	**369**
C.1 Utilisation							-
- loss coverage	-	-	-	-	-	-	-
- distribution	-	-	-	-	-	-	-
- to share capital	-	-	-	-	-	-	-
C.2 Other decreases	-	369	-	-	-	-	**369**
D. Closing balance	**520**	**3,810**	**166**	**765**	**12,234**	**7,621**	**25,116**

Description	Amount	Possibility of use (*)
Capital reserves	**12,999**	
- other reserves	12,234	
- reserves for stock ownership plans	765	A
Profit reserves	**12,117**	
- legal reserve	520	B
- extraordinary reserve	3,810	A,B,C
- reserves for Intesa Sanpaolo shares	166	
- retained earnings	7,621	A,B,C
Total	**25,116**	

(*) A) for capital increase

B) to cover losses

C) for distribution to shareholders

11.5.2 Composition and changes in Item 160 "Valuation reserves"

	31.12.2019
1. Positive valuation reserves	7
2. Negative valuation reserves	(83)
Total	**(76)**

The positive reserves refer to the financial assets measured at fair value through other comprehensive income. The negative reserves refer to the actuarial losses on the provision for employee termination indemnities recognised net of the tax effect.

Pursuant to Article 2427, paragraph 22 septies, Italian Civil Code, the Board of Directors proposes allocation of the profit for 2019 as follows:

- €1,700,000 to dividends;
- €4,233 to the Restricted reserve pursuant to Article 6 of Legislative Decree 38/2005;
- €46,010 to the Extraordinary Reserve.

PART C - NOTES TO THE INCOME STATEMENT

SECTION 1 - INTEREST - ITEMS 10 AND 20

1.1 Interest income and similar income: analysis

Items / Technical forms	Debt securities	Loans	Other transactions	2019	2018
1. Financial assets measured at fair value through profit or loss:	-	-	-	-	-
1.1 Financial assets held for trading	-	-	-	-	-
1.2 Financial assets measured at fair value	-	-	-	-	-
1.3 Financial assets mandatorily measured at fair value	-	-	-	-	-
2. Financial assets measured at fair value through other comprehensive	-	-	X	-	-
3. Financial assets measured at amortised cost:	-	**16**	-	**16**	**14**
3.1 Loans and advances to banks	-	16	X	16	14
3.2 Loans and advances to financial institutions	-	-	X	-	-
3.3 Loans and advances to customers	-	-	X	-	-
4. Hedging derivatives	**X**	**X**	-	-	-
5. Other assets	**X**	**X**	-	-	**5**
6. Financial liabilities	**X**	**X**	**X**	-	-
Total	-	**16**	-	**16**	**19**
of which: interest income on impaired financial assets	-	-	-	-	-
of which: interest income on leases	-	-	-	-	-

1.3 Interest expense and similar expense: analysis

Items / Technical forms	Debts	Securities	Other transactions	2019	2018
1. Financial liabilities measured at amortised cost:	**88**	-	-	**88**	-
1.1 Due to banks	8	X	X	8	-
1.2 Due to financial institutions	-	X	X	-	-
1.3 Due to customers	80	X	X	80	-
1.4 Debt on issue	X	-	X	-	-
2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities measured at fair value	-	-	-	-	-
4. Other liabilities	**X**	**X**	-	-	**4**
5. Hedging derivatives	**X**	**X**	-	-	-
6. Financial assets	**X**	**X**	**X**	-	-
Total	**88**			**88**	**4**
of which: interest expense on debts for leases	88			88	-

SECTION 2 - FEE AND COMMISSION INCOME AND EXPENSE - ITEMS 40 AND 50

2.1 Fee and commission income: analysis

Details	2019	2018
a) leases	-	-
b) factoring	-	-
c) consumer loans	-	-
d) guarantees issued	-	-
e) services:	-	-
- fund management for third parties	-	-
- foreign exchange intermediation	-	-
- distribution of products	-	-
- Other	-	-
f) collection and payment services	-	-
g) servicing for securitisation transactions	-	-
h) other fee and commission income for:	15,319	15,190
- registration and fiduciary administration services	14,627	13,541
- management of stock ownership plans	597	1,568
- asset administration services as trustee	95	81
Total	**15,319**	**15,190**

2.2 Fee and commission expense: analysis

Detail / Sectors	2019	2018
a) guarantees received	-	-
b) distribution of third-party services	-	-
c) collection and payment services	20	12
d) other fee and commission expenses for registration and fiduciary	876	1,194
Total	**896**	**1,206**

SECTION 3 - DIVIDENDS AND SIMILAR INCOME - ITEM 70

3.1 Dividends and similar income: analysis

Items / Income	2019		2018	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading	-	-	-	-
B. Other financial assets mandatorily measured at fair value	-	-	-	-
C. Financial assets measured at fair value through other comprehensive income	9	-	9	-
D. Equity investments	-	-	-	-
Total	**9**	-	**9**	-

SECTION 7 - NET PROFIT (LOSS) ON OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - ITEM 110

7.2 Net change in the value of other financial assets and liabilities measured at fair value through profit or loss: analysis of the other financial assets mandatorily measured at fair value

Items / Income	Gains	Profit on disposal	Losses	Loss on disposal	Net profit (loss)
1. Financial assets	**6**	**-**	**-**	**-**	**6**
1.1 Debt securities	-	-	-	-	-
1.2 Equities	6	-	-	-	6
1.3 Units in mutual funds	-	-	-	-	-
1.4 Loans	-	-	-	-	-
2. Financial assets denominated in foreign currencies:	X	X	X	X	**-**
Total	**6**	**-**	**-**	**-**	**6**

SECTION 8 - NET IMPAIRMENT FOR CREDIT RISK - ITEM 130

8.1 Net impairment for credit risk related to financial assets measured at amortised cost: analysis

Transactions /Income	Write-downs			Write-backs		2019	2018
	First and second stage	Third stage		First and second stage	Third stage		
		Write-off	Other				
1. Loans and advances to banks	**(4)**	**-**	**-**	**1**	**-**	**(3)**	**4**
Purchased or originated impaired loans	-	-	-	-	-	-	-
- for leases	-	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-	-
- other receivables	-	-	-	-	-	-	-
Other receivables	(4)	-	-	1	-	(3)	4
- for leases	-	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-	-
- other receivables	(4)	-	-	1	-	(3)	4
2. Loans and advances to financial institutions	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Purchased or originated impaired loans	-	-	-	-	-	-	-
- for leases	-	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-	-
- other receivables	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
- for leases	-	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-	-
- other receivables	-	-	-	-	-	-	-
3. Loans and advances to customers	**-**	**-**	**-**	**34**	**-**	**34**	**173**
Purchased or originated impaired loans	-	-	-	-	-	-	-
- for leases	-	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-	-
- for consumer loans	-	-	-	-	-	-	-
- other receivables	-	-	-	-	-	-	-
Other receivables	-	-	-	34	-	34	173
- for leases	-	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-	-
- for consumer loans	-	-	-	-	-	-	-
- collateralised loans	-	-	-	-	-	-	-
- other receivables	-	-	-	34	-	34	173
Total	(4)	**-**	**-**	**35**	**-**	**31**	**177**

SECTION 10 - ADMINISTRATIVE EXPENSES - ITEM 160

10.1 Personnel expenses: analysis

Type of expenses / Amounts	2019	2018
1. Employees	**5,857**	**5,560**
a) Wages and salaries	3,780	3,794
b) Social security contributions	1,103	1,075
c) Termination indemnities	187	167
d) Pension costs	218	195
e) Provision for employment termination indemnities	41	37
f) Provision for retirement benefits and similar obligations:	-	-
- defined contribution	-	-
- defined benefit	-	-
g) Payments to external supplementary pension funds:	-	-
- defined contribution	-	-
- defined benefit	-	-
h) other employee benefits	528	292
2. Other staff	**80**	**65**
3. Directors and Statutory Auditors	**199**	**219**
4. Retired staff	**-**	**-**
5. Cost recoveries for employees seconded to other companies	**(30)**	**(31)**
6. Cost reimbursements for employees seconded to other companies	**1,340**	**1,815**
Total	**7,446**	**7,628**

10.2 Average number of employees by category

	2019	2018
Employees		
a) Directors	4	4
b) Executive Management	37	39
c) Other employees	31	32
Other staff	2	1

