

ANNUAL REPORT



Leadership in
Financial Consultancy

2007

Mission

To help our customers manage their assets wisely, based on a detailed analysis of their real needs and risk profile.

To offer financial and insurance advisory services with the support of expert professionals, acting with total transparency and complete respect for the rules. **That is Banca Fideuram's Mission.**

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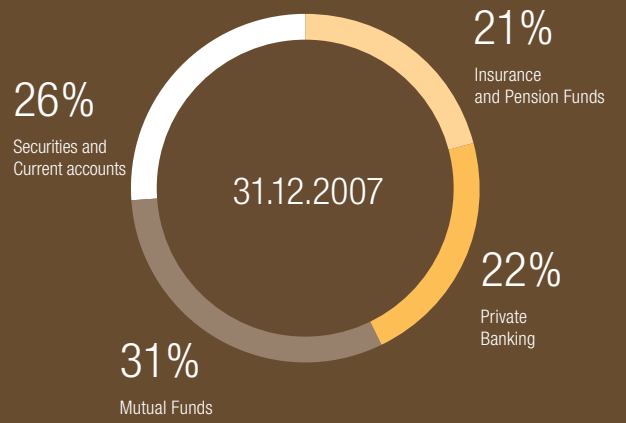
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4,280

68,574 €m



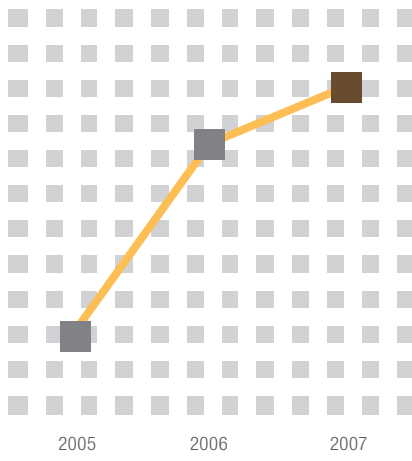
Private Bankers



Analysis of Assets Under Management %

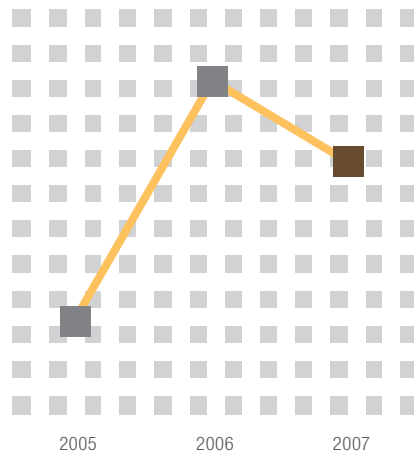
Highlights |

68,574 €m



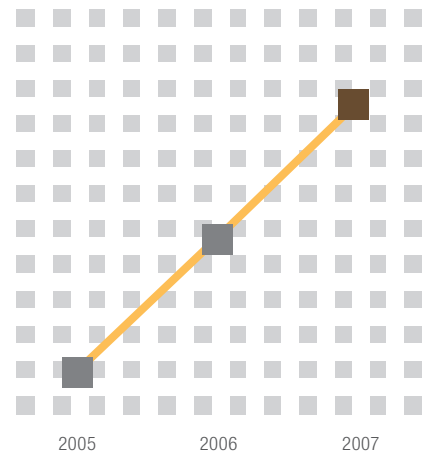
Assets Under Management

1,617 €m



Net inflows

255.5 €m



Consolidated net income

Assets Under Management

68,574
€m

Net commission income

575.4
€m

4,280

Private Bankers

1,617
€m

Total net inflows

Highlights |

Shareholders' equity

850.3
€m

ROE

31.7
%

255.5
€m

48.4
%

Cost/Income Ratio

Net income





Banca
Fideuram
at a glance

Key ratios

	2007	2006	2005 (*)
CUSTOMER FINANCIAL ASSETS			
Net inflows into managed savings (€m)	(892)	681	930
Total net inflows (€m)	1,617	1,818	1,222
Assets Under Management (€m)	68,574	67,591	64,312
OPERATING STRUCTURE			
Private Bankers (no.)	4,280	4,216	4,150
Employees (no.)	1,461	1,304	1,866
Private Bankers' offices (no.)	254	256	257
Branches (no.)	97	94	91
CONSOLIDATED FINANCIAL RESULTS			
Consolidated net income (€m)	255.5	224.4	190.8
Consolidated shareholders' equity (€m)	850.3	760.3	692.7
Basic consolidated net earnings per share (€)	0.2308	0.2319	0.1976
Dividend (€)	0.210	0.209	0.170
PROFITABILITY RATIOS			
R.O.E. (%)	31.7	30.9	28.5
Cost / Income ratio (%)	48.4	49.4	46.6
Staff cost / Total income from financing activities (%)	16.4	17.5	20.9
Net income / Average Assets Under Management (%)	0.37	0.34	0.31
E.V.A. (€m)	202.0	182.2	153.9
Embedded value (€m)	2,798	2,857	2,709
Rating (Standard & Poor's)	Long term: A+	Short term: A-1	Outlook: Stable

(*) Reflects the consolidation of the companies held for sale belonging to Wargny Group in accordance with IFRS 5.

Managed savings environment

Assets (source Bank of Italy)

(€bn)

	2006	2005	2004	2003	2002
Household financial assets in Italy (HFA)	3,670	3,522	3,314	3,112	3,011
Managed savings (MS)	1,122	1,110	1,175	1,090	950
- Mutual funds	391	417	400	404	361
- Private banking	548	513	449	418	403
- Life insurance technical reserves (*)	371	355	313	272	228
- Pension funds (*)	37	35	31	29	27
- Adjustments	(225)	(210)	(18)	(33)	(69)
MS as % of HFA	31%	32%	35%	35%	32%

Flows (source Bank of Italy)

(€bn)

	2006	2005	2004	2003	2002
Household financial assets in Italy (HFA)	124	106	92	111	132
Managed savings (MS)	(5)	68	59	71	43
- Mutual funds	(39)	(4)	(15)	11	(12)
- Private banking	27	35	14	5	4
- Life insurance technical reserves (*)	16	42	41	44	32
- Pension funds (*)	2	4	2	2	1
- Adjustments	(11)	(9)	17	9	18
MS as % of HFA	n.s.	64%	64%	64%	33%

(*) Life insurance and pension funds of 2006 are estimated.

n.s.: not significant

Board of Directors

Vincenzo Pontolillo*	Chairman
Salvatore Maccarone*	Deputy Chairman
Matteo Colafrancesco*	Managing Director
Franca Cirri Fignagnani*	Director
Giuseppe Fontana	Director
Giorgio Forti	Director
Luigi Maranzana*	Director
Giampietro Nattino	Director
Danilo Intreccialagli	Secretary of the Board of Directors

* Members of the Executive Committee

Audit Committee

Salvatore Maccarone	Chairman
Giorgio Forti	Member
Franca Cirri Fignagnani	Member

Board of Auditors

Mario Paolillo	Chairman
Vito Codacci Pisanelli	Statutory Auditor
Gian Paolo Grimaldi	Statutory Auditor
Lorenzo Ginisio	Acting Auditor
Ruggero Ragazzoni	Acting Auditor

General Management

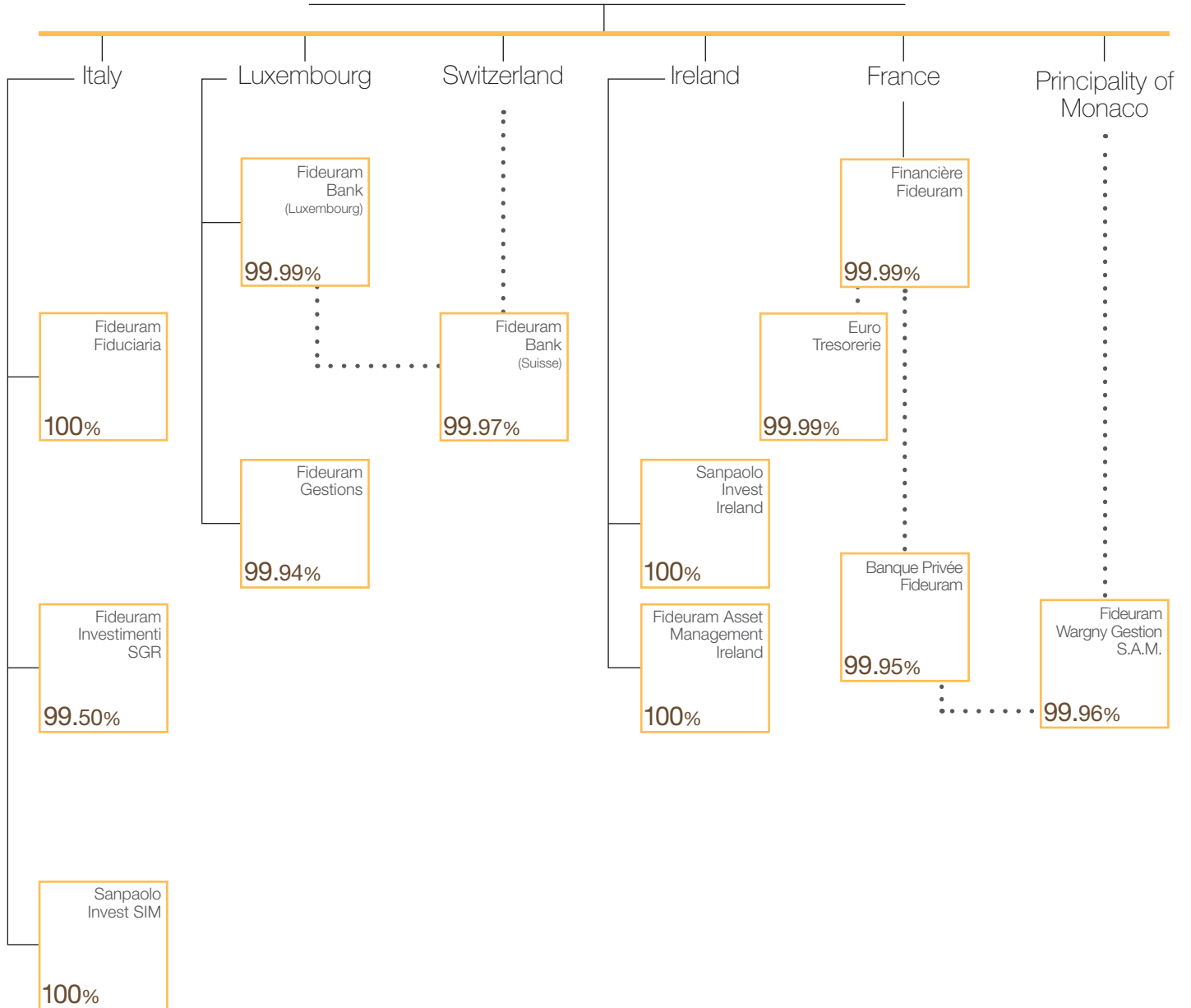
Matteo Colafrancesco	General Manager
Alberto Maria Maturi	Deputy General Manager - C.F.O.

Independent Auditors

Reconta Ernst & Young S.p.A.



Banca FIDEURAM



Ownership:
— Direct
..... Indirect

LEADERSHIP IN FINANCIAL CONSULTANCY

There were many important developments in 2007. On the one hand the MiFID Directive came into force, radically changing the reference regulatory framework for the financial services industry, while enabling us to highlight the value of the consultancy that our Private Bankers have always provided our customers. On the other hand, the crisis in the financial markets gradually spread, causing a deterioration in the macroeconomic scenario and impacting strongly on the managed savings sector.

Within this context, the new strategic approach that parent company Intesa Sanpaolo adopted for the Banca Fideuram Group became of decisive importance.

New strategic approach

The merger of Banca Intesa and Sanpaolo IMI made it necessary to completely rethink the entire project regarding the Eurizon Financial Group, highlighting the opportunities offered by developing its three different areas of business independently.

For Banca Fideuram, the salient points of our parent company's new strategy involve:

- **fully restoring the bank's individual corporate identity,**
- building on and enhancing the value of its traditional strengths, such as **private banking**, including through new investments,
- **relisting the bank on the stock exchange** as swiftly as is appropriate.

The core objective is to again achieve significant market growth, strengthening the bank's leadership in the financial consultancy sector in Italy and continuing to play the role of innovator which has always distinguished us.

Our growth strategy is centred on these objectives, placing the Banca Fideuram and Sanpaolo Invest Private Banker Networks at the heart of our business model. All our company divisions revolve around them, providing the comprehensive operational and sales support necessary to build successful customer relations.



Organisational structure

In July 2007, we launched an in-depth project with our parent company to reconstruct the Banca Fideuram Group's organisational scope with a view to aligning it both with our own business development plans and to supporting the greatest possible synergies within the Intesa Sanpaolo Group.

This project concluded with the return to Banca Fideuram of many divisions and competencies that had previously been provided externally in all areas from sales and marketing through to operative and information technology support.

The activities which continue to be centralised in Intesa Sanpaolo are those which benefit from greater economies of scale within the parent company.

As a result, the objective of rebuilding an organisational engine within Banca Fideuram that is able to provide the best possible support for our business has been achieved.

Our efforts in 2008 will be concentrated on increasing the efficiency of this engine.



The MiFID Directive has elevated financial consultancy to the level of an investment service, recognising the value of what we have always offered our customers a regulatory sphere



Business development

Our business development is focused on two closely interlinked areas:

- our customer service model, and
- our range of products and services and asset management.

The foundations of our future development were laid in each of these areas in 2007.

Customer service model

The MiFID Directive has elevated financial consultancy to the level of an investment service, recognising the value of what we have always offered our customers. This regulatory recognition has enabled us to explicitly emphasise both on the market and to our customers a strength that has always been a natural core element of our service: financial advisory support.

It is this which has not only enabled our 4,300 Private Bankers to build an average portfolio that is almost three times the market average, but above all to achieve a leading position in the private banking sector in Italy.

A good €28bn of the bank's approximately €69bn Assets Under Management come from private banking customers, which is to say customers who have more than €500,000 invested with us.

Reaffirming the innovative role that has always distinguished us, our new advanced **financial planning** model called **SEI**, which represents a truly significant step forward in how consultancy is provided, is now fully ready to be rolled out to our Private Bankers.

This intelligent model is centred on the customer at every stage in the consultancy process, using a detailed analysis of all the customer's investment and other needs to identify appropriate solutions in line with their risk profile.

Range of products and services and asset management

During 2007, we worked on developing our range of products and services from two different directions.

On the one hand, we continued the process of extending and updating our product range. In managed savings, we continued the development of our multibrand range of products, maintaining our emphasis on a careful selection both of third-party management companies and the products themselves, aiming to cover an increasingly wide array of management styles and major sectors.

In the insurance sector, we continued developing the range of unit linked solutions offered through the EurizonLife platform.

At the same time, on the other hand, we launched a project for completely revising our range of private banking products and services, aiming to provide a strong combination of flexibility and tax optimisation, together with totally clear reporting of the results obtained.

Our efforts in 2008 will be concentrated not only on continuously improving the range offered to keep pace with market developments and provide comprehensive support for our consultancy service model, but above all on developing a range that is dedicated to customers in the private segment, which is of core strategic importance to Banca Fideuram. This range will include innovative solutions in the areas of funds, private banking and private insurance. Accompanying these, we will be launching a series of ancillary services designed to further enhance our Private Bankers' reputation for support that's in a class of its own.