10.3 Other administrative expenses: analysis

	2019	2018
IT costs	**183**	**302**
- Software maintenance and upgrades	164	283
- Maintenance and rental of electronic equipment	10	13
- Rental of office equipment	7	5
- Telephone	2	1
Services by third parties	**2,895**	**2,674**
- Expenses for services by third parties	217	112
- Expenses for outsourcing within the Group	2,678	2,562
General expenses	**160**	**305**
- Subscriptions and book purchases	2	2
- Couriers and transport	8	4
- Office supplies	53	88
- Postage and telegraphic expenses	30	48
- Search and information services	37	33
- Other expenses	30	130
Professional and insurance costs	**339**	**321**
- Professional fees	190	214
- Legal advice and court fees	146	86
- Bank and customer insurance premiums	3	21
Property management costs	**108**	**301**
- Property rent	62	247
- Cleaning	21	12
- Power	1	-
- Miscellaneous building costs	24	42
Promotional and advertising expenses	**34**	**26**
- Advertising and entertainment	34	26
Indirect personnel expenses	**53**	**70**
- Indirect personnel expenses	53	70
Indirect taxes	**13**	**45**
Total other administrative expenses	**3,785**	**4,044**

SECTION 11 - NET ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES - ITEM 170

11.3 Net accruals to other provisions for risks and charges: analysis

	2019	2018
Provisions for legal risks	-	140
Total	**-**	**140**

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

SECTION 12 - DEPRECIATION OF PROPERTY AND EQUIPMENT - ITEM 180

12.1 Depreciation of property and equipment: analysis

Assets / Income	Depreciation	Net adjustments for impairment losses	Write-backs	Net profit (loss)
A. Property and equipment	**505**	**-**	**-**	**505**
A.1 Functional property and equipment	505	-	-	505
- Owned	13	-	-	13
- Rights of use acquired with leases	492	-	-	492
A2. Investment property and equipment	-	-	-	-
- Owned	-	-	-	-
- Rights of use acquired with leases	-	-	-	-
A3. Inventories	-	-	-	-
Total	**505**	**-**	**-**	**505**

SECTION 13 - AMORTISATION OF INTANGIBLE ASSETS - ITEM 190

13.1 Amortisation of intangible assets: analysis

Asset / Income	Amortisation	Net adjustments for impairment	Write-backs	Net profit (loss)
1. Intangible assets other than goodwill	**403**	**-**	**-**	**403**
1.1 Owned	403	-	-	403
1.2 Rights of use acquired with leases	-	-	-	-
2. Assets related to finance leases	-	-	-	-
3. Assets granted under operating leases	-	-	-	-
Total	**403**	**-**	**-**	**403**

SECTION 14 - OTHER INCOME (EXPENSE) - ITEM 200

14.1 Other expense: analysis

	2019
Expenses:	
- Operating losses	(7)
- Other expenses	(33)
Total 2019	**(40)**
Total 2018	**(57)**

14.2 Other income: analysis

	2019
Income:	
- Recovery of expenses	5
- Recovery of legal	44
- Other non-recurring	142
- Other income	37
Total 2019	**228**
Total 2018	**188**

SECTION 19 - INCOME TAXES FOR THE YEAR ON CONTINUING OPERATIONS - ITEM 270

19.1 Income taxes for the year on continuing operations: analysis

	2019	2018
1. Current taxes	(730)	(650)
2. Changes to current taxes for prior years	-	-
3. Reduction in current taxes	-	-
3.bis Reduction in current taxes due to tax credit pursuant to Italian Law No. 214/2011	-	-
4. Change in deferred tax assets	34	46
5. Change in deferred tax liabilities	-	-
6. Taxes for the year	**(696)**	**(604)**

19.2 Reconciliation of theoretical tax burden and actual financial statement tax burden

	2019
Taxable income	**2,446**
Standard tax rate applicable	27.90%
Theoretical tax burden	683
Effects of increases over ordinary rate	
Non-deductible costs	6
Other permanent differences	26
Taxable differences and effective IRAP rate	11
Effects of decreases from ordinary rate	
Other permanent differences	30
Actual tax burden	**696**

SECTION 21 – INCOME STATEMENT: OTHER INFORMATION

21.2 Other information

In 2019 SIREF Fiduciaria received no public subsidies that have to be reported pursuant to Article 35 of Decree Law no. 34/2019 (‘growth decree’), converted by Law no. 58/2019, which imposes transparency obligations on the information related to grants, subsidies, benefits, contributions or aid, in cash or in kind, “not having a general nature and not given as consideration, remuneration, or compensation for damage”, effectively paid out by the public administrations and the parties indicated in Article 2-bis of Legislative Decree no. 33/2013.

PART D – OTHER INFORMATION

SECTION 1 - SPECIFIC REFERENCES TO OPERATED ACTIVITY

Other assets

	NOMINAL VALUE
Debt securities (restricted deposit per Law No. 39/1996):	43
Intesa Sanpaolo Ordinary Shares	37
Total	**80**

1.2 Assets Under Fiduciary Management

Assets under fiduciary administration were composed as follows at 31 December 2019:

CATEGORIES OF SECURITIES	ASSETS UNDER MANAGEMENT
01 - Listed Italian bonds of any kind	157,442,838
02 - Unlisted Italian bonds of any kind	45,010,947
03 - Government securities	90,359,028
04 - Listed Italian shares	136,809,747
05 - Unlisted Italian shares	276,920,887
06 - Quotas in limited liability companies and equity investm	156,019,425
07 - Units in Mutual Funds	2,023,682,146
08 - Foreign bonds or Government securities	398,876,695
09 - Foreign equity securities	429,809,936
10 - Liquidity	1,602,284,200
11 - Asset management (*)	2,268,375,345
12 - Art works	10,000
13 - Precious metals	6,222,874
14 - Other securities and assets	4,844,651,503
	12,436,475,571

(*) Services provided by other authorised intermediaries

Assets Under Fiduciary Administration without registration were composed as follows at 31 December 2019:

CATEGORIES OF SECURITIES	ASSETS UNDER MANAGEMENT
05 - Unlisted Italian shares	1,811,985
06 - Quotas in limited liability companies and equity investm	1,859,927
07 - Units in Mutual Funds	497,658
09 - Foreign equity securities	4,004
10 - Liquidity	214,187
14 - Other securities and assets	7,386,020
15 - Real estate	13,988,060
	25,761,841

-

At 31 December 2019, assets under fiduciary management and total contingency accounts can be summarised as follows:

	PARTIAL AMOUNTS	TOTAL AMOUNTS
Securities and other instruments administered with a with a fiduciary registration mandate and instruments under fiduciary administration for third parties	12,436,475,571	
Securities and other instruments administered with a without a fiduciary registration mandate and instruments under fiduciary administration for third parties	25,761,841	
Value for third-party trust	78,409,981	
TOTAL VALUE OF ASSETS		**12,540,647,393**

The securities under fiduciary management for third parties include €352,742,637 for the LECOIP 2.0 transaction (Leveraged Employee Co-Investment Plan). The total assets for the Stock and Stock Option Plans amounted to €379,548,952.

SECTION 2 - SECURITISATION TRANSACTIONS

This section is not applicable to the Company.

SECTION 3 - INFORMATION ON RISKS AND RELATED HEDGING POLICIES

3.1 Credit risk

Credit risk is limited to loans and advances to customers for fees and commissions on fiduciary mandates and mainly refer to current and collectible positions.

QUANTITATIVE INFORMATION

1. ANALYSIS OF FINANCIAL ASSETS BY ASSET CLASS AND CREDIT QUALITY (BOOK VALUE)

Asset class/quality	Doubtful loans	Unlikely to pay	Non-performing past due exposures	Performing past due exposures	Other performing exposures	Total
1. Financial assets measured at amortised cost	-	-	-	495	27,150	27,645
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets measured at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	2	2
5. Financial assets held for sale	-	-	-	-	-	-
Total 31.12.2019	**-**	**-**	**-**	**495**	**27,152**	**27,647**
Total 31.12.2018	**-**	**-**	**-**	**356**	**22,148**	**22,504**

2. ANALYSIS OF FINANCIAL ASSETS BY ASSET CLASS AND CREDIT QUALITY (GROSS AND NET AMOUNTS)

Asset class/quality	Non-performing				Performing			Total (net exposure)
	Gross exposure	Total net adjustments	Net exposure	Total partial write-offs	Gross exposure	Total net adjustments	Net exposure	
1. Financial assets measured at amortised cost	-	-	-	-	28,157	(512)	27,645	27,645
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-
3. Financial assets measured at fair value	-	-	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	2	-	2	2
5. Financial assets held for sale	-	-	-	-	-	-	-	-
Total 31.12.2019	**-**	**-**	**-**	**-**	**28,159**	**(512)**	**27,647**	**27,647**
Total 31.12.2018	**-**	**-**	**-**	**-**	**23,107**	**(603)**	**22,504**	**22,504**

3. ANALYSIS OF FINANCIAL ASSETS BY PAST-DUE BANDS (BOOK VALUE)

	First stage			Second stage			Third stage		
	Between 1 and 30 days	Between more than 30 days and 90 days	Over 90 days	Between 1 and 30 days	Between more than 30 days and 90 days	Over 90 days	Between 1 and 30 days	Between more than 30 days and 90 days	Over 90 days
1. Financial assets measured at amortised cost	-	-	-	-	-	495	-	-	-
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-	-	-	-
Total 31.12.2019	**-**	**-**	**-**	**-**	**-**	**495**	**-**	**-**	**-**
Total 31.12.2018	**-**	**-**	**367**	**-**	**-**	**356**	**-**	**-**	**-**

4. FINANCIAL ASSETS, COMMITMENTS TO GRANT FUNDS AND FINANCIAL GUARANTEES ISSUED: CHANGES IN COMPREHENSIVE ADJUSTMENTS AND COMPREHENSIVE PROVISIONS

Reasons / risk stages	Total net adjustments																Total provisions on commitments to grant funds and financial guarantees issued			Total
	Assets falling in first stage					Assets falling in second stage					Assets falling in third stage					of which: impaired financial assets that are purchase d or				
	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual write-downs	of which: collective write-downs	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual write-downs	of which: collective write-downs	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual write-downs	of which: collective write-downs		First stage	Second stage	Third stage	
Total adjustments at beginning of the year	**156**	**-**		**156**	**-**	**447**	**-**	**-**	**447**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**603**
Increases in purchased or originated financial assets (+/-)	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cancellations other than write-offs (+/-)	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net impairment for credit risk (+/-)	3	-		3	-	(34)	-	-	**(34)**	-	-	-	-	-	-	-	-	-	-	**(31)**
Contractual changes without cancellation (+/-)	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in estimation method (+/-)	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs not recognised directly in income statement (+/-)	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other increases (+/-)	3	-		3	-	(63)	-	-	(63)	-	-	-	-	-	-	-	-	-	-	**(60)**
Total adjustments at end of the year	**162**	**-**		**162**	**-**	**350**	**-**	**-**	**350**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**512**
Recoveries from collection on financial assets subject to write-off (+/-)	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs recognised directly in income statement (+/-)	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

6. CREDIT EXPOSURES TO CUSTOMERS, BANKS, AND FINANCIAL INSTITUTIONS

6.1 On- and off-balance sheet exposure of loans and advances to banks and financial institutions: gross and net values

Types of exposures / values	Gross exposure		Total net adjustments and total provisions	Net exposure	Total partial write-offs
	Non-performing	Performing			
A. On-balance sheet exposure					
a) Doubtful loans	-	X	-	-	-
- of which: forborne exposures	-	X	-	-	-
b) Unlikely to pay	-	X	-	-	-
- of which: forborne exposures	-	X	-	-	-
c) Non-performing past due exposures	-	X	-	-	-
- of which: forborne exposures	-	X	-	-	-
d) Performing past due exposures	X	-	-	-	-
- of which: forborne exposures	X	-	-	-	-
e) Other performing exposures	X	25,209	(10)	25,199	-
- of which: forborne exposures	X	-	-	-	-
Total A	**-**	**25,209**	**(10)**	**25,199**	**-**
B. Off-balance-sheet exposures					
a) Non-performing	-	X	-	-	-
b) Performing	X	-	-	-	-
Total B	**-**	**-**	**-**	**-**	**-**
Total (A+B)	**-**	**25,209**	**(10)**	**25,199**	**-**

6.4 On- and off-balance sheet exposure of loans and advances to customers: gross and net values

Types of exposures / values	Gross exposure		Total net adjustments and total provisions	Net exposure	Total partial write-offs
	Non-performing	Performing			
A. On-balance sheet exposure					
a) Doubtful loans	-	X	-	-	-
- of which: forborne exposures	-	X	-	-	-
b) Unlikely to pay	-	X	-	-	-
- of which: forborne exposures	-	X	-	-	-
c) Non-performing past due exposures	-	X	-	-	-
- of which: forborne exposures	-	X	-	-	-
d) Performing past due exposures	X	845	(350)	495	-
- of which: forborne exposures	X	-	-	-	-
e) Other performing exposures	X	2,105	(152)	1,953	-
- of which: forborne exposures	X	-	-	-	-
Total A	**-**	**2,950**	**(502)**	**2,448**	**-**
B. Off-balance-sheet exposures					
a) Non-performing	-	X	-	-	-
b) Performing	X	-	-	-	-
Total B	**-**	**-**	**-**	**-**	**-**
Total (A+B)	**-**	**2,950**	**(502)**	**2,448**	**-**

7. CLASSIFICATION OF FINANCIAL ASSETS, COMMITMENTS TO GRANT FUNDS AND FINANCIAL GUARANTEES ISSUED ACCORDING TO INTERNAL AND EXTERNAL RATINGS

7.1 Analysis of financial assets, commitments to grant funds and financial guarantees issued by external rating classes (gross values)

	External rating class							
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6	No rating	Total
A. Financial assets measured at amortised cost	**-**	**-**	**25,240**	**-**	**-**	**-**	**2,405**	**27,645**
- First stage	-	-	25,240	-	-	-	1,910	**27,150**
- Second stage	-	-	-	-	-	-	495	**495**
- Third stage	-	-	-	-	-	-	-	**-**
B. Financial assets measured at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- First stage	-	-	-	-	-	-	-	**-**
- Second stage	-	-	-	-	-	-	-	**-**
- Third stage	-	-	-	-	-	-	-	**-**
C. Financial assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
1. First stage	-	-	-	-	-	-	-	-
2. Second stage	-	-	-	-	-	-	-	-
3. Third stage	-	-	-	-	-	-	-	-
Total (A+B+C)	**-**	**-**	**25,240**	**-**	**-**	**-**	**2,405**	**27,645**
of which: impaired financial assets that are purchased or origina	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
D. Commitments to grant funds and financial guarantees issued	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
1. First stage	-	-	-	-	-	-	-	-
2. Second stage	-	-	-	-	-	-	-	-
3. Third stage	-	-	-	-	-	-	-	-
Total (D)	-	-	-	-	-	-	-	-
Total (A+B+C+D)	-	-	**25,240**	**-**	**-**	**-**	**2,405**	**27,645**

		CREDIT RATING					
		CLASS 1	**CLASS 2**	**CLASS 3**	**CLASS 4**	**CLASS 5**	**CLASS 6**
Rating agency (ECAI)	Standard & Poor's	from AAA to AA-	from A+ to A-	from BBB+ to BBB-	from BB+ to BB-	from B+ to B-	CCC+ and below
	Moody's	from Aaa to Aa3	from A1 to A3	from Baa1 to Baa3	from Ba1 to Ba3	from B1 to B3	Caa1 and below
	Fitch	from AAA to AA-	from A+ to A-	from BBB+ to BBB-	from BB+ to BB-	from B+ to B-	CCC+ and below

9 CREDIT CONCENTRATION

9.1 Analysis of on- and off-balance sheet loan exposures by sector of counterparty's economic activity

	Public entities	**Banks**	**Households**
	Net exposure	Net exposure	Net exposure
On-balance sheet performing exposures	44	25,197	2,404

9.2 Analysis of on- and off-balance sheet loan exposures by counterparty’s geographic area

The Company holds credit exposures mainly with residents of Italy and, to a lesser extent, with counterparties residing in Europe.

3.2 MARKET RISK

QUALITATIVE INFORMATION

The Company makes investments on its own account for the temporary investment of available liquidity exclusively in Government Securities.

3.3 OPERATIONAL RISK

QUALITATIVE INFORMATION

3.1 General aspects, management processes, and methods for the measurement of operational risk

Operational risk is defined as the risk of loss arising from inadequate or ineffective internal processes, human resources or systems, or from external events. Operational risk also includes legal and compliance risk, model risk, information technology risk and financial disclosure risk; instead, strategic and reputational risks are not included.