Alongside these product initiatives, we shall also concentrate on refocusing our asset management strategies, paying considerable attention to improving our management of performance aspects and investment processes.



A good €28bn of the bank's approximately €69bn Assets Under Management come from private banking customers



Communications

Banca Fideuram launched a process in 2007 for regaining the visibility that it deserves in the managed savings market. A series of initiatives launched in the second half of the year were merely the opening moves in a more extensive structured plan of action that we will be developing in 2008, including to mark the occasion of our 40th year in business. Corporate communications, including advertising, are an essential tool for disseminating our brand image, our way of interpreting market developments and the distinctive consultancy we offer our customers.

Results

Banca Fideuram achieved good results in an extremely complex market scenario dominated by increased volatility, testifying to the validity of our industrial model and, in particular, our Private Banker Networks' ability to maintain strong and stable customer relations.

Net income totalled **€255.5m in 2007**. **R.O.E.** likewise continued to be excellent at **31.7%**.
The Group's **Cost/Income** ratio was **48.4%**.

Assets under management rose to **€68.6bn** and **net inflows** for the year totalled **€1.6bn**.

A landmark year

Banca Fideuram will be celebrating its 40th year in business in 2008. But we will not just be celebrating the 40th anniversary of the bank's foundation, we will also be celebrating a vocation. Banca Fideuram has played a pioneering role in modernising the saving and investment habits of Italians, developing innovations that have changed the face of financial consultancy in Italy, and training the best professionals in the sector.

It is this innovation and professionalism that has enabled Banca Fideuram to consolidate a position of undisputed market leadership. These achievements are all a source of great pride, but they are also a great responsibility and stimulus for continuous improvement.

Today's market urges everyone in our profession to deliver improved quality. It is up to us to once again show the way and lead where others follow.

Matteo Colafrancesco



Banca Fideuram Group Annual Report

Sustainable development, Corporate Social Responsibility, effective systems and company audit and governance mechanisms are all matters of overriding importance to the Banca Fideuram Group, a leader in the Italian managed savings sector for 40 years. Communicating these matters and maintaining an ongoing dialogue with our stakeholders is a priority which has led the Group to bring its Consolidated Financial Statements, Social Report and Report on Corporate Governance together in a single document, the Annual Report, with the aim of providing increasingly complete and transparent integrated information.

The content of the new Annual Report is in fact intended to show how one can complement strong financial results that are on a steady upward trend with processes of social responsibility that highlight their added value and sustainability.

Reflecting this choice, our Annual Report gains a new design that supports the Banca Fideuram Group's commitment to continuously improve clarity of information and communicates the main steps we intend taking to strengthen our business, focussing in particular on everyone who actively participates in creating value for the Group (our shareholders and customers) and contributes to our growth through their work (our employees and Private Bankers), without forgetting the many stakeholders who interact with the Group in a myriad of ways (our communities and suppliers, together with the financial system and other institutions).

The way we produce this document will be subject to further changes in 2008 as a result of recent regulatory developments and the Bank of Italy's supervisory regulations of 4 March 2008 on the systems and corporate governance of banks in particular.

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Consolidated
Financial
Statements
and Notes

RECLASSIFIED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet

(Reclassified - €m)

	31.12.2007	31.12.2006	change	
			amount	%
ASSETS				
Cash and cash equivalents	26.2	22.6	3.6	+15.9
Financial assets (other than loans and financial assets held to maturity)	4,424.2	3,088.0	1,336.2	+43.3
Financial assets held to maturity	4.6	3.5	1.1	+31.4
Due from banks	5,488.8	5,098.1	390.7	+7.7
Loans to customers	897.4	1,065.0	(167.6)	-15.7
Hedging derivatives	80.8	10.9	69.9	n.s.
Equity investments	0.1	1.6	(1.5)	-93.8
Tangible assets	33.4	45.3	(11.9)	-26.3
Intangible assets	28.2	6.2	22.0	n.s.
Tax assets	120.8	96.2	24.6	+25.6
Non-current assets and groups of assets held for sale	9.4	136.6	(127.2)	-93.1
Other assets	727.8	538.5	189.3	+35.2
TOTAL ASSETS	11,841.7	10,112.5	1,729.2	+17.1
LIABILITIES				
Due to banks	969.6	225.5	744.1	n.s.
Due to customers	8,660.0	7,672.4	987.6	+12.9
Debt securities in issue	352.6	354.3	(1.7)	-0.5
Financial liabilities held for trading	10.7	15.7	(5.0)	-31.8
Hedging derivatives	35.5	42.6	(7.1)	-16.7
Tax liabilities	31.7	24.1	7.6	+31.5
Liabilities associated with groups of assets held for sale	-	162.0	(162.0)	-100.0
Other liabilities	700.1	636.3	63.8	+10.0
Provisions for risks and charges	231.0	219.1	11.9	+5.4
Minority interests	0.2	0.2	-	-
Shareholders' equity	850.3	760.3	90.0	+11.8
TOTAL LIABILITIES	11,841.7	10,112.5	1,729.2	+17.1

n.s.: not significant

Consolidated Income Statement

(Reclassified - €m)

	2007	2006	change	
			amount	%
NET INTEREST INCOME	131.9	78.9	53.0	+67.2
Net commission income	575.4	599.4	(24.0)	-4.0
Net gains or losses on financial assets and liabilities	4.7	8.6	(3.9)	-45.3
TOTAL INCOME FROM FINANCING ACTIVITIES	712.0	686.9	25.1	+3.7
Net adjustments for impairment losses	2.0	0.6	1.4	n.s.
NET GAINS OR LOSSES ON FINANCING ACTIVITIES	714.0	687.5	26.5	+3.9
Staff costs	(116.7)	(120.0)	3.3	-2.8
Other administrative costs	(225.5)	(205.3)	(20.2)	+9.8
Other operating income/expense	10.2	(3.5)	13.7	n.s.
Net adjustments to tangible and intangible assets	(7.0)	(12.1)	5.1	-42.1
OPERATING EXPENSES	(339.0)	(340.9)	1.9	-0.6
Net provisions for risks and charges	(42.4)	(61.0)	18.6	-30.5
Income on equity investments	-	0.1	(0.1)	-100.0
INCOME/LOSS BEFORE TAX ON CURRENT OPERATIONS	332.6	285.7	46.9	+16.4
Income taxes for the year on current operations	(77.0)	(32.7)	(44.3)	+135.5
Income/losses after tax on non-current assets held for sale	-	(28.5)	28.5	-100.0
Minority interests in net income/loss	(0.1)	(0.1)	-	-
NET INCOME	255.5	224.4	31.1	+13.9

n.s.: not significant

Quarterly reclassified consolidated income statement trend

(Reclassified - €m)

	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Average 2007
NET INTEREST INCOME	39.6	33.7	29.1	29.5	33.0
Net commission income	134.6	144.6	142.9	153.3	143.9
Net gains or losses on financial assets and liabilities	(5.5)	3.6	3.0	3.6	1.2
TOTAL INCOME FROM FINANCING ACTIVITIES	168.7	181.9	175.0	186.4	178.0
Net adjustments for impairment losses	1.5	0.1	0.2	0.2	0.5
NET GAINS OR LOSSES ON FINANCING ACTIVITIES	170.2	182.0	175.2	186.6	178.5
Staff costs	(26.8)	(26.3)	(35.2)	(28.4)	(29.2)
Other administrative costs	(59.4)	(59.5)	(53.7)	(52.9)	(56.4)
Other operating income/expense	8.3	1.3	0.2	0.4	2.6
Net adjustments to tangible and intangible assets	(1.7)	(1.7)	(1.8)	(1.8)	(1.8)
OPERATING EXPENSES	(79.6)	(86.2)	(90.5)	(82.7)	(84.8)
Net provisions for risks and charges	(12.5)	(7.2)	(9.8)	(12.9)	(10.6)
Income on equity investments	(1.0)	1.0	-	-	-
INCOME/LOSS BEFORE TAX ON CURRENT OPERATIONS	77.1	89.6	74.9	91.0	83.2
Income taxes for the year on current operations	(24.2)	(22.3)	(12.1)	(18.4)	(19.3)
Minority interests in net income/loss	(0.1)	-	-	-	-
NET INCOME	52.8	67.3	62.8	72.6	63.9

MAIN RESULTS AND STRATEGIES

THE NEW STRATEGIC SCENARIO FOR BANCA FIDEURAM

On 19 June 2007, the Management Board and Supervisory Board of Intesa Sanpaolo decided against listing the Eurizon Financial Group and instead to develop the holding company's three subsidiaries: Banca Fideuram, Eurizon Capital and EurizonVita.

It became necessary to rethink the entire project following the merger of Banca Intesa and Sanpaolo IML, which significantly increased the companies' growth potential in all three areas of subholding's financial services.

The new strategic plan aims to further strengthen Banca Fideuram's leadership by restoring its individual identity, relisting the bank swiftly on the stock exchange. Banca Fideuram will be supported with all the resources necessary to make investments that enhance its traditional strengths, including those in the private banking sector.

During June, Managing Director Massimo Arrighi, Director Mario Greco and General Manager Giuseppe Rosnati tendered their resignations. Following the guidelines of parent company Intesa Sanpaolo, the Board co-opted Luigi Maranzana as Director and Matteo Colafrancesco as Managing Director and General Manager. At the end of July, Deputy General Manager Donato Gualdi's contract of employment was terminated by mutual consent.

On 1 October 2007, our overall parent company Intesa Sanpaolo's project for reorganising the Eurizon Financial Group S.p.A. saw it decide to merge the company with Intesa Sanpaolo S.p.A., as a result of which Banca Fideuram has been controlled directly by its parent company since 31.12.2007, the date when the merger took effect.

The parent company likewise decided that as of 1 October 2007, Eurizon Financial Group would no longer be responsible for the management and coordination of the companies in the Banca Fideuram Group, which would simultaneously revert to Intesa Sanpaolo. In line with this thinking, Banca Fideuram was once again made responsible for the related operating activities, which had previously been allocated to the Eurizon Financial Group. Lastly, the Group bought the IT services and Operations management divisions back from Eurizon Solutions in December. This project for achieving maximum efficiency in line with the highest market standards will also seek to leverage the critical mass of our overall parent company's central departments in order to achieve the greatest cost synergies.

Benefiting from the tradition and modus operandi that have distinguished the bank for some forty years, Banca Fideuram responded to the new Markets in Financial Instruments Directive (MiFID) which came into force on 1 November 2007 by offering our financial consultancy service to all our customers.

The **Consultancy Contract** prepared by Banca Fideuram is intended to be signed by all our customers to ensure that they are informed of the regulations that protect their interests and provides information on the following salient aspects:

- Bank and financial instruments
- Costs and expenses

- Classification of customers
- Conflicts of interest
- Incentives received by the bank.

Entering into this contract with all our customers involves immediately classifying them in the retail category and offering them the highest possible guarantees and levels of service.

Moreover, Banca Fideuram has developed and implemented a system for protecting its investors over the past two years which monitors the appropriateness of customer orders based on an analysis of each individual transaction's impact on the portfolio's overall risk. The bank simultaneously integrated this appropriateness model in an advanced financial planning system called *SEI*, taking the highest standards of international private banking as its benchmark. The new system is currently in the advanced stages of testing with the help of Private Bankers in the field. The bank expects this tool to constitute a strong competitive advantage, putting our Fideuram and Sanpaolo Invest Private Bankers in a special position when it comes to understanding customer needs and formulating truly customised investment solutions. The *SEI* system will thus support our Private Bankers' sales process, helping them provide superior customer relationship management based on the two core areas of its architecture: customer need and risk management.

THE ECONOMIC SCENARIO

Economic growth slowed somewhat in the major advanced economies during 2007, while remaining particularly strong in the emerging economies. The fall in the financial markets originating in the American subprime mortgage crisis intensified during the summer and led to a significant reappraisal of the prospects for American economic growth.

In the **USA**, the difficulties in the real estate market and increase in mortgage defaults caused a sharp deterioration in expectations notwithstanding solid growth in the in the middle quarters of the year. The December labour market and business confidence data showed further signs of a slowdown. The increasing tensions in the credit and interbank markets led the Federal Reserve to cut interest rates by a total of 100 basis points in its three meetings in the last quarter of 2007, taking them to 4.25% at the end of the year. As a result of the continued rapid deterioration in the economic and financial scenario, the Federal Reserve decided to make further cuts at its January and March 2008 meetings, taking the official rates to 2.25%.

In **Asia**, economic growth remained very strong in China, notwithstanding the introduction of restrictive measures both in monetary policy and of an administrative nature. In Japan, conversely, strong growth in the first quarter was followed by a decided slowdown in the middle two quarters of the year. The international financial market turbulence led the Bank of Japan to put any further interest rate increases on hold after the rise decided in February.

In the **Eurozone**, business investments and improved labour market conditions were the main growth factors in the first part of the year. The European Central Bank therefore continued with its restrictive cycle throughout the first half of the year, with two increases that took interest rates to 4% in June. The crisis that struck the financial markets in the summer reversed this trend, impacting on monetary policy prospects and,

in the last quarter of the year, there were the first signs of a slowdown in the economy. The tensions in the credit and interbank markets were joined by a substantial appreciation in the exchange rate and sharp increases in oil and major raw material prices, with negative impacts on inflation and growth prospects.

Share markets trend

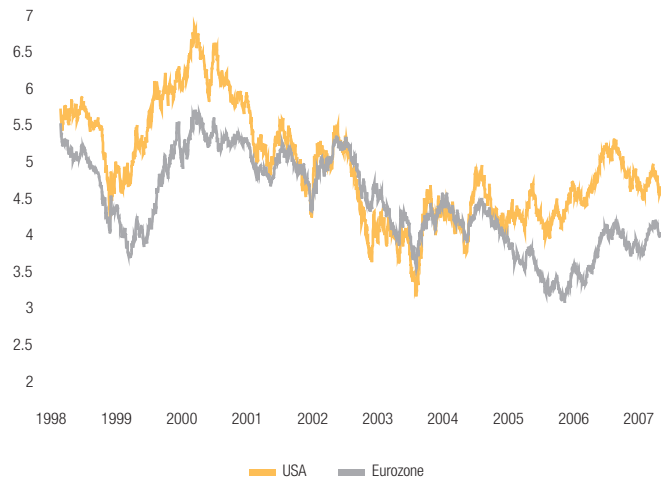


The European Central Bank, which intervened by injecting large amounts of liquidity into the system to normalise money market conditions, therefore suspended its restrictive cycle while continuing to point out the risks concerning inflation, which led it to keep the refinancing rate on hold rather than making any cuts.

Stock market performance was particularly positive in 2007 until the middle of July, after which there was a sharp correction with the intensification of the tensions generated by the subprime mortgage crisis. The change in the Federal Reserve's monetary policy fostered some degree of recovery, but the markets entered a sharp corrective phase towards the end of the year on the back of growing recessionary expectations for the American economy in 2008. In the U.S.A., the S&P 500 index ended 2007 only slightly higher than at the beginning of the year, while in Europe the DJ-Stoxx 600 ended the year slightly down. The bond markets experienced steady increases in government bond yields for a period in the Spring, but then fell significantly both in the U.S.A. and Eurozone. In the Eurozone, yields on ten-year government bonds ended the year significantly higher than at the beginning notwithstanding this fall in the second half of 2007.