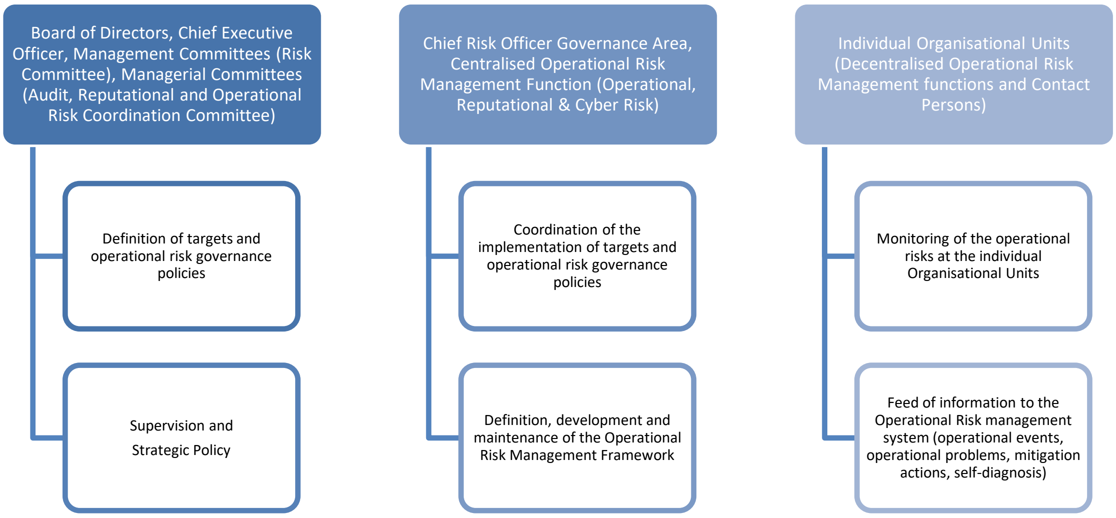
The Intesa Sanpaolo Group implements an operational risk assumption and management strategy based on the principles of prudent management and aimed at guaranteeing its long-term soundness and business continuity. Moreover, the Group devotes special attention to striking an optimal balance between growth and earnings targets and the consequent risks.

To that end, the Intesa Sanpaolo Group drew up a framework for the management of operational risks some time ago, establishing rules and organisational processes for measuring, managing and monitoring operational risk.

The Group calculates its capital requirement using the Advanced Measurement Approach (AMA or internal model) in partial use with the standardised approach (TSA) and basic indicator approach (BIA) to meet its supervisory requirements. The Advanced Measurement Approach is implemented by Intesa Sanpaolo SpA and by the main banks and companies in the Corporate and Investment Banking, Private Banking, and Asset Management Divisions and by VUB Banka, VUB Leasing, and PBZ Banka.

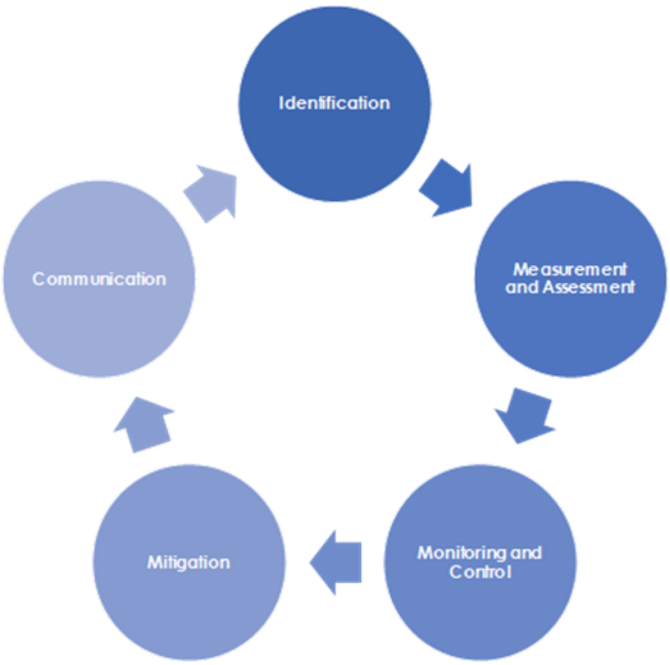
Governance Model

The Intesa Sanpaolo Group’s Operational Risk Management activities are monitored by Bodies, Committees, and units that interact with different responsibilities and roles to create an effective operational risk management system that is integrated in decision-making processes and in the management of business operations.



Group Operational Risk Management Process

The Intesa Sanpaolo Group's Operational Risk Management Process is broken down into the following phases:



Identification

The identification phase calls for:

- the structured collection and timely updating of data about operational events, with this activity being delegated to the Organisational Units;
- the detection of problems;
- performance of the annual Self-diagnosis process;
- the identification of potential operational risks deriving from the introduction of new products and services, the start-up of new activities and entry into new markets, and the risks associated with outsourcing;

- the analysis of operational events and indicators coming from external consortia (O.R.X. - Operational Riskdata eXchange Association);
- the identification of operational risk indicators (including information technology and cyber risks, non-compliance risks, etc.) by the individual Organisational Units.

In accordance with current legislation and regulations, the individual companies in the Fideuram Group, including SIREF Fiduciaria S.p.A., are responsible for identifying, measuring, managing and mitigating risk. Each has clearly identified internal units coordinated by Fideuram ISPB Operational Risk Management which are responsible for their Operational Risk Management processes.

The SIREF Fiduciaria S.p.A. operational risk management process is performed by the following corporate bodies: a) the Board of Directors, as the body which is actively involved in the strategic supervision of the risk management and control system; b) the Chairman of the Board of Directors, who presides over the implementation of those measures as necessary to assure the establishment, maintenance, and proper functioning of the risk management and control system within the Company and in implementation of its strategic policies; c) the Managing Director, responsible for the Self-diagnosis and recipient of reports on the operational risk profile of the Company, who proposes any measures to be taken to prevent/mitigate operational risks; d) Internal Audit, which is responsible for periodic audits of the operational risk management system and related reports to the Company Bodies; e) the Internal Operational Risk Officer, who works at the “Operational Controls and Reporting” unit, which is responsible for the organisation and maintenance of the set of activities imposed by the operational risk management system, including, for example, the organised registration of information about operational events.

Measurement and assessment

Measurement is the activity of transformation, by means of a special model, of elementary readings (internal and external data of operational loss, Scenario Analyses and Assessment of the Operational Context) in concise risk measures. These measurements present an adequate level of detail to become familiar with the overall risk profile of the Group and permit quantification of the risk capital for the units of the Group itself.

Monitoring and control

The monitoring of operational risks consists of analysis and structured organisation of the results obtained from identification and/or measurement activity for timely checks and monitoring of changes in the exposure to operational risk (including IT and Cyber Risk) and to prevent the occurrence of harmful events.

Mitigation

Mitigation activities, which are defined on the basis of what is revealed during identification, measurement, and monitoring, consist of:

- identifying and implementing mitigation measures and transfer of the risk, consistently with the established tolerance for risk;
- the analysis and acceptance of residual operational risks;
- the rationalisation and streamlining in a cost/benefit perspective of insurance coverage and any other forms of risk transfer adopted by the Group.

In that regard, aside from relying on a traditional insurance program (for protection against unlawful acts such as employee misconduct, theft, or damage, transport of cash and cash equivalents, computer fraud, counterfeiting, cyber crime, fire and earthquake, and for civil liability), while complying with all the related regulatory requirements and leveraging the financial benefits envisaged by law, the Group has taken out an insurance policy known as an Operational Risk Insurance Programme, which provides greater cover and significantly higher limits, transferring the risk of substantial operational losses to the insurance market.

In addition, the Group has its own business continuity solutions that can be deployed to contain risks regarding its premises and infrastructures and the impact of events such as environmental disasters, international crises and social protests.

Communications

The communication activities consist in the preparation of adequate information flows connected with the management of operational risks among the various players involved, aimed at allowing the process to be monitored and adequate knowledge of the exposure to those risks.

Self-diagnosis

Self-diagnosis is the annual process through which the Organisational Units identify their own level of exposure to operational risks through assessment of the level of monitoring of the elements characterising their own operational context (Assessment of the Operational Context – AOC) and the estimate of contingent losses if potentially harmful operational events occur (Scenario Analysis, SA). This assessment takes into account the identified problem areas and the operational events that effectively occurred. This assessment does not substitute for specific risk surveys performed by the specialised and control functions in the course of fulfilling their own responsibilities (e.g. assessments made by the Chief Audit Officer, the Manager responsible for the preparation of the company accounts, and the Chief Compliance Officer), but it does make it possible to make the interested functions aware of the assessments reached during the process and to discuss those findings with the head of the affected Organisational Unit.

The recognition of operational problems permits the identification and definition of adequate mitigation measures, whose implementation is monitored over time to reduce exposure to operational risk.

IT and Cyber Risk

Information technology risk means the risk of incurring economic losses, reputational harm, and loss of market share in connection with the use of information and communication technology. In the integrated representation of business risks, this type of risk is prudently considered according to specific aspects, including operational, reputational, and strategic risks, and includes the risk of violating the confidentiality, integrity, or availability characteristics of the information.

Consistently with the methodological framework defined for the governance of business risks and, in particular, for operational risks, the Intesa Sanpaolo Group IT Risk management model is developed in view of integration and coordination of the specific skills of the units involved.

Annually, the Technical Functions (e.g. Head Office Department for Information Systems, IT departments of the principal Italian and foreign subsidiaries), and the Cybersecurity Function identify the level of exposure to IT risk (and the IT security risk included in it) of the managed information technology assets through top-down assessment of the level of monitoring the assigned Risk Factors. Aside from that analysis, which is performed in reference to the whole range of applications and corporate processes, in the face of situations that can modify the overall level of risk or, in the case of innovative projects or modifications to significant components of the Information System, the Technical Functions and the Cybersecurity Function identify the level of exposure to IT risk of specific components of the information system.

This assessment is flanked, as part of the Self-diagnosis process, by the bottom-up assessment prepared by the individual Organisational Units of the Group, which analyse their own exposure to IT risk by expressing their opinion on the level of monitoring of risk factors relevant for this purpose (e.g. referring to the adequacy of software, the operations of the Unit itself, etc.).

The information obtained from the processes defined to identify and measure the IT risk exposure (of operating procedures or those connected with modifications to major components of the IT system) together with the analysis and prevention activities performed by the Cybersecurity function are also used to identify the principal areas of exposure and to identify cyber scenarios and risk.

Internal model for the measurement of operational risk

The internal model for calculating capital absorption of the Intesa Sanpaolo Group has been designed to combine all the main sources of information, whether quantitative (operational loss: internal and external events) or qualitative (Self-Diagnosis: Scenario Analysis and Assessment of the Operational Context).

The capital at risk is therefore considered to be the minimum amount at Group level which would be required to meet the maximum potential loss that could be incurred. It is estimated using a Loss Distribution Approach model (an actuarial statistical model for calculating the Value at Risk of operational losses), which is applied both to the quantitative data and to the results of the scenario analysis over a one-year time horizon, with a confidence interval of 99.90%. This method also involves applying a correction factor obtained from qualitative risk assessments of the operating context (AOC), in order to take the effectiveness of the internal controls in the various different Organisational Units into account.

Our internal model's insurance mitigation component was authorised by the Bank of Italy in June 2013 and its management and capital requirement benefits began to apply from then.

QUANTITATIVE INFORMATION

The operational losses recorded in the year are analysed by type of event below.

The only operational loss recorded in the year (exceeding the compulsory recording threshold established or the Group) is ascribable to the Customers, Products and Operating Practices category for €15,000.

Impact of operational losses by type of event

The operational losses are concentrated in the event type “*Customers, products and operating practices*” and “*Execution, delivery and process management*”.

The operational losses are reported under other expense.

3.4 LIQUIDITY RISK

QUALITATIVE INFORMATION

1 General aspects, management processes, and methods for measuring liquidity risk

Liquidity risk is characterised by the peculiar nature of the Company’s business. More specifically, the Company believes that this risk is not significant because its net financial position is characterised by short collection and payment times and by a positive imbalance between the receivables and payables relating to the core business.

QUANTITATIVE INFORMATION

1. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY REMAINING CONTRACTUAL TERM

	Demand deposits	Between more than 1 day and 7 days	Between more than 7 days and 15 days	Between more than 15 days and 1 month	Between more than 1 month and 3 months	Between more than 3 months and 6 months	Between more than 6 months and 1 year	Between more than 1 year and 3 years	Between more than 3 years and 5 years	Over 5 years	Unspecified maturity
On-balance sheet assets	**18,599**	**-**	**-**	**-**	**-**	**-**	**9,002**	**41**	**2**	**1**	**-**
A.1 Government securities	-	-	-	-	-	-	-	41	2	1	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-	-
A.3 Loans	18,599	-	-	-	-	-	9,002	-	-	-	-
A.4 Other assets	-	-	-	-	-	-	-	-	-	-	-
On-balance sheet liabilities	**1,354**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B.1 Due to:	1,354	-	-	-	-	-	-	-	-	-	-
- Banks	1,354	-	-	-	-	-	-	-	-	-	-
- Financial institutions	-	-	-	-	-	-	-	-	-	-	-
- Customers	-	-	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet transactions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
C.1 Financial derivatives with exchange of capital	-	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.2 Financial derivatives without exchange of capital	-	-	-	-	-	-	-	-	-	-	-
- Gains	-	-	-	-	-	-	-	-	-	-	-
- Losses	-	-	-	-	-	-	-	-	-	-	-
C.3 Loans receivable	-	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.4 Commitments to grant finance	-	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	-	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-	-

SECTION 4 - INFORMATION ON SHAREHOLDERS' EQUITY

4.1.2.1 Shareholders' equity

4.1.1 Qualitative information

The management of shareholders' equity is mainly aimed at allowing it to guarantee maintenance of a sound position that can assure adequate management of fiduciary assets.

4.1.2 Quantitative information

4.1.2.1 Shareholders' equity: analysis

	31.12.2019	31.12.2018
1. Share capital	2,600	2,600
2. Share premium reserve	-	-
3. Reserves	25,116	24,325
- profit reserves	12,117	12,210
a) legal reserve	520	520
b) statutory reserve	-	-
c) treasury shares	-	-
d) other	11,597	11,690
- Other	12,999	12,115
4. (Treasury shares)	-	-
5. Valuation reserves	(76)	(43)
- Equity instruments measured at fair value through other comprehensive income	7	(6)
- Hedging of equity instruments measured at fair value through other comprehensive income	-	-
- Financial assets (other than equity instruments) measured at fair value through other comprehensive	-	-
- Property and equipment	-	-
- Intangible assets	-	-
- Hedging of net investments in foreign operations	-	-
- Cash flow hedges	-	-
- Hedging instruments (undesignated elements):	-	-
- Exchange rate differences	-	-
- Non-current assets held for sale and discontinued operations	-	-
- Financial liabilities measured at fair value through profit or loss (changes in credit rating)	-	-
- Special revaluation laws	-	-
- Actuarial gains (losses) on defined benefit pension plans	(83)	(37)
- Portion of valuation reserves related to investments carried at equity	-	-
6. Equity instruments	-	-
7. Net profit (loss) for the year	1,750	1,499
Total	**29,390**	**28,381**

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

	31.12.2019		31.12.2018	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	-	-	-	-
2. Equities	7	-	-	(6)
3. Loans	-	-	-	-
Total	**7**	**-**	**-**	**(6)**

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

	Debt securities	Equities	Loans
1. Opening balance	-	**(6)**	-
2. Increases	-	**13**	-
2.1 Increases in fair value	-	13	-
2.2 Impairment for credit risk	-	X	-
2.3 Transfers to income statement of negative reserves from realisation	-	X	-
2.4 Transfers to other components of shareholders' equity (equity securit	-	-	-
2.5 Other increases	-	-	-
3. Decreases	-	**-**	-
3.1 Decreases in fair value	-	-	-
3.2 Write-backs for credit risk	-	-	-
3.3 Transfers to income statement from positive reserves from	-	X	-
3.4 Transfers to other components of shareholders' equity (equity	-	-	-
3.5 Other decreases	-	-	-
Closing balance	**-**	**7**	**-**