Bond markets trend

(10-year government securities yields)



OVERVIEW OF CONSOLIDATED RESULTS

The Banca Fideuram Group ended 2007 with **consolidated net income** of €255.5m, up €31.1m (+13.9%) on the result for the previous financial year (€224.4m). **R.O.E.** was 31.7%, up from 30.9% in 2006.

Our operating result in 2007 benefited from increased net interest income (+€53m) which more than offset a decline in net commission income (-€24m) and increased operating costs (+€11.8m). The Group's **Cost/Income ratio** improved to 48.4% compared to 49.4% in 2006. Gross income also benefited from lower provisions (-€18.6m) and an increase in other operating income (+€13.7m), which included €11.5m income from the sale of Fideuram Investimenti S.g.r.'s Open Pension Fund to EurizonVita. Income taxes were up €44.3m due both to increased gross taxable income and a write-off of deferred tax assets following the reduction in the IRES corporate income tax and IRAP Regional business tax rates introduced by the 2008 Finance Act. The transaction for selling the two main divisions of Banque Privée and the shares in Fideuram Wargny Gestion S.A. to the French Viel & Cie Group was completed in the year without any additional expenses to those shown in the financial statements for prior years.

The Banca Fideuram Group's **assets under management** totalled €68.6bn, up 1.5% on the figure at the end of 2006 (€67.6bn), benefiting from healthy total net inflows (€1.6bn). Managed savings accounted for €50.8bn of this total, down 2.5% on 2006 (€52.1bn) and amounting to 74% of total assets under management.

Total net inflows were €1,617m in 2007 compared to €1,818m in 2006 (- 11.1%). Net inflows into non-discretionary savings totalled €2,509m, up substantially on the figure of €1,372m achieved in 2006. Conversely, managed savings were impacted negatively by the crisis on the financial markets, with a net outflow of €892m, down significantly from the result for the previous financial year (net inflow of €681m).

At 31 December 2007, the **number of Private Bankers** in the Fideuram and Sanpaolo Invest networks had grown to 4,280 from 4,216 at the end of 2006.

Total staff came to 1,461 employees at that date, compared to 1,304 at 31.12.2006, with the net change including an increase of 305 following the purchase of the IT and Operations division from Eurizon Solutions and a decrease of 163 following the above-mentioned sale of the Banque Privée divisions and holding in Fideuram Wargny Gestion.

Bank branches and **Private Bankers' offices** totalled 97 and 254 respectively, with Sanpaolo Invest SIM accounting for 153 of the latter.

Total customer numbers were approximately 650,000 at 31.12.2007, a decrease of 21,000 from the figure at 31.12.2006, which was, however, concentrated in the mass market segment, while all other segments were either stable or showed growth, with peaks of 5% for the high-net-worth segment.

The number of customers subscribed to our online services came to 200,000, up 25,000 on 31 December 2006.

OPERATING RESULTS

EMBEDDED VALUE AND EMBEDDED VALUE EARNINGS

In order to provide a more complete analysis of the factors underlying the generation of value, this section provides an estimate of the embedded value of the Banca Fideuram Group and an analysis of the value added during 2007.

An embedded value is an actuarially determined estimate of the value of a company, excluding any value attributable to future new business.

Embedded value earnings, defined as the change in the embedded value over a period, after adjustment for any capital movements such as dividends and capital injections, provide a measure of the company's performance during the period in terms of its ability to generate value.

The embedded value as at 31 December 2007 and the value added during 2007 have been determined by Tillinghast, the insurance and financial services consulting business of Towers Perrin, using data and information provided by Banca Fideuram and its subsidiary companies.

The valuations make use of actuarial methodology typically used in traditional embedded value reporting, based on deterministic projections of future after tax profits, with an allowance for risk through the use of a single risk discount rate for all lines of business. The allowance for risk may not correspond to a capital markets valuation of such risk.

The calculation of embedded values requires the use of numerous assumptions with respect to future business, operating, and economic conditions, and other factors, many of which are beyond the control of the Banca Fideuram Group. Although the assumptions used represent estimates which Banca Fideuram considers to be reasonable for the purpose of embedded value reporting, actual future operating conditions and actual future experience may vary from that assumed in the calculation of the embedded values, and such variations may be material. Consequently, the inclusion of embedded value information herein should not be regarded as a representation by Banca Fideuram, Tillinghast, or any other person, that the stream of future after tax profits used to determine the embedded values will be achieved.

Embedded value

The embedded value of a company comprises the sum of adjusted shareholders' net assets and the value of business in force at the valuation date. The value of in-force business has been calculated on a consolidated basis in respect of the Group's life insurance, mutual fund and discretionary account businesses.

Adjusted shareholders' net assets are defined as published net assets adjusted to reflect the market value of the underlying assets.

The value of in-force asset management business is defined as the present value of the projected stream of future after-tax profits expected to be generated by the mutual fund contracts and discretionary account mandates in force at the valuation date.

The value of in-force life insurance business is similarly defined as the present value of the projected stream of future after-tax profits that are expected to be generated in the Banca Fideuram Group by the life policies in force at the valuation date.

The stream of future after-tax profits is determined using realistic assumptions for future operating conditions as regards such items as investment returns, inflation, expenses, taxation, lapse, disinvestment, surrender and mortality rates.

The discount rates used to calculate the present values are determined with reference to the prevailing levels of interest rates, and include a loading to reflect the risk that the assumptions chosen to project the future profits may not be borne out in practice.

Embedded value as at 31 December 2007: Banca Fideuram Group

The following table shows the embedded value as at 31 December 2007, and, for comparative purposes, equivalent values as at 30 June 2007 and 31 December 2006.

Embedded value - Banca Fideuram Group

(€m)

	31.12.2007	30.06.2007	31.12.2006
Consolidated net assets ¹	850	769	760
Adjustments to consolidated net assets	(41)	(39)	(39)
Adjusted net assets	809	730	721
Value of in-force life insurance business	763	744	687
Value of in-force mutual fund business	563	623	627
Value of in-force discretionary account business	663	739	822
Value of in-force business	1,989	2,106	2,136
Embedded value	2,798	2,836	2,857

1. After minority interests.

The total consolidated net assets are equal to those reported in the consolidated balance sheet net of minority interests at the respective valuation dates. The adjustments to net assets relate primarily to (i) the after-tax effects of marking shareholders' assets to market, including a surveyor's valuation of real estate, (ii) the elimination of intangible assets, (iii) the impact of deferred acquisition costs, and (iv) certain minor after-tax adjustments on asset valuations to maintain consistency with the valuation of in-force business.

The values of the in-force life insurance and asset management businesses are calculated on a consolidated line of business basis, after minority interests, using assumptions considered appropriate at the valuation date. The risk discount rate used is 7.35% for the valuation as at 31 December 2007 (7.50% as at 30 June 2007 and 6.95% as at 31 December 2006).

The risk discount rate appropriate to an individual shareholder or investor depends upon the investor's own requirements, tax position and perception of the risks associated with the realisation of future profits. To

judge the impact of using alternative discount rates, the following table shows the sensitivity of the embedded value as at 31 December 2007 to the use of discount rates respectively 0.5% lower and higher than the central rate.

Embedded value as at 31 December 2007 - Banca Fideuram Group

(€m)

Discount rate	6.85%	7.35%	7.85%
Consolidated net assets	850	850	850
Adjustments to consolidated net assets	(41)	(41)	(40)
Adjusted net assets	809	809	810
Value of in-force life insurance business	781	763	746
Value of in-force mutual fund business	575	563	550
Value of in-force discretionary account business	678	663	649
Value of in-force business	2,034	1,989	1,945
Embedded value	2,843	2,798	2,755

Embedded value earnings

The following table shows the embedded value earnings in 2007 of the Banca Fideuram Group. For comparison, the table also shows the derivation of the embedded value earnings for the first half of 2007 and for the full year 2006.

Embedded value earnings are equal to the sum of the change in the embedded value and dividends distributed in the period, net of other capital movements; the latter are related primarily to exchange rate movements on subsidiaries, the impact of stock options and other capital movements on consolidation. For consistency with the primary accounting treatment, the impact of the non-current operations of Fideuram Wargny has been excluded from the embedded value earnings for the full year 2006.

Embedded value earnings - Banca Fideuram Group

(€m)

	Year 2007	1st half 2007	Year 2006
Change in embedded value in period	(59)	(21)	148
Dividends distributed in period	205	205	164
Other capital movements	(64)	(60)	(6)
Exclusion of Fideuram Wargny impact	-	-	12
Embedded value earnings	82	124	318

The embedded value earnings for 2007 can be divided into three major components:

- Value added before new sales and the commercial initiatives of migration and transformation, comprising (i) expected return, based on the assumptions underlying the opening embedded value; (ii) experience variances, resulting from differences between actual experience and the assumptions used at the start of the year, before the impact of new sales, migration and transformation; (iii) changes in assumptions for future operating experience, excluding economic and tax assumptions; (iv) changes in assumptions for future economic conditions, including investment returns, tax rates and the risk discount rate.
- The value added arising from the commercial initiative of migration during the period, determined initially at the point of sale, on end-period assumptions and then accumulated at the risk discount rate to the end of the period, and which allows for all related costs including incentive payments to Private Bankers. This comprises the migration of approximately €865m from mutual funds and discretionary accounts to unit linked policies; there were no material life business transformations during the period.
- The value added by new sales in the period, determined initially at the point of sale on end-period assumptions, and then accumulated at the risk discount rate to the end of the period. Full allowance is made for all costs associated with the acquisition of new business, including provisions for incentive payments to Private Bankers. For the purpose of this disclosure, new sales comprise:
 - a) new life insurance business which comprises new policies issued for €30m of traditional products, €78m of annualised recurrent unit linked premiums and €1,029m of unit linked single premiums;
 - b) new asset management business, defined as the sum of net inflows for all clients with positive net managed asset inflows, amounting to €3,815m of mutual funds (of which €1,798m of third party funds) and €1,273m of discretionary account business including offshore (of which €169m of third party accounts).

The following table shows the components of embedded value earnings for 2007, with equivalent values for the first half of 2007 and for the full year 2006.

Components of embedded value earnings

(€m)

	Year 2007	1st half 2007	Year 2006
Expected return	157	77	135
Experience variances	(196)	(69)	(29)
Changes in operating assumptions	(65)	(2)	(7)
Changes in economic assumptions	(13)	4	6
Total before new sales and migration/transformation	(117)	10	105
Migration to life business	13	10	6
Life business transformations	-	-	-
Value added by migration and transformation	13	10	6
Life insurance	82	46	56
Mutual funds	62	36	82
Discretionary accounts	42	22	69
Value added by new sales	186	104	207
Embedded value earnings	82	124	318

The principal features of the embedded value earnings for 2007 are described below.

Expected profits, based on the start-year assumptions amounted to €157m.

Variances from the assumptions used at the start of the year decreased earnings in the period by €196m in aggregate, which arise from numerous sources. The main negative variances relate to lower investment performance than expected on all lines of business, which had an impact of €102m on the earnings in the period, and to greater than expected disinvestment rates in the period for €66m. Negative impacts on embedded value earnings of €18m relate to minimum commission advances to Private Bankers.

The increase in provisions related to legal disputes, claims from receivers and complaints had an after-tax impact of €8m. The remaining effects comprise a series of minor elements, both positive and negative.

Changes in assumptions gave rise in aggregate to a decrease in value of €78m, due to the effect of updated disinvestment rates for €65m and the fiscal changes arising from the 2008 Finance Act for €13m.

The commercial initiative of migration from mutual funds and discretionary accounts to life business generated €13m in 2007.

New sales in 2007 added €186m to embedded value earnings, of which €82m related to life business, €62m to mutual fund business and €42m to discretionary account business.

The table below shows the sensitivity of the value added by new sales of the Banca Fideuram Group to the use of a range of discount rates.

Value added by new sales in 2007

(€m)

Discount rate	6.85%	7.35%	7.85%
Life insurance business	85	82	79
Mutual fund business	64	62	60
Discretionary account business	43	42	41
Value added by new sales	192	186	180

Assumptions

Embedded value accounting, in common with any valuation method based on projections of future earnings, necessarily involves a degree of subjectivity when establishing the assumptions to be used. Banca Fideuram, with the assistance of Tillinghast, has sought to employ appropriate assumptions, in a consistent fashion, for all its lines of business. Following common practice in traditional embedded value reporting, assumptions have been set in a deterministic fashion which does not therefore reflect the consequences of the natural volatility of certain experience assumptions, particularly those for investment returns.

The principal assumptions and bases used as at 31 December 2007 are given below:

- A risk discount rate of 7.35% (7.50% as at 30 June 2007 and 6.95% as at 31 December 2006) was used for all lines of business.
- The gross market rate of investment return on benchmark Italian 10-year government bonds was taken to be 4.60% (4.75% as at 30 June 2007 and 4.20% as at 31 December 2006) and total return on equities was taken to be 7.10% (7.25% as at 30 June 2007 and 6.70% as at 31 December 2006). Liquidity was assumed to earn 4.05% (4.15% as at 30 June 2007 and 3.65% as at 31 December 2006). Equivalent benchmarks were used for other assets.
- The rate of return on assets backing life technical reserves was determined based on the actual asset duration and mix, allowing for investment policies currently in place, using the benchmarks shown above. In particular, projected market rates of return on unit linked life insurance, before management charges, vary by fund according to the asset composition at the valuation date, and are on average 5.50% (5.60% as at 30 June 2007 and 5.05% as at 31 December 2006) for guaranteed funds, and 5.95% (6.05% as at 30 June 2007 and 5.20% as at 31 December 2006) on non-guaranteed funds.
- The market rates of return on mutual fund and discretionary account business vary by product. The product-level asset allocation was set by reference to the average, in the 12 months prior to the valuation date, of the composition of each comparto underlying each mutual fund or discretionary account product. On this basis, the average projected return, before charges, on mutual funds and discretionary accounts was 5.80% (5.95% as at 30 June 2007 and 5.35% as at 31 December 2006).
- Projected profits in Italy have been subjected to a tax charge allowing for the impact of Ires at 27.5% and impact of Irap at a rate of 4.9%. The average tax rate takes into account of the different taxable amounts. Profits projected to arise in foreign subsidiaries have been taxed at normal local rates, allowing for the impact of taxation on profits remitted to Italy. For Irish domiciled companies, therefore, the aggregate tax charge (local taxation plus tax on dividends to be received) is 15.85%.
- Future experience for mortality, annuity take-up rates, lapse, surrender, and other exits, including rates of total and partial withdrawals on unit linked and asset management business has been based on recent analysis of the operating experience of the Banca Fideuram Group supplemented by market knowledge where necessary.
- General and administrative expenses associated with the life insurance and asset management business, at the consolidated level, have been subdivided by line of business, and fully allocated into investment, acquisition and maintenance expenses. Projected future maintenance expenses make allowance for inflation at 2.6% per annum (2.5% as at 30 June 2007 and 2.5% as at 31 December 2006).
- Commissions and other payments to Private Bankers in respect of life and asset management business have been based on the recent operating experience of the Banca Fideuram Group, on a consolidated line of business basis. Allowance has been made in the value added by new business and by migration for the cost of expected incentive payments.
- Life business contract charges, terms and conditions, including surrender value bases, policyholder profit participation, management fees, and other charges, have been assumed to remain unaltered at the levels prevailing at the valuation date.
- Commissions and other charges on asset management business have been projected assuming that the prevailing or approved rates at the valuation date are maintained and no additional effects relating to the introduction of the MiFiD directive have been considered. Average asset management fees have been determined in a fashion consistent with the asset allocation used in setting the investment returns.
- All infragroup arrangements in force on 31 December 2007 are assumed to remain unchanged.