SECTION 5 - COMPONENTS OF TOTAL COMPREHENSIVE INCOME

	2019	2018
10. Net profit (loss) for the year	**1,750**	**1,500**
Other comprehensive income not transferred to the income statement	**(33)**	**(32)**
20. Equity instruments measured at fair value through other comprehensive income	18	(37)
a) changes in fair value	18	(37)
b) transfers to other components of shareholders' equity	-	-
30. Financial liabilities measured at fair value through profit or loss (changes in own credit rating)	-	-
a) changes in fair value	-	-
b) transfers to other components of shareholders' equity	-	-
40. Hedging of equity instruments measured at fair value with impact on the other income components	-	-
a) changes in fair value (hedged instrument)	-	-
b) changes in fair value (hedging instrument)	-	-
50. Property and equipment	-	-
60. Intangible assets	-	-
70. Defined-benefit plans	(61)	(6)
80. Non-current assets held for sale	-	-
90. Valuation reserves related to investments carried at equity	-	-
100. Income tax on comprehensive income not transferred to the income statement	10	11
Other comprehensive income that may be transferred to the income statement	**-**	**-**
110. Hedging of net investments in foreign operations:	-	-
a) changes in fair value	-	-
b) transfers to income statement	-	-
c) other changes	-	-
120. Exchange rate differences	-	-
a) changes in fair value	-	-
b) transfers to income statement	-	-
c) other changes	-	-
130. Cash flow hedges	-	-
a) changes in fair value	-	-
b) transfers to income statement	-	-
c) other changes	-	-
of which: result of net positions	-	-
140. Hedging instruments (undesignated elements):	-	-
a) changes in fair value	-	-
b) transfers to income statement	-	-
c) other changes	-	-
150. Financial assets (other than equity instruments) measured at fair value through other comprehensive income	-	-
a) changes in fair value	-	-
b) transfers to income statement	-	-
- adjustments for impairment losses	-	-
- gains/losses on disposal	-	-
c) other changes	-	-
160. Non-current assets held for sale and discontinued operations	-	-
a) changes in fair value	-	-
b) transfers to income statement	-	-
c) other changes	-	-
170. Valuation reserves related to investments carried at equity	-	-
a) changes in fair value	-	-
b) transfers to income statement	-	-
- adjustments for impairment losses	-	-
- gains/losses on disposal	-	-
c) other changes	-	-
180. Income tax on other comprehensive income transferred to the income statement	-	-
190. Total other comprehensive income	**(33)**	**(32)**
200. Total comprehensive income (Item 10+190)	**1,717**	**1,468**

SECTION 6 - TRANSACTIONS WITH RELATED PARTIES

6.1 Information on remuneration of senior managers with strategic responsibilities

	2019
Short-term benefits (*)	725
Post-employment benefits (**)	38
Other long-term benefits	80
Termination benefits	-
Share-based payments	177
Total	**1,020**

(*) (*) These include the compensation of Directors, Statutory Auditors and the General Manager, inasmuch as they are assimilable to the cost of employees and the social security contributions for employees borne by the Company.

(**) These include the company contribution to pension funds and the accrual of employment termination indemnities in the amounts provided by law and company regulations.

6.2 Loans and guarantees issued in favour of the Directors and Statutory Auditors

There are no loans and guarantees issued in favour of the Directors and Statutory Auditors.

6.3 Information on transactions with related parties

Relationships with companies in the Intesa Sanpaolo Group

The following table shows the relationships established during the year on an arm's length basis with all companies in the Intesa Sanpaolo Group:

	ASSETS	LIABILITIES	INCOME	EXPENSES
Parent Company				
Intesa Sanpaolo S.p.A.	9,611	3,701	243	2,690
Companies controlled by the Parent Company				
Fideuram - Intesa Sanpaolo Private Banking S.p.A.	1,544	1,863	446	2,199
Intesa Sanpaolo Private Banking S.p.A.	14,442	285	5,431	351
Fideuram Investimenti SGR S.p.A.	-	-	3	-

It also includes 90 customers who are related parties of the Parent Company and associated entities, who were obtained through existing relationships with the Company's Group. At 31 December 2019, the relevant assets under fiduciary management amounted to about €262m, and the commissions accrued correspond to €190,898.

SECTION 7- INFORMATION ON LEASES

This part provides the information required by IFRS 16 but which is not reported in other parts of the financial statements.

QUALITATIVE INFORMATION

The Company only has real estate lease contracts.

Three lease contracts were in force at 31 December 2019, for a total value of rights of use amounting to €5,758k.

The real estate lease contracts include properties to be used as offices. These contracts normally have a duration of more than 12 months and typically feature renewal and termination options that can be exercised by the lessor and lessee pursuant to law or to specific contractual provisions. These contracts usually do not include the purchase option at the end of the lease or significant reversal costs for the Company. According to the characteristics of Italian lease contracts and the provisions of Law 392/1978, when a new lease contract is signed with a contractual duration of six years, and offers an option for tacit renewal of the contract once every six years, the total duration of the lease is set at 12 years. This general indication does not apply if there are new elements or specific situations in the contract.

As previously mentioned in the accounting policies, the Company uses the exemptions allowed under IFRS 16 for short-term leases (having a duration less than or equal to 12 months) or leases on assets of modest value (having a value less than or equal to €5,000).

QUANTITATIVE INFORMATION

Part B – Assets in the Notes to the Financial Statements contains information on the rights of use acquired with the lease (Table 8.1 Property and equipment used in operations: analysis of assets measured at cost). Part B – Liabilities shows the payables for leases (Table 1.1 Financial liabilities measured at amortised cost: analysis of debts). In particular, the rights of use acquired under the lease amount to €5,758k. The debts for leases amount to €5,916k. Reference is made to those sections for more details.

Part C of the Notes to the Financial Statements contains information about the interest expense on debts for leases and the other expenses connected with the rights of use acquired with the lease. Reference is made to the specific sections for more details.

The following table breaks down the depreciation charges for the assets consisting of the right of use in the various classes in accordance with the exposure of property and equipment.

Depreciation and amortisation charges by asset class

	31.12.2019
Property and equipment used in operations	
a) buildings	492
b) furniture	-
c) electronic equipment	-
d) other	-
Total	**492**

No amounts were found at 31 December 2019 for lease commitments not yet stipulated.

SECTION 8 - OTHER DETAILS

Information about Independent Auditors

In compliance with the provisions of Article 149 duodecies of CONSOB Regulation No. 11971, the consideration accrued in the year for the activities performed by the independent auditor KPMG S.p.A. is indicated as follows:

	2019
Independent statutory audit	118
Total	**118**

The amounts are shown net of the out-of-pocket expenses charged and the Consob contribution.

MANAGEMENT AND COORDINATION ACTIVITIES

The management and coordination of the subsidiaries, pursuant to Article 2497 et seq. Italian Civil Code, is performed by Intesa Sanpaolo S.p.A..

The registered office of Intesa Sanpaolo S.p.A. is in Turin, at Piazza San Carlo 156, with a secondary office in Milan, at Via Monte di Pietà 8.

Taxpayer Identification Number and Turin Companies Register No. 00799960158.

SIREF Fiduciaria S.p.A. is wholly owned by Fideuram - Intesa Sanpaolo Private Banking S.p.A., which prepares the Consolidated Financial Statements, and whose share capital is wholly owned by Intesa Sanpaolo S.p.A..

Fideuram - Intesa Sanpaolo Private Banking S.p.A. has its registered office in Turin, at Piazza San Carlo 156, and a permanent establishment in Milan at Via Montebello 18.

Taxpayer Identification Number and Companies Register No. 00714540150.

Milan, 17 February 2020

For the Board of Directors
The Chairman

Pier Luigi Sappa

Schedules to the Financial Statements

LAST FINANCIAL STATEMENTS APPROVED BY THE PARENT COMPANY

FINANCIAL STATEMENTS OF THE COMPANY THAT EXERCISES MANAGEMENT AND COORDINATION, INTESA SANPAOLO S.P.A.