ASSETS AND INFLOWS

Assets Under Management totalled €68.6bn at 31 December 2007, up 1.5% on the figure for 2006 (€67.6bn).

Assets Under Management

(€m)

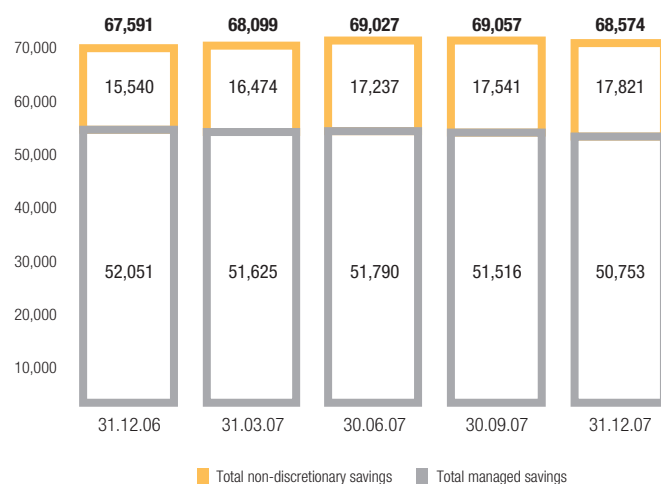
	31.12.2007	31.12.2006	change	
			amount	%
Mutual funds	21,036	20,169	867	4.3
Private banking	15,105	17,560	(2,455)	-14.0
Life insurance	14,389	14,127	262	1.9
<i>including: Unit linked</i>	11,285	10,405	880	8.5
Pension funds	223	195	28	14.4
Total managed savings	50,753	52,051	(1,298)	-2.5
Total non-discretionary savings	17,821	15,540	2,281	14.7
<i>including: Securities</i>	14,199	12,153	2,046	16.8
Total AUM	68,574	67,591	983	1.5

Managed savings amounted to €50.8bn (74% of total assets under management), compared to €52.1bn at 31.12.2006. Shares remained stable as a component of assets under management with recurring fees (mutual funds, private banking and unit linked policies), accounting for 38.2%, which was the same as on 31 December 2006.

The graphs show the quarterly trend for assets under management, broken down by **type of inflow** and **sales network**.

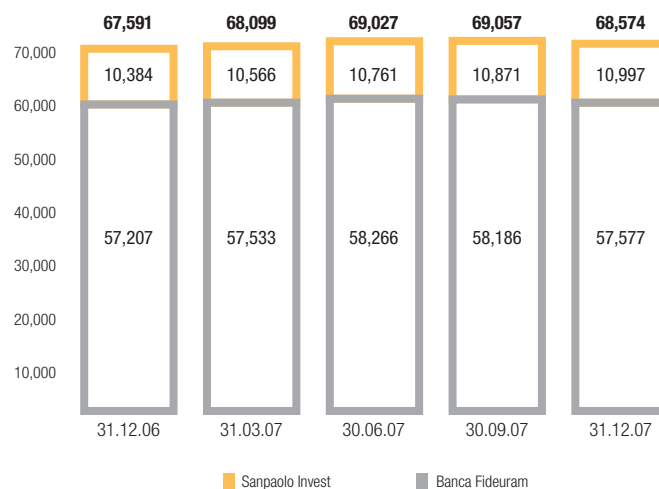
Assets Under Management - by type of inflows

(€m)



Assets Under Management - by sales network

(€m)



Total net inflows were €1,617m in the year compared to €1,818m in 2006.

Net inflows into non-discretionary savings totalled €2,509m, a substantial improvement (+€1,372m) on the figure for the previous financial year (€1,137m).

Conversely, there was a net outflow of €892m from managed savings, which were down sharply from a net inflow of €681m in 2006 as a result of the negative impact of the crisis on the financial markets above all on asset management, which had a net outflow of €2,307m that was only partially offset by net inflows of €1,415m into new life insurance policies written and new mutual fund and pension fund contracts. Insurance inflows were strong thanks to the good work of our Private Banker Networks in guiding customers towards pensions and medium-to-long term financial planning products.

Net inflows

(€m)

	2007	2006	change	
			amount	%
Mutual funds	503	681	(178)	-26.1
Private banking	(2,307)	(128)	(2,179)	n.s.
Life insurance	880	104	776	n.s.
<i>including: Unit linked</i>	1,418	412	1,006	n.s.
Pension funds	32	24	8	33.3
Total managed savings	(892)	681	(1,573)	n.s.
Total non-discretionary savings	2,509	1,137	1,372	120.7
<i>including: Securities</i>	2,412	490	1,922	n.s.
Total net inflows	1,617	1,818	(201)	-11.1

n.s.: not significant

FINANCIAL RESULTS

ANALYSIS OF THE INCOME STATEMENT

The Banca Fideuram Group achieved **consolidated net income** of €255.5m in 2007, up 13.9% (+€31.1m) on the previous financial year (€224.4m), as follows:

(€m)	2007	2006	change	
			amount	%
NET INTEREST INCOME	131.9	78.9	53.0	67.2
Net commission income	575.4	599.4	(24.0)	-4.0
Net gains or losses on financial assets and liabilities	4.7	8.6	(3.9)	-45.3
TOTAL INCOME FROM FINANCING ACTIVITIES	712.0	686.9	25.1	3.7
Net adjustments for impairment losses	2.0	0.6	1.4	n.s.
NET GAINS OR LOSSES ON FINANCING ACTIVITIES	714.0	687.5	26.5	3.9
Staff costs	(116.7)	(120.0)	3.3	-2.8
Other administrative costs	(225.5)	(205.3)	(20.2)	9.8
Other operating income/expense	10.2	(3.5)	13.7	n.s.
Net adjustments to tangible and intangible assets	(7.0)	(12.1)	5.1	-42.1
OPERATING EXPENSES	(339.0)	(340.9)	1.9	-0.6
Net provisions for risks and charges	(42.4)	(61.0)	18.6	-30.5
Income on equity investments	-	0.1	(0.1)	-100.0
INCOME/LOSS BEFORE TAX ON CURRENT OPERATIONS	332.6	285.7	46.9	16.4
Income taxes for the year on current operations	(77.0)	(32.7)	(44.3)	135.5
Income/losses after tax on non-current assets held for sale	-	(28.5)	28.5	-100.0
Minority interests in net income/loss	(0.1)	(0.1)	-	-
NET INCOME	255.5	224.4	31.1	13.9

n.s.: not significant

The main income statement items for the year are analysed and compared with the corresponding results for the previous financial year below.

Net income from financing activities totalled €714m, up €26.5m (+3.9%) on the €687.5m achieved in the previous financial year. This growth was entirely due to increased net interest income (+€53m), which accounted for 18.2% of total revenues in the year and more than offset a decline in net commission income (-€24m) and net gains on financial assets (-€3.9m).

Net interest income

(€m)

	2007	2006	change	
			amount	%
Business with customers	(165.6)	(74.9)	(90.7)	121.1
Business with banks	148.8	112.8	36.0	31.9
Debt securities in issue	(16.4)	(12.3)	(4.1)	33.3
Gains/losses on hedging derivatives	(8.5)	(13.1)	4.6	-35.1
Financial assets held for trading	1.7	11.2	(9.5)	-84.8
Financial assets held to maturity	0.2	0.1	0.1	100.0
Financial assets available for sale	171.5	54.6	116.9	n.s.
Other interest, net	0.2	0.5	(0.3)	-60.0
Total	131.9	78.9	53.0	67.2

Net interest income came to €131.9m, up €53m on 2006 (+67.2%), due principally to increased average trading volumes as well as to the combined effect of rising market interest rates and the increased profitability of certain assets (securities and treasury). This improved profitability was a result both of the increased percentage of the securities portfolio in financial assets and an increased treasury spread. This increase in profitability was accentuated in the second half of the year by the widening spread between the Eonia rate and Euribor 3-month rate on which almost all securities portfolio repricing is based. The widening was a result of increased liquidity premiums on the financial markets following the American subprime mortgage crisis, which led the main Central Banks (including the European Central Bank) to provide substantial liquidity injections, aiming above all to keep the Eonia rate stable and close to the Official Reference Rate.

Net gains or losses on financial assets

(€m)

	2007	2006	change	
			amount	%
Net gains or losses on the sale of loans and financial assets available for sale	0.1	6.5	(6.4)	-98.5
Valuation of policies for Network Loyalty Schemes	0.9	3.6	(2.7)	-75.0
Net gains or losses on trading activities	3.4	(1.6)	5.0	n.s.
Net gains or losses on hedging activities	0.3	0.1	0.2	n.s.
Total	4.7	8.6	(3.9)	-45.3

Net gains on financial assets totalled €4.7m, down €3.9m on the previous financial year (€8.6m) due to lower returns on the insurance policies taken out as part of the Private Banker Network Loyalty Schemes and losses on the available-for-sale portfolio that partly offset the positive impact of income from repurchase agreements with customers.

Net commission income came to €575.4m, down €24m on 2006 (€599.4m). Net recurring fees continued to drive the Group's profitability with the decrease being entirely due to a substantial increase in the incentives supporting inflows.

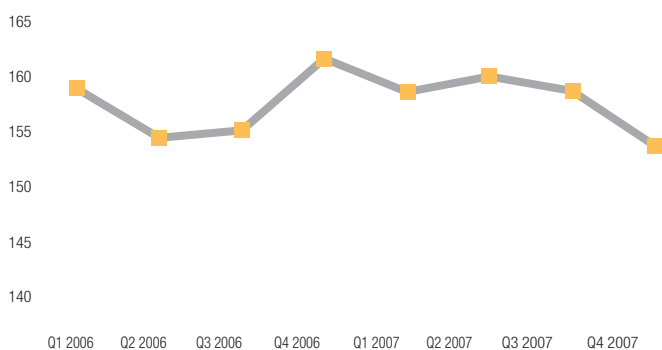
Net recurring fees

(€m)

	Q1	Q2	Q3	Q4	Total
2007	158.4	159.8	158.5	153.2	629.9
2006	158.6	154.3	155.0	161.3	629.2
Difference	(0.2)	5.5	3.5	(8.1)	0.7

Net recurring fees

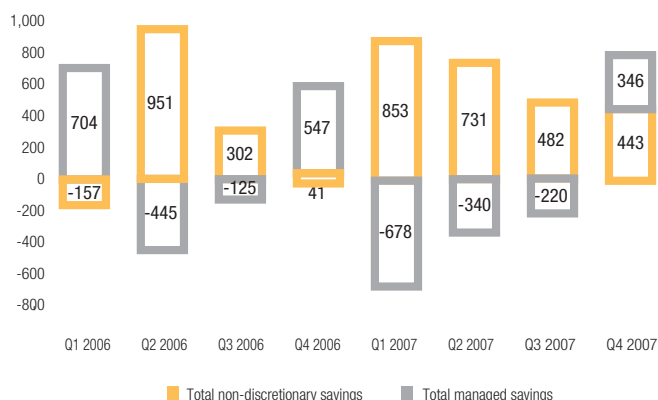
(€m)



Net recurring fees remained largely unchanged from the previous financial year (+€0.7m) notwithstanding a negative trend in the second half of 2007 which saw an outflow from managed savings into non-discretionary savings. Average assets under management with recurring fees (mutual funds, private banking and unit linked policies) rose from €46.6bn at 31.12.2006 to €47.7bn at the end of December 2007 (+2.4%).

Trend Net inflows

(€m)



Net front-end fees

(€m)

	Q1	Q2	Q3	Q4	Total
2007	24.6	14.2	12.8	14.5	66.1
2006	18.1	15.3	9.4	19.6	62.4
Difference	6.5	(1.1)	3.4	(5.1)	3.7

Net front-end fees totalled €66.1m, an increase of €3.7m on the figure for 2006 (+5.9%) as a result both of increased certificate sales and growing insurance inflows.

Net incentive commission and similar fees

(€m)

	Q1	Q2	Q3	Q4	Total
2007	(29.7)	(31.1)	(26.7)	(33.1)	(120.6)
2006	(24.8)	(18.9)	(26.3)	(22.2)	(92.2)
Difference	(4.9)	(12.2)	(0.4)	(10.9)	(28.4)

Net commission payments for incentives and similar fees had a balance of €120.6m, an increase of €28.4m on the figure for the previous financial year (€92.2m), principally due to the higher payments made and provisions set aside for the Private Banker Networks' bonuses, while also being increased by the strong result achieved in the insurance sector and limited network loyalty scheme actions.

Administrative costs

(€m)

	2007	2006	change	
			amount	%
Staff costs	116.7	120.0	(3.3)	-2.8
Other administrative costs	225.5	205.3	20.2	9.8
Total	342.2	325.3	16.9	5.2

Administrative costs totalled €342.2m, up €16.9m on 2006 (+5.2%), partly due to a number of extraordinary items.

This increase in costs should also be considered in the light of the transfer of the Divisional Operating Engine (DOE) to the company Universo Servizi (now Eurizon Solutions) in the first half of 2006 and the resultant effects in terms of a decrease of approximately €3.6m in depreciation and amortisation, and of approximately €0.7m in regional business tax (IRAP).

Staff costs were down 2.8%, mainly as a result of the fall in costs resulting from the transfer of our Divisional Operating Engine to Universo Servizi (now Eurizon Solutions) on 1 May 2006, which involved the transfer of 554 employees. Net of the impact of the aforementioned transaction, staff costs were up approximately €9.9m, with €6.3m of this regarding one-off incentive payments connected with the departure of certain members of the General Management (General Manager and Deputy General Manager), while the remainder were due to the recruitment of new money managers to our Irish asset management subsidiary and to ordinary wage increases. In addition, the IT and Operations division was acquired from Eurizon Solutions on 31 December 2007. Following this transaction, the related 305 employees were once again included in the Banca Fideuram Group total.

Other administrative costs totalled €225.5m, up €20.2m (+9.8%) on the figure for 2006 (€205.3m). As explained, this increase was principally due to the cost of the services transferred under an outsourcing agreement to Universo Servizi (now Eurizon Solutions), which was matched by similar savings from lower staff costs, depreciation and amortisation, and regional business tax (IRAP). Net of the impact of this transfer, the item other administrative costs increased €2.7m, mainly for IT and back-office services provided by Eurizon Solutions and Intesa Sanpaolo.

Net adjustments to tangible and intangible assets

(€m)

	2007	2006	change	
			amount	%
Adjustments to tangible assets	4.3	5.5	(1.2)	-21.8
Adjustments to intangible assets	2.7	6.6	(3.9)	-59.1
Total	7.0	12.1	(5.1)	-42.1

Net adjustments to tangible and intangible assets totalled €7m, down 42.1% on the previous financial year due to the completion of hardware and software depreciation and amortisation (approximately €1.5m) and the aforementioned transfer of the Divisional Operating Engine (approximately €3.6m), which also involved the transfer of tangible and intangible assets to Universo Servizi (now Eurizon Solutions).

Other operating income totalled €10.2m, an increase of €13.7m on the figure for 2006, largely as a result of one-off revenue of €11.5m from the sale of subsidiary Fideuram Investimenti's Open Pension Fund to EurizonVita.

Net provisions for risks and charges

(€m)

	2007	2006	change	
			amount	%
Contractual indemnity payments due to Private Bankers	5.4	3.9	1.5	38.5
Legal disputes, claims from receivers and complaints	21.2	42.9	(21.7)	-50.6
Network loyalty schemes	15.8	14.2	1.6	11.3
Total	42.4	61.0	(18.6)	-30.5

Net provisions for risks and charges came to €42.4m, down €18.6m from the figure for the previous financial year (€61m). This included provisions of €5.4m for contractual indemnity payments due to Private Bankers (€3.9m in 2006) and provisions of €21.2m to cover legal disputes, claims from receivers, customer complaints and the risks connected with securities in default traded in prior years (down 50.6% on 2006).

A total of €15.8m provisions were set aside for the Private Banker Networks' Loyalty Schemes in the year (including €0.8m linked to insurance policy returns), compared to a total of €14.2m set aside in 2006 (including €3.2m linked to insurance policy returns).

Income taxes totalled €77m, up €44.3m on 2006 (€32.7m), due both to growth in gross taxable income and reductions in the IRES corporate income tax and IRAP regional business tax rates introduced by the 2008 Finance Act, which made it necessary to recalculate our deferred tax assets and liabilities and resulted in an increase of approximately €13.7m in the tax burden for the year.

ASSET AND LIABILITY MANAGEMENT

The main balance sheet items are shown in the tables below, together with the figures at 31 December 2006 for the purposes of comparison.

(€m)

	31.12.2007	31.12.2006	change	
			amount	%
ASSETS				
Financial assets	4,509.6	3,102.4	1,407.2	45.4
Due from banks	5,488.8	5,098.1	390.7	7.7
Loans to customers	897.4	1,065.0	(167.6)	-15.7
Equity investments	0.1	1.6	(1.5)	-93.8
Tangible and intangible assets	61.6	51.5	10.1	19.6
Other assets	884.2	793.9	90.3	11.4
TOTAL ASSETS	11,841.7	10,112.5	1,729.2	17.1
LIABILITIES				
Due to banks	969.6	225.5	744.1	n.s.
Due to customers	8,660.0	7,672.4	987.6	12.9
Debt securities in issue and financial liabilities held for trading	398.8	412.6	(13.8)	-3.3
Other liabilities	731.8	822.4	(90.6)	-11.0
Provisions for risks and charges	231.0	219.1	11.9	5.4
Minority interests	0.2	0.2	-	-
Group shareholders' equity	850.3	760.3	90.0	11.8
TOTAL LIABILITIES	11,841.7	10,112.5	1,729.2	17.1

n.s.: not significant

Group **financial assets** held for treasury and investment purposes rose to €4,509.6m, an increase of 45.4% on the figure at the end of the 2006 financial year (+€1,407.2m).

Financial assets

(€m)

	31.12.2007	31.12.2006	change	
			amount	%
Financial assets held for trading	45.0	51.7	(6.7)	-13.0
Financial assets valued at fair value	166.5	171.2	(4.7)	-2.7
Financial assets available for sale	4,212.7	2,865.1	1,347.6	47.0
Financial assets held to maturity	4.6	3.5	1.1	31.4
Hedging derivatives	80.8	10.9	69.9	n.s.
Total	4,509.6	3,102.4	1,407.2	45.4

This substantial increase in the period was due to increased inflows which, in line with Group investment policies, were invested in our available-for-sale portfolio. Available-for-sale securities accounted for 93.4% of our total financial assets and mainly comprised bonds listed on regulated markets, the interest rate risk of which is hedged using interest rate swaps.

Financial liabilities

(€m)

	31.12.2007	31.12.2006	change	
			amount	%
Debt securities in issue	352.6	354.3	(1.7)	-0.5
Financial liabilities held for trading	10.7	15.7	(5.0)	-31.8
Hedging derivatives	35.5	42.6	(7.1)	-16.7
Total	398.8	412.6	(13.8)	-3.3

Financial liabilities, which comprised medium/long-term bond issues and derivatives, totalled €398.8m, down 3.3% on 31 December 2006 due to the exchange rate derivatives transactions of subsidiary Fideuram Bank Luxembourg, which are recognised under financial liabilities held for trading and to hedging derivatives.

Due from banks

(€m)

	31.12.2007	31.12.2006	change	
			amount	%
Due from Central Banks	117.0	33.0	84.0	n.s.
Current accounts and demand deposits	230.5	725.7	(495.2)	-68.2
Time deposits	3,239.2	2,423.3	815.9	33.7
Repurchase agreement assets	-	842.9	(842.9)	-100.0
Debt securities	346.0	323.2	22.8	7.1
Assets disposed of but not written off	1,556.1	750.0	806.1	107.5
Totale	5,488.8	5,098.1	390.7	7.7

Due from banks totalled €5,488.8m, up 7.7% from the balance at year-end 2006 (+€390.7m), and included €3,469.7m current account deposits and deposits on the interbank market (+€320.7m on 2006) and unlisted securities with a total value of €1,902.1

(+€828.9m on the previous financial year), including €1,556.1m used in repurchase agreements.

Due to banks

(€m)

	31.12.2007	31.12.2006	change	
			amount	%
Current accounts and demand deposits	567.5	171.0	396.5	n.s.
Time deposits	49.0	42.4	6.6	15.6
Loans	-	7.1	(7.1)	-100.0
Repurchase agreement liabilities	353.1	5.0	348.1	n.s.
Total	969.6	225.5	744.1	n.s.

Due to banks totalled €969.6m, an increase of €744.1m on the 2006 financial year due to current accounts and repurchase agreements. The Group continued to be a **net lender on the interbank market**, with net interbank deposits of €4,519.2m, down from €4,872.6m at 31 December 2006.

Loans to customers

(€m)

	31.12.2007	31.12.2006	change	
			amount	%
Current accounts	780.2	783.0	(2.8)	-0.4
Repurchase agreement assets	-	61.3	(61.3)	-100.0
Loans	66.7	69.3	(2.6)	-3.8
Other transactions	45.7	46.0	(0.3)	-0.7
Debt securities	-	100.4	(100.4)	-100.0
Impaired assets	4.8	5.0	(0.2)	-4.0
Total	897.4	1,065.0	(167.6)	-15.7

Loans to customers came to €897.4m, down €167.6m on the balance for 2006 (-15.7%) as a result of the sale of unlisted debt securities (-€100.4m) and the completion of repurchase agreements (-€61.3m). Net problem loans, including loans receivable/overdue by more than 180 days, totalled €4.8m at the end of December 2007 (€5m at 31.12.2006), as follows:

- Non-performing loans totalled €2.8m, up €0.2m on the previous financial year (€2.6m) and the ratio of non-performing loans to loans to customers was 0.3% at year-end.
- Loans receivable/overdue by more than 180 days totalled €2m (€2.4m at 31.12.2006).

Due to customers

(€m)

	31.12.2007	31.12.2006	change	
			amount	%
Current accounts and demand deposits	5,601.7	5,983.9	(382.2)	-6.4
Time deposits	181.1	136.5	44.6	32.7
Repurchase agreement liabilities and other liabilities	2,877.2	1,552.0	1,325.2	85.4
Total	8,660.0	7,672.4	987.6	12.9

Due to customers came to €8,660m, up €987.6m on 31 December 2006 as a result of growth in inflows from repurchase agreements which more than offset a decline in current accounts and demand deposits.

The **provisions for risks and charges** at 31 December 2007 were up 5.4% on the corresponding figure for 2006, principally as a result of provisions for contractual indemnity payments due to Private Bankers and the latter's insurance policies.

Provisions for risks and charges

(€m)

	31.12.2007	31.12.2006	change	
			amount	%
Legal disputes, securities in default and claims	90.9	102.3	(11.4)	-11.1
Personnel expenses	7.5	4.2	3.3	78.6
Contractual indemnity payments due to Private Bankers	45.9	41.1	4.8	11.7
Network loyalty schemes	86.7	71.5	15.2	21.3
Total	231.0	219.1	11.9	5.4

SHAREHOLDERS' EQUITY AND OWN SHARES

Group shareholders' equity including net income for the year totalled €850.3m at 31 December 2007, having changed as follows:

Group shareholders' equity

(€m)

Shareholders' equity at 31 December 2006	760.3
Distribution of dividends	(204.9)
Sale of own shares	63.3
Financial assets available for sale	(26.3)
Stock options	1.4
Currency and other effects	1.0
Net income for the year	255.5
Shareholders' equity at 31 December 2007	850.3

The Group did not hold any own shares at 31 December 2007. The 12,655,273 own shares held at 31.12.2006 were sold on 4 April 2007 to parent company Eurizon Financial Group subsequent to the latter exercising the squeeze-out entitlement provided for in article 111 of the Italian Finance Consolidation Act. The transaction was for a par value of €5 per share (calculated in accordance with the Finance Consolidation Act by an expert appointed by the Presiding Judge of the Court of Rome), with Banca Fideuram being paid a total of €63.3m.

The change in available-for-sale financial assets was a result of gains/losses on securities as at 31.12.2007. The negative balance of €26.3m was due to widening credit spreads caused by the downturn in the

financial markets in the wake of the U.S. subprime mortgage crisis. It should be noted that the Group portfolio has no direct exposure to the subprime mortgage market.

The change regarding the stock options was due to the recognition of the fair value amount for the year of the options granted to Private Bankers, calculated in relation to the date when the options were assigned. Other changes included the €3.6m positive impact of the purchase of Eurizon Solutions' IT and Operations divisions, which was recognised, net of fiscal impact, under Reserves as a transaction between companies in the same group. This was partially offset by the negative impact of exchange rate differences and the reconsolidation of Banque Privée Fideuram, which was consolidated line by line.

Reconciliation of parent company's shareholders' equity and net income with those of the Group

(€m)

	31.12.2007	
	Shareholders' equity	including: Net income
Parent company financial statement balances	782.6	373.4
Companies consolidated line-by-line	166.8	166.8
Effect of consolidation of subsidiaries	(67.2)	69.7
Dividend income from Group companies	-	(401.9)
Write-back of intra-group goodwill	(8.8)	-
Utilisation of provision for risks and charges for disposal of Wargny Group	-	45.1
Losses on non-current assets held for sale	(26.0)	-
Other differences	2.9	2.4
Consolidated financial statement balances	850.3	255.5

SEGMENT REPORTING

The table below shows the Group's financial results, transaction data and key indicators by business segment.

analysed using data that show their contribution to Group income after consolidation adjustments.

These Segments, identified in relation to the main types of products that make up the Group's Savings and Pensions business, are

Business segmentation at 31 december 2007

(€m)

	Managed Financial Saving	Insurance Saving	Banking and Other Services	Total for Banca Fideuram Group
Net interest income	-	-	131.9	131.9
Net commission income	402.5	152.5	20.4	575.4
Net gains or losses on financial assets and liabilities	-	-	4.7	4.7
Total income from financing activities	402.5	152.5	157.0	712.0
Operating costs	(174.3)	(33.7)	(141.2)	(349.2)
Other	(31.1)	(0.3)	1.2	(30.2)
Total income from current operations	197.1	118.5	17.0	332.6
Average Assets Under Management	36,891	14,657	16,922	68,470
Assets Under Management	36,141	14,612	17,821	68,574
Key ratios				
Cost/Income Ratio	43.3%	22.1%	89.9%	49.0%
Total income/Average Assets Under Management	0.53%	0.81%	0.10%	0.49%
Net commission income/Average Assets Under Management	1.09%	1.04%	0.12%	0.84%

Managed Financial Savings Segment

The Managed Financial Savings Segment covers the Group's private banking and mutual fund business, which totalled €36.1bn at 31 December 2007 (52.7% of total assets under management). In 2007, this segment generated €402.5m net commission income and contributed €197.1m to income from current operations. The ratio of net commission income to assets under management (AUM) was 1.1%, while the ratio of gross income to AUM was 0.5%.

Managed Financial Saving

(€m)

	2007	2006	change %
Net interest income	-	-	-
Net commission income	402.5	410.9	-2.0
Net gains or losses on financial assets and liabilities	-	-	-
Total income from financing activities	402.5	410.9	-2.0
Operating costs	(174.3)	(177.3)	-1.7
Other	(31.1)	(41.5)	-25.1
Total income from current operations	197.1	192.1	2.6
Average Assets Under Management	36,891	36,636	0.7
Assets Under Management	36,141	37,729	-4.2
Key ratios			
Cost/Income Ratio	43.3%	43.1%	
Total income/Average Assets Under Management	0.53%	0.52%	
Net commission income/Average Assets Under Management	1.09%	1.12%	

Insurance Savings Segment

This segment covers the Group's life insurance and pension funds business, which totalled €14.6bn at 31 December 2007 (21.3% of total assets under management). The net commission income generated by this segment came to €152.5m and contributed €118.5m to income from current operations. The increase of 2006 was due to one-off revenue of €11.5m from the sale of subsidiary Fideuram Investimenti's Open Pension Fund to EurizonVita.

The ratio of net commission income to assets under management (AUM) was 1%, while the ratio of gross income to AUM was 0.8%.

Insurance Saving

(€m)

	2007	2006	change %
Net interest income	-	-	-
Net commission income	152.5	146.3	4.2
Net gains or losses on financial assets and liabilities	-	-	-
Total income from financing activities	152.5	146.3	4.2
Operating costs	(33.7)	(32.5)	3.7
Other	(0.3)	(14.8)	-98.0
Total income from current operations	118.5	99.0	19.7
Average Assets Under Management	14,657	14,122	3.8
Assets Under Management	14,612	14,322	2.0
Key ratios			
Cost/Income Ratio	22.1%	22.2%	
Total income/Average Assets Under Management	0.81%	0.70%	
Net commission income/Average Assets Under Management	1.04%	1.04%	

Banking and Other Services Segment

The Banking and Other Services Segment covers the Group's banking and financial services, plus its central structures, holding activities and finance activities, as well as - generally speaking - the coordination and control activities for its other operating areas.

This segment includes non-discretionary savings, mainly comprised of securities and current accounts, which totalled €17.8bn at 31 December 2007 (26% of total assets under management).

The contribution of this segment to gross income from current operations was €17m. The substantial improvement on the loss of €5.4m at 31 December 2006 was due to growth in net interest income which more than offset a decline in commission income and an increase in costs that, moreover, included a one-off item of €6.3m for incentive payments connected with the departure of members of the General Management.

Banking and Other Services

(€m)

	2007	2006	change %
Net interest income	131.9	78.9	67.2
Net commission income	20.4	42.2	-51.7
Net gains or losses on financial assets and liabilities	4.7	8.6	-45.3
Total income from financing activities	157.0	129.7	21.0
Operating costs	(141.2)	(127.6)	10.7
Other	1.2	(7.5)	n.s.
Total income from current operations	17.0	(5.4)	n.s.
Average Assets Under Management	16,922	14,671	15.3
Assets Under Management	17,821	15,540	14.7
Key ratios			
Cost/Income Ratio	89.9%	98.3%	
Total income/Average Assets Under Management	0.10%	-0.04%	
Net commission income/Average Assets Under Management	0.12%	0.29%	

n.s. : not significant

ACTIVITIES OUTSIDE ITALY

Fideuram Bank (Luxembourg) continued to play a leading role on the Luxembourg market in 2007. The bank's core business is the custody of assets and settlement of transactions for institutional customers, provided through a selected international network of over 50 corresponding banks. The bank is in particular responsible for the Banca Fideuram Group's Luxembourg and Irish funds, with total assets under management of €32.7bn at 31 December 2007.