Balance Sheet

(figures in €)

Assets	**31.12.2018**	**31.12.2017**
10. Cash and cash equivalents	7,363,132,608	5,749,702,612
20. Financial assets measured at fair value through profit or loss	25,878,591,115	18,586,740,166
a) Financial assets held for trading	18,020,440,604	18,264,452,315
b) Financial assets measured at fair value	197,753,361	322,287,851
c) Other financial assets mandatorily measured at fair value	7,660,397,150	
30. Financial assets measured at fair value through other comprehensive in	31,135,690,799	36,911,639,839
40. Financial assets measured at amortised cost	409,602,431,307	390,467,579,677
a) Loans and advances to banks	154,590,837,735	157,439,934,737
b) Loans and advances to customers	255,011,593,572	233,027,644,940
50. Hedging derivatives	2,877,547,472	3,822,813,304
60. Adjustments to financial assets subject to generic hedging (+/-)	77,275,285	(130,633,072)
70. Equity investments	26,257,677,770	30,558,013,553
80. Property and equipment	4,598,266,116	4,399,954,385
90. Intangible assets	2,767,601,935	2,454,495,926
including:		
- Goodwill	1,160,336,910	858,532,215
100. Tax assets	14,334,819,665	13,012,846,576
a) current	2,996,573,278	2,950,336,388
b) deferred	11,338,246,387	10,062,510,188
110. Non-current assets held for sale and discontinued operations	672,258,249	265,849,446
120. Other assets	2,987,801,986	3,278,434,392
TOTAL ASSETS	**528,553,094,307**	**509,377,436,804**

(figures in €)

Liabilities and Shareholders' Equity	31.12.2018	31.12.2017
10. Financial liabilities measured at amortised cost	447,143,398,340	427,289,537,038
a) Due to banks	161,719,030,885	173,709,711,661
b) Due to customers	208,532,094,893	170,914,110,169
c) Debt on issue	76,892,272,562	82,665,715,208
20. Financial liabilities held for trading	14,559,502,621	14,579,631,354
30. Financial liabilities measured at fair value	1,821,039,982	9,133,072
40. Hedging derivatives	5,357,675,339	5,555,327,525
50. Adjustments to financial liabilities subject to macro-hedging (+/-)	381,865,835	323,857,059
60. Tax liabilities	1,446,555,316	1,284,667,901
a) current	75,887,346	102,626,726
b) deferred	1,370,667,970	1,182,041,175
70. Liabilities associated with non-current assets held for sale and discontinued operations	-	-
80. Other liabilities	6,352,470,569	6,982,977,351
90. Provision for employment termination indemnities	845,215,781	767,146,054
100. Provisions for risks and charges	3,434,676,119	4,112,924,336
a) commitments and guarantees issued	350,010,141	212,022,648
b) pensions and other commitments	223,290,421	883,579,918
c) other provisions for risks and charges	2,861,375,557	3,017,321,770
110. Valuation reserves	1,080,919,802	773,748,333
120. Redeemable shares	-	-
130. Equity instruments	4,102,664,631	4,102,750,714
140. Reserves	4,369,749,752	3,843,194,689
150. Share premium reserve	24,925,954,843	26,164,131,214
160. Share capital	9,085,469,852	8,731,984,116
170. Treasury shares (-)	(39,659,294)	(25,863,278)
180. Net profit (loss) for the year (+/-)	3,685,594,819	4,882,289,326
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**528,553,094,307**	**509,377,436,804**

Income Statement

(figures in €)

	2018	2017
10. Interest income and similar income	7,036,268,661	6,458,141,888
of which: interest income calculated with the effective interest method	7,245,312,697	5,744,268,384
20. Interest expense and similar expense	(2,785,287,693)	(3,647,250,788)
30. Net interest income	**4,250,980,968**	**2,810,891,100**
40. Fee and commission income	4,929,423,970	3,793,854,801
50. Fee and commission expense	(912,661,080)	(825,520,418)
60. Net fee and commission income	**4,016,762,890**	**2,968,334,383**
70. Dividends and similar income	3,491,677,892	1,888,660,731
80. Net profit (loss) on trading activities	(79,935,623)	46,821,374
90. Net profit (loss) on hedging derivatives	(22,244,300)	(17,328,451)
100. Net profit (loss) on sale or repurchase of:	100,711,617	181,248,529
a) Financial assets measured at amortised cost	(64,232,505)	(10,886,814)
b) Financial assets measured at fair value through other comprehensive income	214,993,962	212,407,293
c) Financial liabilities	(50,049,840)	(20,271,950)
110. Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	280,721,335	2,366,331
a) Financial assets and liabilities measured at fair value	29,612,955	2,366,331
b) Other financial assets mandatorily measured at fair value	251,108,380	-
120. Total net interest and trading income	**12,038,674,779**	**7,880,993,997**
130. Net impairment for credit risk on:	(1,820,970,596)	(2,017,545,067)
a) Financial assets measured at amortised cost	(1,821,932,128)	(1,541,323,340)
b) Financial assets measured at fair value through other comprehensive income	961,532	(476,221,727)
140. Gains/losses on contractual changes without cancellation	(16,347,123)	46,858
150. Operating income	**10,201,357,060**	**5,863,495,788**
160. Administrative expenses:	(7,016,630,150)	(6,384,782,140)
a) personnel expenses	(3,670,210,376)	(3,775,235,832)
b) other administrative expenses	(3,346,419,774)	(2,609,546,308)
170. Net provisions for risks and charges	(39,701,232)	(818,539,821)
a) commitments and guarantees issued	9,969,715	-
b) other net provisions	(49,670,947)	(818,539,821)
180. Depreciation of property and equipment	(125,285,249)	(123,334,124)
190. Amortisation of intangible assets	(15,077,425)	(12,895,800)
200. Other income/expense	517,930,457	5,328,341,445
210. Operating costs	**(6,678,763,599)**	**(2,011,210,440)**
220. Profit (loss) on equity investments	127,339,460	166,969,444
230. Net fair value gains (losses) on property and equipment and intangible assets	(5,806,488)	(16,560,861)
240. Goodwill impairment	-	-
250. Gain (loss) on disposal of investments	805,923	77,195,893
260. Profit (loss) before tax from continuing operations	**3,644,932,356**	**4,079,889,824**
270. Income taxes for the year on continuing operations	40,662,463	802,399,502
280. Profit (loss) after tax from continuing operations	**3,685,594,819**	**4,882,289,326**
290. Profit (loss) after tax from discontinued operations	-	-
300. Net profit (loss) for the year	**3,685,594,819**	**4,882,289,326**

Report of the Board of Statutory Auditors

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 2019 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".
La Società è soggetta all'attività di direzione e coordinamento di Intesa Sanpaolo S.p.A. e, a tale riguardo, il Collegio ha constatato il rispetto dell'art. 2497-ter codice civile.
Nella relazione sulla gestione sono esposti i rapporti intercorsi con Intesa Sanpaolo S.p.A. e con le società del gruppo, in ottemperanza sia al disposto dell'art. 2428 codice civile, sia al disposto dell'art. 2497 bis codice civile.
Il Collegio, nella sua composizione attuale, è stato nominato dall'Assemblea dell'Azionista nel corso dell'adunanza del 20 marzo 2019, 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 2021 scadrà il mandato del Collegio Sindacale.

Il Bilancio 2019, corredato della Relazione del Consiglio di Amministrazione sull’andamento della gestione, è stato messo a disposizione del Collegio Sindacale il 17 febbraio 2020 e sarà sottoposto all’approvazione dell’Assemblea dell’Azionista programmata per il giorno 25 marzo 2020.

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:

- 9 (nove) riunioni periodiche dell’Organo di controllo, nonché nelle 8 (otto) 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*, l’Antiriciclaggio, la GAF e l’*Operational Risk Management*;
- la partecipazione alle 10 (dieci) 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;
- 2 (due) incontri con la Società di Revisione (oltre a quelli prodromici per lo scambio di informazioni relativi al Progetto di Bilancio 2019), 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 31 marzo 2019 è divenuta efficace la fusione per incorporazione di FI.GE. S.p.A. in SIREF Fiduciaria S.p.A. con efficacia fiscale e contabile retrodatata al 1° gennaio 2019, nel rispetto del disposto di cui all'art. 2504 *bis* c.c. per la quale il Collegio ha vigilato circa la conformità alla legge, allo statuto e alle delibere degli organi sociali dell'atto di fusione. Nelle more della realizzazione di tale operazione straordinaria, il Collegio Sindacale, in adempimento ad una esplicita richiesta da parte di Banca d'Italia, ha, per quanto di competenza e mediante l'analisi delle verifiche in merito condotte dalla funzione di *Audit*, verificato:

- il completamento dell'attività di *assessment*, in materia di antiriciclaggio, della clientela della Società incorporata e della conseguente attività segnaletica;
- l'avvenuto completamento, nei tempi stabiliti, delle iniziative per l'allineamento dei presidi in materia di adeguata verifica e profilatura della clientela di FI.GE. agli *standard* del Gruppo Intesa Sanpaolo;
- la ri-profilatura e il monitoraggio con i criteri e la periodicità prevista dagli *standard* del Gruppo Intesa Sanpaolo, a fronte della migrazione sui sistemi SIREF Fiduciaria, di tutti i clienti *ex* FI.GE..

Nel corso del 2019 e in sede di Consiglio, il Collegio ha esercitato la propria attività di vigilanza in merito all'integrazione del Consiglio di Amministrazione 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 in capo ai neo Amministratori. Il Collegio ha, altresì, espresso parere favorevole alle operazioni e delibere assunte dalla Società quando espressamente previsto dalla legge. 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 ha 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 e con la Società di Revisione hanno consentito di accertarne la conformità alle previsioni di legge e statutarie nonché la rispondenza delle delibere assunte in tal senso all'interesse sociale.