The bank also provides important technological and organisational support for its affiliated companies outside Italy in the form of information technology, administrative and back-office services. Our Swiss subsidiary, Fideuram Bank (Suisse) continued to perform well in terms both of increased assets under management, which totalled €1.3bn, and profitability.

Fideuram Asset Management (Ireland) underwent significant structural expansion during 2007 to develop its role as delegated manager for the Irish insurance product portfolios promoted by EurizonLife (Intesa Sanpaolo Group) and for the Banca Fideuram Group's Luxembourg and Irish mutual funds. It also acted as agent for the same companies' securities lending activities until 31 December 2007.

Sanpaolo Invest Ireland Ltd is the manager of the Irish UCITS III "harmonised" mutual fund distributed under the Sanpaolo Invest Funds name by Sanpaolo Invest SIM.

Fideuram Gestions is the manager of the Luxembourg mutual funds (Fonditalia, Interfund SICAV, Fideuram Fund and Fideuram Multimanager Fund) marketed by Banca Fideuram and Sanpaolo Invest. It is responsible for setting up, managing and administering the funds, as well as for calculating their net inventory values and for their risk management.

On 25 July 2007, the Banca Fideuram Board of Directors agreed to issue a comfort letter in which Banca Fideuram undertook to provide financial support to subsidiary Banque Privée Fideuram from the date that withdrawal of the latter's banking license takes effect. This guarantee was requested by the Bank of France in consideration of certain pending lawsuits regarding Banque Privée, the risk of which is currently estimated to be in the order of €3m and is fully covered by provisions at 31 December 2007.

On 31 August 2007, the transaction for the sale of subsidiary Banque Privée Fideuram Wargny's private banking and brokerage divisions and of the shares in Fideuram Wargny Gestion S.A. to the French Group Viel & Cie was completed.

The sale was conducted in accordance with the procedures and financial specifications decided by the Bank's Board of Directors on 11 May 2007. The completion of the transaction involved the payment of indemnities totalling approximately €60m to employees and to the Viel and Cie Group that had previously been set aside in full in the 2005 and 2006 financial statements. Following the sale of these divisions, the equity investment in Banque Privée Fideuram (current name of the company in accordance with the Viel & Cie agreements) is again being consolidated line-by-line and is recognised in Financière Fideuram's company financial statements for a total value of €9.7m.

HUMAN RESOURCES, PRODUCTS AND SERVICES

More detailed information on our human resources can be found in the related paragraphs of the section "The Social Responsibility and sustainable development of the Banca Fideuram Group".

HUMAN RESOURCES

Private Bankers

The Group's distribution structure (Fideuram and Sanpaolo Invest Networks) totalled 4,280 Private Bankers at the end of 2007 compared to 4,216 at 31 December 2006, as shown below.

Banca Fideuram Private Bankers

	Beginning of period	in	out	net	End of period
1.1.2007 - 31.12.2007	3,141	184	157	27	3,168
1.1.2006 - 31.12.2006	3,111	192	162	30	3,141

Sanpaolo Invest Private Bankers

	Beginning of period	in	out	net	End of period
1.1.2007 - 31.12.2007	1,075	114	77	37	1,112
1.1.2006 - 31.12.2006	1,039	96	60	36	1,075

Our recruitment programme brought in 298 new Private Bankers in 2007 (288 in 2006). The recruitment programme thus continued to achieve excellent results, paying the utmost attention to the professionalism of the Fideuram and Sanpaolo Invest management structures while focusing on finding Private Bankers of high standing and bringing them to join a longstanding market leader. The expectations and needs of these top professionals are guided by the principals of ethics and transparency that distinguish the Group and aim, amongst other things, to secure customer loyalty.

Employees

The Banca Fideuram Group's staff increased by 157 from 1,304 employees at 31 December 2006 to 1,461 at 31 December 2007 (+12%).

The sale of the two Banque Privée Fideuram Wargny divisions and of the shares in Fideuram Wargny Gestion S.A. during the year reduced total staff numbers by 163 employees.

In addition, the purchase from Eurizon Solutions of the company division covering IT Services and Operations Management was formalised on 31 December 2007, following which 305 employees passed seamlessly from Eurizon Solutions to Banca Fideuram. The sale of Fideuram Investimenti SGR's Open Pension Fund division to EurizonVita was formalised on the same date, as a result of which 6 employees were transferred to this company.

Employees

(staff)

	31.12.2007	31.12.2006
Banca Fideuram	1,123	781
Sanpaolo Invest SIM	51	51
Private Banking	30	29
Fideuram Bank (Suisse)	25	23
Fideuram Fiduciaria	5	6
Asset Management	247	239
Fideuram Asset Management (Ireland)	47	19
Fideuram Bank (Luxembourg)	79	78
Fideuram Investimenti SGR	99	118
Fideuram Gestions	22	24
Fideuram Wargny Group	10	204
Total	1,461	1,304

PRODUCT AND RESEARCH AND DEVELOPMENT ACTIVITIES

The 2007 product plan is centred on the following, in line with our 2006 strategy:

- strengthening the Group's core business,
- developing highly-innovative products,
- formulating latest-generation multimanager solutions,
- providing investment services dedicated to private customers.

New products and services were introduced during the year in the areas of mutual funds, private banking, unit linked policies and certificates. In addition, Italy's complementary social security reform and the European Markets in Financial Instruments Directive (MiFID) required us to revise those products already being distributed.

Where the mutual funds we offer are concerned, we extended the Group's flexible funds with Fonditalia Flexible Dynamic and Fideuram Master Selection Absolute Return to meet the demand for flexible funds on the managed savings market, which tends to favour their portfolio diversification benefits.

Fonditalia Flexible Dynamic is a flexible fund with a very high risk profile that differentiates it from the three flexible funds already in our product range, this fund's management is principally orientated towards the stock markets, making tactical use of bonds and having the

option of using derivatives for hedging and speculative purposes. The management of Fonditalia Flexible Dynamic has been sub-delegated by Fideuram Gestions to GLG Partners LP in a new partnership agreement. GLG, which was originally founded as a hedge fund manager, benefits from over ten years' experience in the management of traditional funds. The new partnership is a unique and original solution formulated exclusively for Banca Fideuram and Sanpaolo Invest customers. Fideuram Master Selection Absolute Return is a flexible multimanager fund of funds which invests in the mutual funds of prestigious international investment houses, and is managed by Fideuram Investimenti as a total return solution, developed to offer a selection of the best third-party flexible funds available on the market. Fideuram Multimanager has been strengthened with four new distribution agreements for Anima, Henderson, Janus and Kairos funds. Lastly, the Credit Suisse Umbrella Fund was also added to the range, while Sanpaolo Invest started offering the JPMorgan Funds SICAV fund. Confirming the strategic importance of private banking in the Group's core business, we introduced a series of alternative products developed by major asset management companies, in some cases exclusively for Banca Fideuram and Sanpaolo Invest. This in particular included a hedge fund of funds dedicated solely to our customers, the Kairos Diversified Plus Fund, as well as Advanced Capital III a second private equity fund offered as part of our commitment to continue providing innovative instruments for private customers.

Initiatives in the asset management field included GPF Capital Elite, a flexible multimanager asset management solution developed to build a customer's capital while respecting a maximum risk level in the absence of any specific asset allocation benchmarks (maximum annual VaR of -16%). The special feature of this fund is that the underlying funds are chosen by prestigious advisors, thereby enabling customers to benefit from the experience and professional skills of the best international asset managers. These advisors, who are carefully selected and continuously-monitored by Fideuram Investimenti, each manage an area of the portfolio suited to their special asset allocation and fund picking competencies, where they are given free rein to seek new return opportunities in any phase of the financial markets, selecting the best mutual funds at each time.

Completing the solutions managed by Fideuram Investimenti, Banca Fideuram signed its first agreement with the renowned managed savings expert Symphonia SGR, which was commissioned to develop a dedicated asset management product, called GP Eurofocus. This new product offers four benchmarked investment strategies focused on the European markets, with Fonditalia, the Symphonia-BIM funds and other third-party funds, ETFs and securities as their underlying securities.

The MiFID Directive required us to make a series of changes to our asset management practices regarding the structure and content of our management contracts, the delivery of our services and the pricing structures of our products. Banca Fideuram and Sanpaolo Invest therefore launched a series of interventions to ensure full alignment, adding two new MiFID-compliant asset management funds to their ranges, Neo Equipe and GPF Neo Capital, while suspending the distribution of the other asset management funds we were already offering.

The main new developments regarding the financial insurance products we offer were as follows:

- The addition of two new internal funds for our Fideuram Suite of unit linked products. In particular, the Optima 5 internal fund was created

to offer a lower-risk investment profile than those already provided, while the Alpha Mix 7 fund offers an innovative management approach based on a combination of quantitative and alternative investment strategies. Both initiatives adopt a multimanager approach.

- The tactical marketing of a version of Fideuram Suite with an entry bonus. This unit linked product, called Fideuram/Sanpaolo Invest Suite Premium pays the customer an entry bonus in the form of additional units.

The new Italian complementary social security provisions came into force on 1 January 2007, affecting the insurance sector by rationalising access to complementary social security benefits and improving their tax treatment. One of the most important new developments brought in by the reform concerns employment termination indemnities, which will now automatically be used as a source of finance for supplementary pension provisions if the employee does not explicitly request otherwise. This reform made it necessary for us to revise our products and take the following initiatives:

- Launch the new EurizonVita Progetto Pensione personal pension plan.
- Bring the Fideuram Pension Fund sold to EurizonVita by Fideuram Investimenti on 31 December 2007 into line with the new regulations.
- Offer EurizonVita's collective pension fund Sanpaolo Previdenza Aziende through the Fideuram Network.

On the non-discretionary savings front, we extended the range of theme certificates offered through the Fideuram Stars platform in 2007. In February, we again offered the Sprint Certificate structure linked to the performance of the European and Japanese stock markets, launched successfully in late 2006, in addition to the new Multigeo 100 Plus, linked to the performance of a basket of four commodities.

In May, we launched the Alternative Energy Certificate linked to the performance of the main alternative energy companies.

Lastly, June saw us bring out the 4best Certificate, an innovative product that allows the investor to benefit from the best of four underlying investment strategies.

All the above issues have a maximum term of six years, the option of advance repayment with respect to the product's natural maturity under certain conditions (autocallable option) and coupon payments under certain conditions.

SYSTEMS AND INFORMATION MANAGEMENT

During 2007, work continued on the design projects in our systems and information management plan both regarding new applications to support our Networks' sales activities and changes to ensure compliance with new laws or new provisions issued by Supervisory Bodies.

Where the information technology side was concerned, the work was done by Eurizon Solutions (formerly Universo Servizi), the Intesa Sanpaolo Group's Information and Communication Technology Services company. The work was carried out in agreement with Banca Fideuram, which approved the related 2007 Information Technology Plan and resultant investments.

The main projects in the year were as follows:

- The phase II release of the project for developing a new financial consultancy application (SEI) for the Banca Fideuram and Sanpaolo Invest Private Banker Networks, based on specifications provided by Marketing and Products.
- The actions planned in the Asset Management Rationalisation Project (AMR), namely the migration of the asset management for our Italian and Luxembourg mutual funds and individual funds (GPF and GPM) to other Fideuram Investimenti information technology platforms.
- The completion of the work for replacing the Eurizon Vita information technology platform for managing Tier Three policies, following integrated testing on the Banca Fideuram and EurizonVita systems.
- The refinement of our new liabilities cycle management system (SAP).

During the first half of the year we completed all the design phases planned and launched the previous year, enabling us to adopt a new banking platform from June 2007, using IT applications and back office structures outsourced from parent company Intesa Sanpaolo. This new platform allows Banca Fideuram to offer its customers a more extensive and constantly updated range of services both through its branches and through its online banking channel. The main developments concerned current accounts, the trading and administration of securities, payment systems and the use of ATM cards. The outsourcing of these services is governed by a specific contract between Banca Fideuram and Intesa Sanpaolo. This contract provides for appropriate indicators (Service Level Agreements) which allow the quality of the services provided by Intesa Sanpaolo to be monitored.

In addition, we also completed all the operating and process changes during the year that were required to comply with the new European Community MiFID Directive which came into force on 1 November 2007. The Directive provides for a series of measures to protect customers in the retail segment in particular regarding the sale, trading and brokerage of financial instruments. An important aspect of MiFID for Banca Fideuram in particular is the introduction of a Consultancy contract which institutionalises - including from a regulatory standpoint - the service model that has always been adopted by our sales Networks to provide our customers with advice on their investments in financial products which is customised to suit their risk propensity.

The decisions taken by parent company Intesa Sanpaolo in the last quarter of 2007 formulated the strategic direction it would be taking with respect to Eurizon Solutions in order to optimise the management and allocation of ICT and back office services. As part of this process it was decided that Banca Fideuram would acquire, the company divisions responsible for the information technology systems typical of Banca Fideuram's business (front and back end for Private Bankers and management systems) from Eurizon Solutions, on 31 December 2007. The resultant organisational and management actions were launched smoothly in January 2008.

Lastly, in accordance with the provisions of Italian data protection legislation (Legislative Decree No. 196 of 30 June 2003, "Codice in materia di protezione dei dati personali" - "Code regarding the protection of personal data"), our Security Programme Document, which the bank is required to produce every year, will be completed by the deadline specified in said legislation (31 March 2008).

SUPPLEMENTARY INFORMATION

INTERNAL AUDITING

Internal auditing is the responsibility of the Audit Department, which comprises the following operating units:

- The Networks Audit Unit, which is responsible for auditing the Fideuram and Sanpaolo Invest Private Banker Networks, as well as the bank's peripheral banking structures (Area Main Branches, Delivery Points and Service Points).
- The Central Departments and Subsidiaries Audit Unit, which is responsible for auditing the activities of the bank's central departments and subsidiaries, as well as for monitoring the correct performance of internal audits.
- The Compliance Unit, which is responsible for the bank's Compliance Officer activities.

The Head of the Audit Department reports functionally to the Board of Directors and hierarchically to the Managing Director.

In addition, the Head of the Audit Department is required to inform the Internal Audit Committee and Board of Directors about the Department's activities, reporting to the former on a monthly basis and to the latter on a half-yearly basis, also doing so with respect to Internal Audit work outsourced to the Department by Group Companies.

The Audit Department's activities follow an annual programme approved by a specific resolution of the Board of Directors following examination by the Internal Audit Committee.

During 2007, 807 audits were carried out across all the operating areas of the Private Bankers in both distribution networks (602 for Banca Fideuram and 205 for Sanpaolo Invest), 442 of which involved further on-the-spot investigation (319 for Banca Fideuram and 123 for Sanpaolo Invest).

A total of 8,346 alerts from the Audit Information System (AIS) were noted and individually validated (6,583 for Banca Fideuram and 1,763 for Sanpaolo Invest), concerning 2,273 Private Bankers (1,684 in the Fideuram Network and 589 in the Sanpaolo Invest Network).

The Department examined 415 cases of customer complaints (351 for Banca Fideuram and 64 for Sanpaolo Invest) to investigate the work of our Private Bankers.

In addition, and in accordance with the work plan presented to the Board of Directors, the Department carried out audits on the Bank's central departments, main branches and peripheral branches, as well as on those Group Companies outsourcing their internal audit activities to the Audit Department.

In the run-up to implementation of the MiFID Directive, the Audit Department provided support regarding the interpretation of the directive from a compliance standpoint, and for evaluating the internal audit system and its related procedures.

MODEL OF FINANCIAL MANAGEMENT GOVERNANCE

Italian Law No. 262/2005 was issued in response to the financial instability which has characterised the Italian and international markets in recent years and significantly strengthens the protection afforded savings invested in financial instruments.

The reforms introduced by law 262/2005 were extensive and wide-ranging, regarding - amongst other things - the regulation of the governance of listed companies, the regulation of auditing, the rules governing the circulation of financial instruments, conflicts of interest, transparency and market regulation. The new law forms part of a legislative drive that has steadily strengthened Italy's governance systems through law 231/2001, the European Financial Information Directives (Market Abuse, Financial Statements and MiFID Directives), the Italian Stock Exchange's new Code of Self Discipline and the Bank of Italy's regulatory requirements regarding auditing.

One of the most significant innovations of law 262/2005 regarding listed companies was the introduction of article 154 bis¹ in Legislative Decree 58/98, which on the one hand provides a regulatory description of the Senior Management Figure responsible for preparing the company accounts, and on the other provides for the Managing Director and said Senior Management Figure Responsible having specific responsibilities intended to ensure the faithful and proper representation of the Group's financial position. Article 154 bis is clearly inspired by the U.S. Sarbanes Oxley Act, which in providing for the direct, personal responsibility of the CEO and CFO requires them to certify that:

- the information produced faithfully, properly and fully represents the financial position,
- that there are operating suitable internal audit systems and procedures with respect to financial information, the efficacy of which has been appraised.

To this end, our parent company Intesa Sanpaolo, as a listed company, drew up specific guidelines and coordinating rules for the companies in the Group, including Banca Fideuram and certain of its subsidiaries (Fideuram Investimenti SGR, Fideuram Gestioni S.A. and Fideuram Asset Management (Ireland) Ltd) regarding the formulation of a Model of Financial Governance appropriate for continuously monitoring the suitability and effective application of administrative and accounting procedures. The Intesa-Sanpaolo Senior Management Figure Responsible is required to formulate and manage this model using their own appropriate dedicated structures and other existing company units and departments.

The model provides for the following:

- the formulation and formalising of the processes, risks and controls for accounting and financial information,
- auditing the suitability of the related processes and controls as well as the effective and continuous use of them by the operating structures,
- the formulation and monitoring of any corrective actions that need to be implemented,
- the conclusive assessment of the audit system and its effective application, which allows the company to issue the certification statements required by law,

¹ A role that was redefined by Italian legislative decree no. 303 Of 29 december 2006, known as the "Pinza decree", which coordinates the application of the aforementioned law on savings with respect to the finance consolidation act and banking consolidation act.

- a system of information flows and relations with the other departments of the parent company and subsidiaries which enables the Senior Management Figure Responsible to receive all the information required to perform his duties.

The development of a Model of Financial Management Governance suitable for ensuring and continuously monitoring the suitability and effective application of administrative and accounting procedures at Group level represents the core element in the new legal provisions. The Italian provisions do not refer to specific standards for assessing the effectiveness of the processes and controls and the model adopted by our parent company does not therefore refer to international frameworks such as the COmmittee of Sponsoring Organizations of the treadway commission (COSO) or the Control Ojectives for IT and related technology (COBIT).

The Senior Management Figure Responsible for issuing the certification statements for the Banca Fideuram Group regarding 2007 is the same figure appointed for this purpose at parent company Intesa Sanpaolo. The parent company's contact in the Banca Fideuram Group is the Administration and Reporting Director, who - through the Financial Management Governance Unit - ensures effective implementation of the Model of Financial Management Governance, and oversees planning and institutional relations to ensure alignment across all developments in initiatives and in the application of the Model at Group level.

The scope of application in the Banca Fideuram Group includes those companies which are considered significant for the purposes of providing financial information with respect to specific qualitative and quantitative parameters. Linking this to the accounts and information has made it possible to identify the relevant corporate processes. The processes thus selected are assessed in relation to potential risk in order to determine the appropriate level of analysis for the methods adopted. The methodological model adopted involves applying different methods for administrative and accounting processes on the one hand and IT processes that are considered sensitive because of the potential risk to which they could expose financial information on the other.

The processes analysed in the analytical approach concern the **core business** of the Banca Fideuram Group, and in particular cover the Distribution of financial and insurance products, the Management of product sales channels by the Fideuram Private Banker Network, the Finance Division and a process which offers significant support to the business (Dispute Management), as well as the processes for managing the Group's technological infrastructure and the applications for its administrative processes.

Upon completion of the activities for the 2007 financial year auditing the suitability of the administrative and accounting procedures and the effectiveness of the related controls, and the suitability of the organisational solutions in place, ***the system of internal controls on the financial information of Banca Fideuram and its subsidiaries was considered to be suitable.***

ADDITIONAL INFORMATION

In 2005, the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB) launched an investigation into the efficiency of Sanpaolo Invest SIM's management processes and internal audit system.

Following the completion of said investigation in December 2005, the CONSOB began proceedings served on 4 January 2006 against Sanpaolo Invest for alleged violations of regulatory provisions principally regarding internal audits. Sanpaolo Invest proceeded to formulate its own conclusions, highlighting amongst other matters the fact that its present procedures comply with the current regulations.

The CONSOB then sent notice on 4 August 2006 that it was commencing "the investigative part of the decision" with the related investigation report, and Sanpaolo Invest prepared a supplementary defence statement submitted on 18 September 2006. On 29 December 2006, the CONSOB notified Sanpaolo Invest and the company managers involved of its decision to impose administrative monetary sanctions. The sanctions, for which payment has been requested from Sanpaolo Invest as civilly liable, amount to a total of €296,500. The Company and managers therefore filed an appeal against these sanctions at the Rome Court of Appeal. The Rome Court of Appeal rejected this appeal with a judgment filed on 30 November 2007. The company will be appealing against this judgment in the Court of Cassation.

On 9 June 2005, following a series of meetings with Banca Fideuram management that were within the scope of its regulatory powers, the CONSOB informed Banca Fideuram of a number of shortcomings with respect in particular to the procedures regarding the investment services provided for its customers.

The CONSOB also asked Banca Fideuram to take appropriate action to overcome the shortcomings identified, regarding which the Bank had moreover already launched a work plan to take the required corrective measures prior to the CONSOB's involvement. The Bank's management therefore approved the measures for improving the aforementioned procedures, the implementation of which was reported to the CONSOB on a regular basis, focusing special attention on providing information on the financial instruments dealt in and on evaluating the appropriateness of customer transactions. The Bank therefore launched a complete review of its internal regulations impacting these areas, which has been ongoing since 2005, aiming in particular to introduce specific limits on securities transactions with customers. In tandem with revising its regulations, Banca Fideuram also developed an operating model complete with dedicated technological and IT tools for ensuring that customers gain full and appropriate information on the risk level of their investment choices.

As part of this initiative, the bank launched a dedicated customer profiling procedure on 1 December 2005, which enables us to allocate every customer an investment target (or risk profile) based on their experience, financial situation and risk propensity, which is used for assessing the appropriateness of every transaction arranged. In addition, aiming to ensure our customers receive appropriate information on any financial instruments dealt, we now provide a document referred to as a "security information sheet" (scheda titolo), which provides the core information together with the minimum investment target and the risk level of the security (expressed in terms of quarterly VaR with a confidence interval of 95%) certified by an

external supplier. As part of this work, we in addition further simplified our operations through non-branch channels by providing a “unified information sheet” that groups specific financial instruments by risk level and core information, for use as an alternative to the individual security information sheet.

The process of evaluating the appropriateness of each individual transaction a customer engages in with respect to their risk profile and investment portfolio involves assessing the potential impact which that individual transaction could have on the customer’s overall financial portfolio. The bank has, moreover, extended the auditing of appropriateness to customer transactions using Internet banking. This process has also been designed with the aim of ensuring that investors are able to diversify their specific or sector risks.

The integration of these activities in our sales process recognises their strategic value from the standpoint of creating long-term value, including where our reputation is concerned.

The CONSOB, in a letter of 26 January 2007, granted the bank’s request to suspend the requirement, for the duration of 2007, to provide regular reports on its initiatives for improving said procedures. The bank supported this request with the explanation that “all the initiatives decided upon by the Bank’s Board of Directors in its meetings of 7 July and 14 October 2005 had been implemented in full since 19 June 2006” and that “the quarterly audits carried out have shown that the initial critical areas highlighted have steadily been rectified and have moreover confirmed that operating standards consistent with the reference regulatory scenario have been achieved”. The bank’s Audit Department nevertheless carried out an operational audit in 2007 to monitor the correct performance of all activities connected with the selection of and information provided on financial instruments and the appropriateness of the investment transactions engaged in by customers.

Banca Fideuram received a report from the Latium Regional Tax Police in 2005 concerning the 2003 and 2004 tax years, questioning the tax treatment adopted by the bank for the Private Banker Network Loyalty Schemes, together with a number of other lesser matters. Following this report, the bank was served a notice of assessment on 28 March 2007 regarding Corporate Income Tax (IRPEG) and Regional Business Tax (IRAP) for the year 2003 only, against which the bank promptly appealed. At the same time, and likewise as a consequence of the report, the bank was also served a notice of assessment regarding VAT for the years 2003 and 2004. An appeal against this assessment was also filed within the required time.

A thorough, in-depth examination of this problem concluded that the tax treatment adopted by the bank could be considered valid. The bank did not therefore set aside any provisions to cover future risks related to these assessments, considering the likelihood of losing any case remote.

During 2007, the Italian Inland Revenue served Sanpaolo Invest SIM a notice of assessment regarding Corporate Income Tax (IRPEG) and Regional Business Tax (IRAP) for the 2000 tax year, stating that a further €1.6m in taxes were due. The notice of assessment follows a report prepared by the Latium Regional Tax Police of which notice was received on 17 December 2002. Our own assessments indicate that this tax adjustment is entirely without foundation, and the bank consequently lodged an appeal to the Rome Provincial Tax Commission. The bank considers that it will not incur any liability regarding the affair in question, and has not therefore set aside any related provisions.

SUBSEQUENT EVENTS AND BUSINESS OUTLOOK

On 1 February 2008, Banca Fideuram conferred a building that it owned in Milan with an estimated value of €9.8m to Immit S.p.A., Società di Intermediazione Immobiliare Quotata (SIIQ), a company founded by Intesa Sanpaolo, acquiring in exchange a holding of 0.97% of the share capital of the company (equal to 2,833,478 shares with a par value of one euro each). The bank subsequently sold said shares to Intesa Sanpaolo on 4 February 2008 for a provisional price of €9.8m, subject to an adjustment after the listing of the company should the market share price be higher than the purchase price already paid by the buyer.

On 6 February 2008, subsidiary Banque Privée Fideuram sold its holding in the Monaco fund management company Fideuram Wargny Gestion SAM to Fideuram Bank (Luxembourg) as part of the plan for reorganising the Group’s French business. The transfer of this holding was still awaiting the approval of the *Commission de Contrôle des Activités Financières*.

On 28 February 2008, the Banca Fideuram Board of Directors authorised a €50m increase (subject to the authorisation of parent company Intesa Sanpaolo) in the share capital of subsidiary Euro-Trésorerie S.A. through the latter’s immediate parent company Financière Fideuram S.A..

Total net inflows in the first two months of 2008 were positive to the tune of €177m.

The 2008 financial results are likely to be satisfactory and in line with our budgets. The potential repercussions of the difficult financial markets on the bank’s business should, however, be carefully considered.

THE BOARD OF DIRECTORS
Rome, 19 March 2008



The Social
Responsibility
and sustainable
development
of the Banca
Fideuram Group

REPORTING PRINCIPLES

This Report has been prepared in accordance with the G3 reporting guidelines of the Global Reporting Initiative (GRI), which are the main international reference model for social and environmental reporting.

MATERIALITY

In deciding the topics to be covered, every element that significantly influences the stakeholder's valuations and decisions was evaluated in line with our Mission Statement.

INCLUSIVENESS

All the company units involved in the reporting process have engaged in an ongoing dialogue with stakeholders in order to meet their expectations.

SUSTAINABILITY

The Banca Fideuram Group is committed to the concept of sustainable development, viewing its own business in a wider context.

COMPLETENESS

The information refers to the companies included in the consolidation of the Banca Fideuram Group at 31 December 2007 unless stated otherwise. All figures shown refer to the reference period 1/1/2007 - 31/12/2007. The report also presents qualitative information on significant events in the first few months of 2008.

BALANCE

The information presented covers the positive and negative aspects of our results in the year to enable a complete assessment of the Group's overall performance.

COMPARABILITY

The figures presented are, where possible, compared with those for the previous financial year in order to enable stakeholders to analyse changes in the Group's performance.

ACCURACY

The figures presented are the result of detailed and direct monitoring. Specific notes indicate where estimates have been used. The Financial Report has been prepared using the information presented in the Consolidated Financial Statements at 31 December 2007.

TIMELINESS

The Report is published every year and made available to stakeholders on our company website on the same day as the Banca Fideuram Board of Directors approve it together with the separate and consolidated financial statements.

CLARITY

The information is expressed in a manner that is simple and accessible to all stakeholders.

GROUP PROFILE

VALUES

Banca Fideuram has recently adopted the Intesa Sanpaolo Code of Ethical Conduct, sharing and committing itself to the same values as the Intesa Sanpaolo Group. The values set out in the Code of Ethical Conduct are an expression of the rich corporate cultures which are the living heritage of the Intesa Sanpaolo Group. Banca Fideuram and its Private Bankers daily work is thus not only founded on and in accordance with the reference principles and general values in the Code of Ethical Conduct, but also guided by the values that typify the bank's culture and tradition, namely:

- **The Centrality of the Individual** Understanding and valuing individual qualities in Private Banker-Customer relations and Banca Fideuram-Private Banker relations.
- **Professional excellence** Continuous improvement of our knowledge and ability to use it in providing advisory services.
- **Openness to the new** Readiness to embrace socio-economic change and make this an added value of the service we offer.
- **Systematic approach** Commitment to developing solutions that comprehensively meet customer needs.
- **Dedication to quality of service** Attention to upholding and improving every aspect, both tangible and intangible, of the bank's service.