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* c.c..

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, azzardate, in potenziale conflitto di interesse o tali da compromettere l'integrità del patrimonio sociale.

VIGILANZA SULL'ADEGUATEZZA DELL'ASSETTO ORGANIZZATIVO

Il Collegio Sindacale, anche in occasione delle riunioni del Consiglio di Amministrazione ed in veste di Organismo di Vigilanza, ha avuto modo di verificare, per quanto di competenza, l'idonea definizione dei poteri delegati, la chiara identificazione di ruoli e responsabilità, l'adeguatezza dell'assetto organizzativo della Società nel perseguimento dei propri scopi sociali e la presenza di piani strutturati di formazione del personale dipendente.

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.

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 Capogruppo Intesa Sanpaolo e della Controllante Fideuram.

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.

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 della legge, delle normative interne in termini di procedure e disposizioni mediante acquisizione di informazioni dai responsabili delle funzioni di *Audit*, *Compliance*, Antiriciclaggio, GAF e *Operational Risk Management*.

Con efficacia 1° settembre 2019, nell'ottica di rafforzare ulteriormente il presidio in ambito di conformità alle norme e di antiriciclaggio, su indicazione della Capogruppo, le funzioni di controllo di II livello della Società sono state esternalizzate, nel rispetto delle disposizioni normative di settore applicabili, a favore della stessa.

In aggiunta, anche in considerazione del rinnovo del proprio incarico in nuova composizione, il Collegio Sindacale ha, altresì, svolto incontri *ad hoc* con i responsabili delle funzioni di controllo e con il Delegato alla Segnalazione delle Operazioni Sospette *ex* D. Lgs. 231/07 al fine di acquisire un'adeguata conoscenza dell'assetto dei controlli interni e delle attività svolte da tali funzioni.

Il Collegio Sindacale, anche in veste di Organismo di Vigilanza, ha, inoltre, vigilato sull'adeguatezza del sistema di controlli interni attraverso l'esame delle relazioni semestrali delle funzioni di controllo riscontrando adeguati presidi.

In qualità di Organismo di Vigilanza, il Collegio ha, inoltre, monitorato il rispetto del "Modello di organizzazione, gestione e controllo ai sensi del D. Lgs. 231/2001" di SIREF

Fiduciaria, aggiornato in occasione del Consiglio di Amministrazione del 28 gennaio 2019, relazionando al medesimo organo sull'applicazione del Modello all'interno della Società, 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.

PARERI E COMUNICAZIONI DEL COLLEGIO SINDACALE

Nel corso del 2019 il Collegio Sindacale ha, inoltre, dato il proprio parere favorevole in merito a:

- la nomina del Referente interno *Operational Risk Management* della Società;
- la nomina del Referente interno Antiriciclaggio, *Compliance* ed Anticorruzione della Società;
- la nomina del Responsabile *Audit* della Società;
- la nomina del Responsabile Antiriciclaggio della Società;
- la nomina del Delegato SOS della Società ex artt. 36 e 46, comma 1, lett. a) del D. Lgs. 231/2007 e del relativo sostituto;
- la nomina del *Compliance Officer* della Società.

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 2019, che è stato redatto ed approvato dal Consiglio di Amministrazione nella riunione del 17 febbraio 2020, 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 progetto di bilancio al 31 dicembre 2019 evidenzia un utile dell'esercizio, al netto delle imposte di Euro 1.750.243. Il patrimonio netto, compreso l'utile dell'esercizio, ammonta a complessivi Euro 29.390.218.

Il Collegio Sindacale, avendo vigilato sull'impostazione generale e sull'osservanza da parte degli amministratori delle norme procedurali inerenti alla formazione del Bilancio osserva, inoltre, che:

- sono state rispettate le norme di legge inerenti all'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 progetto di 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;
- la Società di Revisione KPMG S.p.A. ha emesso in data 06/03/2020 la sua relazione sul progetto di bilancio, ai sensi degli articoli 14 e 16 del D. Lgs. n. 39/2010, senza evidenziare rilievi o irregolarità.

In conclusione, mediante la descritta attività svolta dal Collegio Sindacale direttamente e tramite i risultati ai quali è pervenuta la Società di Revisione, si è preso atto dell'impostazione e della struttura del progetto di bilancio e riteniamo che lo stesso e la proposta del Consiglio di Amministrazione di destinazione dell'utile d'esercizio siano suscettibili di approvazione.

Milano, 9 marzo 2020

IL COLLEGIO SINDACALE

Rag. Gianpaolo Brianza

Dott.ssa Federica Mantini

Dott.ssa Beatrice Ramasco

Independent Auditors' Report

Siref Fiduciaria S.p.A.

Bilancio d'esercizio al 31 dicembre 2019

(con relativa relazione della società di revisione)

KPMG S.p.A.

6 marzo 2020

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

Relazione della società di revisione indipendente ai sensi dell'art. 14 del D.Lgs. 27 gennaio 2010, n. 39

All'Azionista Unico di
Siref Fiduciaria S.p.A.

Relazione sulla revisione contabile del bilancio d'esercizio

Giudizio

Abbiamo svolto la revisione contabile del bilancio d'esercizio di Siref Fiduciaria S.p.A. (nel seguito anche la "Società"), costituito dallo stato patrimoniale al 31 dicembre 2019, dal conto economico, dal prospetto della redditività complessiva, dal prospetto delle variazioni del patrimonio netto e dal rendiconto finanziario per l'esercizio chiuso a tale data e dalla nota integrativa che include anche la sintesi dei più significativi principi contabili applicati.

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria di Siref Fiduciaria S.p.A. al 31 dicembre 2019, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità agli International Financial Reporting Standards adottati dall'Unione Europea.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nel paragrafo "*Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio*" della presente relazione. Siamo indipendenti rispetto a Siref Fiduciaria S.p.A. in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti e appropriati su cui basare il nostro giudizio.

Altri aspetti

Direzione e coordinamento

Come richiesto dalla legge, gli amministratori di Siref Fiduciaria S.p.A. hanno inserito nella nota integrativa i dati essenziali dell'ultimo bilancio della società che esercita su di essa l'attività di direzione e coordinamento. Il giudizio sul bilancio d'esercizio di Siref Fiduciaria S.p.A. non si estende a tali dati.

Responsabilità degli Amministratori e del Collegio Sindacale di Siref Fiduciaria S.p.A. per il bilancio d'esercizio

Gli Amministratori sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità agli International Financial Reporting Standards adottati dall'Unione Europea e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Amministratori sono responsabili per la valutazione della capacità della Società di continuare a operare come un'entità in funzionamento e, nella redazione del bilancio d'esercizio, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli Amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio d'esercizio a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Società o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il Collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria della Società.

Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio d'esercizio nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche degli utilizzatori prese sulla base del bilancio d'esercizio.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio d'esercizio, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti e appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno della Società;
- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli Amministratori, inclusa la relativa informativa;
- siamo giunti a una conclusione sull'appropriatezza dell'utilizzo da parte degli Amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di un'incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità della Società di continuare a operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Società cessi di operare come un'entità in funzionamento;
- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio d'esercizio nel suo complesso, inclusa l'informativa, e se il bilancio d'esercizio rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione.

Abbiamo comunicato ai responsabili delle attività di *governance*, identificati a un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Relazione su altre disposizioni di legge e regolamentari

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D.Lgs. 39/10

Gli Amministratori di Siref Fiduciaria S.p.A. sono responsabili per la predisposizione della relazione sulla gestione di Siref Fiduciaria S.p.A. al 31 dicembre 2019, incluse la sua coerenza con il relativo bilancio d'esercizio e la sua conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione con il bilancio d'esercizio di Siref Fiduciaria al 31 dicembre 2019 e sulla conformità della stessa alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione è coerente con il bilancio d'esercizio di Siref Fiduciaria S.p.A. al 31 dicembre 2019 ed è redatta in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, comma 2, lettera e), del D.Lgs. 39/10, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

Milano, 6 marzo 2020

KPMG S.p.A.

Simone Archinti
Socio

Offices

Milan - Registered Office, Head Office and Permanent Office
Via Montebello, 18 – 20121 Milan

Turin – Permanent Office
Piazza San Carlo, 156 – 10128 Turin

Rome– Permanent Office
Via del Serafico, 43 – 00142 Rome

info@siref.it
www.sirefiduciaria.it

Company of the Intesa Sanpaolo Group