SHORT HISTORY

- 1968 Fideuram was acquired by Istituto Mobiliare Italiano (IMI) so that it could operate in the mutual fund sector, taking over the business of International Overseas Services (IOS). Fideuram offered Italian investors the Fonditalia and Interfund "historical" Luxembourg mutual funds through a network of approximately 300 Private Bankers.
- 1984 Fideuram started offering its first Italian mutual funds: Imirend and Imicapital.
- 1992 Banca Fideuram was formed through the merger of two companies in the IMI group: Banca Manusardi, which was listed on the Milan stock exchange, and Fideuram. The shares continued to be listed, taking the new company name.
- 1996 Banca Fideuram was included in the MIB 30 Italian blue-chip index.
- 1997 Banca Fideuram launched a personalised financial planning service utilising an advanced technological platform to the benefit of its customers. This service was given the English name "personal financial planning".
- 1998 Establishment of the subsidiary Fideuram Bank (Luxembourg).
- 2000 Banca Fideuram extended its activities into France with the acquisition of the Wargny Group.
- 2001 Establishment of the subsidiary Fideuram Bank (Suisse) in Switzerland.
- 2002 Banca Fideuram acquired Sanpaolo Invest SIM.
- 2004 Insurance subsidiary Fideuram Vita was transferred to Assicurazioni Internazionali di Previdenza S.p.A. (now EurizonVita).
- 2005 Sanpaolo IMI (now Intesa Sanpaolo) transferred its holding in Banca Fideuram to the newly-established company Eurizon Financial Group S.p.A., controlled directly by Sanpaolo IMI.
- 2006 Banca Fideuram's operations support services were centralised in Universo Servizi S.p.A. (now Eurizon Solutions). Eurizon Financial Group S.p.A. launched a public purchase offer to buy all the shares in Banca Fideuram.
- 2007 Borsa Italiana delisted Banca Fideuram shares from its Mercato Telematico Azionario electronic stock market in January.

The transaction for the sale of subsidiary Banque Privée Fideuram Wargny's private banking and brokerage divisions and of the shares in Fideuram Wargny Gestion S.A. to the French group Viel & Cie was completed in August.

Following the reorganisation of the Eurizon Group's business, Banca Fideuram was brought under the full ownership and direct control of Intesa Sanpaolo on 31 December 2007. The activities and specialist units previously centralised in the Eurizon Financial Group were brought back within Banca Fideuram, as were the operations support services previously sold to Eurizon Solutions.

SOCIAL REPORT

CUSTOMERS

Main objectives for 2007

Actions and results achieved

Expansion of product range

- Product initiatives included the expansion of our multimanager solutions and of our investment services dedicated to private banking customers, as well as the development of innovative investment solutions accompanied by the in-depth revision of existing products following the coming into force of the **Markets in Financial Instruments Directive** (MiFID).

Market research

- Ad-hoc research
 - In-depth analysis of the reasons why customers have left the bank.
 - Customer focus groups both as part of the project for developing our wealth planning platform, in order to identify the most effective communications solutions, and as part of our transparency project, to identify the most readily understood reporting communications practices.
- Multiclient research
 - Increased understanding of high-level customers through joining a number of market research initiatives focused on the private segment.
- Increased use of marketing research studies as a tool for gaining insight into our customers and market with a view to identifying the best responses to customer needs.

Customer analytics

- Launch of our Data Warehouse, which will come into full use during 2008.
- Launch of our “Lifestyles” project for gaining a better understanding of our customers’ interests and propensities in extra-financial areas.

Operations support for our Private Bankers

- During 2007 we completed the development of **SEI**, the innovative financial planning tool, designed to support our Private Bankers in every phase of their customer relations. This new tool is based on a customer-centred approach that starts with an analysis of the customer’s needs to then formulate solutions that are customised to satisfying those needs effectively, proceeding in a manner that is fully compliant with the consultancy regulations introduced by the Markets in Financial Instruments Directive.
This tool was issued to 50 “pioneer” Private Bankers and all management figures in 2007.

Compliance with the regulatory requirements of the MiFID Directive

- In line with the increased customer protection brought in by the MiFID Directive, the Banca Fideuram Group has launched a new service model that presents its non-branch services as consultancy services. The actions launched in 2007 to ensure compliance with the new EC standard included updating our Customer Financial Profile Assessment Questionnaire and Transaction Appropriateness Assessment Tool to enable our Private Bankers to obtain and process all the information required to achieve proper risk profiling.

Events

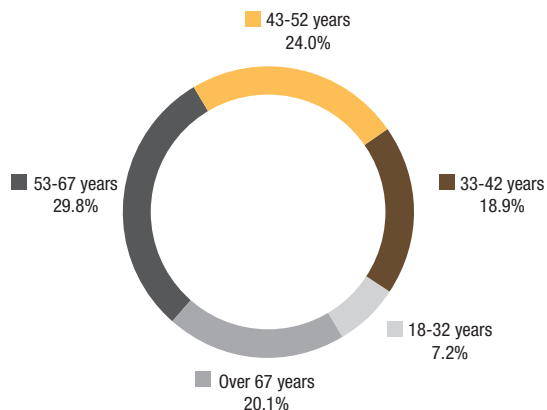
- Events launched for two distinct target customer groups: high-profile customers as a loyalty initiative and potential customers as an acquisition initiative.

Home banking website

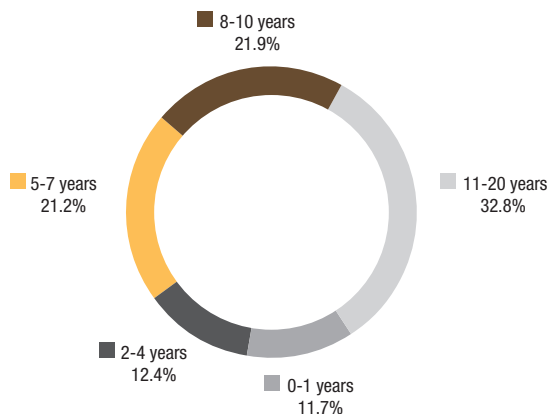
- New site design for clearer, more intuitive consultation and new content for easy access to information.

The Banca Fideuram and Sanpaolo Invest Networks serve approximately 650,000 customers of all ages distributed across the whole of Italy with longstanding relations that are the bedrock of high loyalty to the Group.

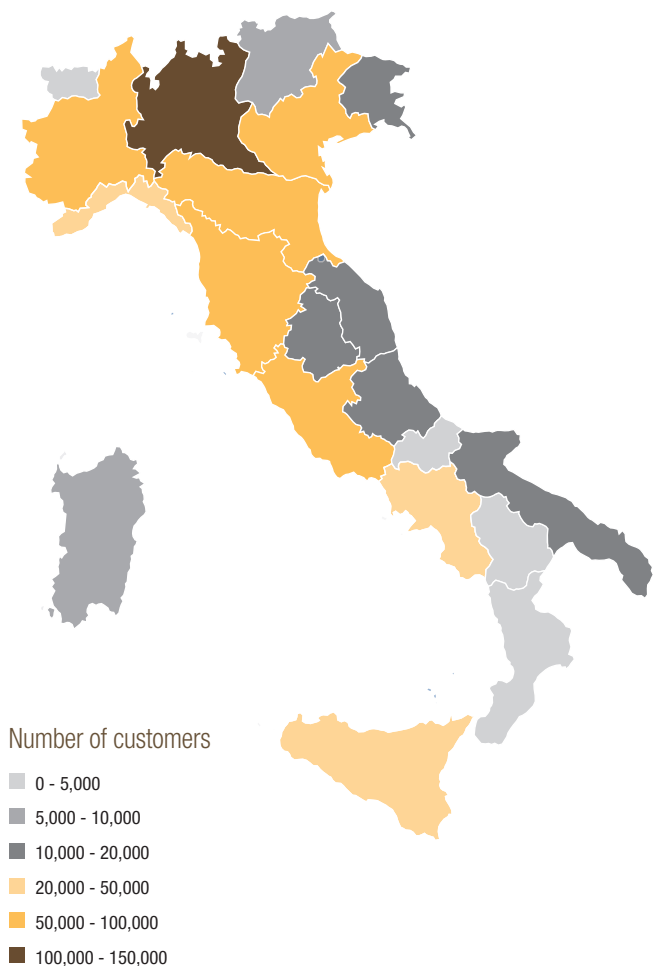
Distribution of customers by age



Distribution of customers by length of relationship



Geographical distribution of customers



Fideuram online

Banca Fideuram's internet platform, Fideuram Online, maintained its strong growth trend in 2007 regarding both the total number of customers (+14% on 2006) and the total number of Internet transactions (over 1,380,000 - including stock market instructions, transfers, other payment instructions and instructions regarding funds and asset management - an overall increase of 10% on 2006).

A total of 200,000 customers accessed their accounts through our online banking service (77% Banca Fideuram customers and 23% Sanpaolo Invest customers).

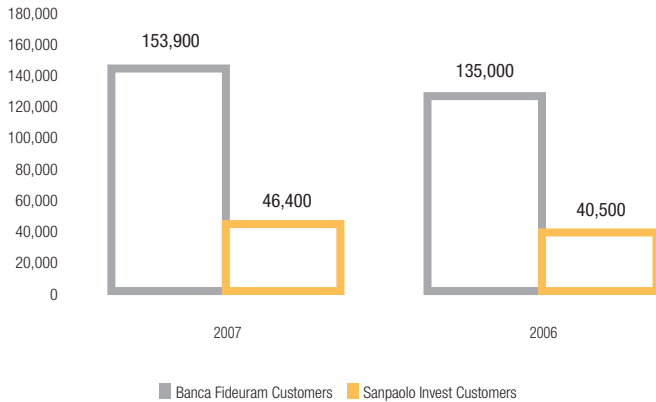
Transfers over the Internet increased by 14% from the previous year and securities trading volumes over the Internet exceeded €4,270m (+3% on the figure for 2006).

The products and services offered by Fideuram Online continued to be updated with the introduction of a new graphical interface that makes consultation even clearer and more intuitive, plus a new content organisation system that makes it easy for users to access the information of greatest interest to them. Salient amongst these developments in the year were:

- New instruction functions for our home banking services: tax payments using the official F24 form, payments using Italy's M.A.V. and R.A.V. notices and mobile phone top-up payments.
- An information section where customers can consult and print out communications on the transactions they have completed over the Internet.
- Expanded information on new managed savings products taken up by customers and marketed during the year.

- Alignment of our service with the provisions of the new European Markets in Financial Instruments Directive (MiFID) which came into force on 1 November 2007.

Online customers



Market research

Understanding our customers and continually monitoring their satisfaction is essential for the Banca Fideuram Group to ensure that its service model really is customer centred in every respect.

Having undertaken an in-depth study on customer satisfaction in 2006, we conducted a survey in 2007 to investigate the reasons why customers have left the bank. The aim of this research was to reconstruct the process by which customers leave, identifying the causes of their behaviour and the critical issues that arise along the way so that we are able to intervene with corrective measures that improve our excellent customer relations. It emerged that the main reason customers had for leaving was not in fact any dissatisfaction with the bank, but rather a desire to rationalise their investment costs and management by reducing the number of brokers used. Banca Fideuram was in fact often the “second bank” of such customers. Our efforts in 2008 will therefore be to intervene in this process by proposing products and services that enable Banca Fideuram to become these customers’ “first bank”.

During 2007 we further strengthened our marketing analyses in order to increase our knowledge of the market and savers by joining the main sector surveys (Multifinanziaria and Multitrack), from which it emerged that Italian savers are largely disorientated and seek greater clarity and simplicity regarding financial products and their related services. We will therefore be launching a financial communication project in 2008 with the aim of increasing the transparency of and making it easier to read and understand our reporting and product documentation.

Our target high-profile customers were an important focus in 2007, with the aim in particular of obtaining more in-depth information on consumption models and loyalty strategies, which was achieved by taking part in some of the biggest research studies on the private banking customer segment.

Lastly, we analysed our customer evaluations of specific topics related to the bank’s strategic projects. The transparency of customer communications, in particular, was the focus of two important surveys of a group of customers, one on the material for presenting our new SEI sales model, and one on the revision of our product reporting for customers in order to achieve greater clarity.

Customer Analytics

Our Business Intelligence project, launched in 2006 with the aim of constantly increasing the accuracy of our understanding and interpretation of customers’ behaviour and expectations, was rolled out during 2007 and is likely to provide important customer information in 2008.

This initiative formed part our work on increasing our customer knowledge with the objective of further strengthening our customer focus.

The aim is to build up a single customer database with general behaviour indicators that will allow us to identify any changes in customer attitudes promptly and therefore respond to emerging needs more rapidly.

Particular attention was focused on the interpretation of customers’ extra-financial lifestyles in order to provide the best possible support for customer-facing initiatives and events.

To this end we developed a project in conjunction with GFK Eurisko, which owns an important synoptical map with customer segmentation by lifestyle, that enabled us to obtain revealing information on customers’ non-financial behaviour which will be used to develop new sales strategies in 2008.

Advertising

The economic future is far from familiar. No one knows that better than Banca Fideuram.

Which is why 2007 saw us continuing the Italian national press advertising campaign with which we broke the mould of traditional financial sector communications in 2006, making water our central image both as a natural resource and as an important economic resource as well.

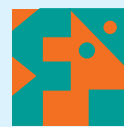
In early 2008, the Banca Fideuram Group launched a new advertising campaign in Italy’s leading financial newspapers and magazines. The project responds to our unanimous conviction that the Fideuram brand must be brought to the attention of the general public. The concept chosen emphasises the leading strengths of Banca Fideuram’s and Sanpaolo Invest’s Private Bankers in providing industry-leading advisory services to our customers. The campaign visual is centred on the calm confidence and foresight with which our strength and undisputed leadership in the sector allows us to look to the future, in the interests of our profession and our customers.

Una volta l'acqua era solo
una risorsa naturale.
Oggi è un'importante risorsa
economica.

Banca Fideuram lo sa.

La realtà economica è in continua evoluzione. Banca Fideuram analizza e interpreta costantemente il mercato per cogliere ogni nuova opportunità. E la consulenza dei Private Banker di Banca Fideuram e Sanpaolo Invest allarga l'orizzonte dei tuoi investimenti.

www.bancafideuram.it



Banca
FIDEURAM
Il tuo Private Banker

E' una società di Eurizon Financial Group
Previdenza - Assicurazioni - Risparmio gestito

PattiChiari



Banca Fideuram continued its work of increasing customer awareness of its products and services in 2007, consolidating its involvement in initiatives developed by PattiChiari, the project launched by the Italian Banking Association (ABI) to improve relations between banks and their customers.

Banca Fideuram has been involved in the following PattiChiari projects over the years:



Faro

This is a free service that informs customers over the telephone or Internet of the location of the nearest fully-functioning ATM machine, wherever they are, complete with a map of the area and the quickest route to the machine.



Sure times Cheque availability

An initiative that provides customers with precise information on how long it will actually take cheques paid into their accounts to clear and for the sums paid in to become available.



Current Accounts compared

An initiative that provides customers with general information sheets that compare Banca Fideuram's current accounts with those of its competitors, making it easier to assess the cost of these products.



Low-risk, low-yield bonds

This initiative publishes a list of low-risk and therefore low-yield bonds to guide savers with little financial experience who want to invest in particularly simple securities.



Financial investments compared

The banks involved in this initiative provide easy-to-use tools that help customers identify their investment objectives correctly.



Structured and Subordinated Bank Bonds

This initiative has developed special information procedures for the placement of structured and subordinated bonds, which enable customers to evaluate any choice of these products properly.

Banca Fideuram's commitment doesn't end with joining these projects. Compliance with the PattiChiari regulations for each of these individual initiatives is monitored with regular inspections by the accredited certification body Det Norske Veritas to ensure a consistently high standard of service over time.

Moreover in November 2007, Banca Fideuram joined **Campagna Dialogo**, the "Dialogue Campaign" promoted by PattiChiari. Campagna Dialogo is the first nationwide educational campaign in Italy aimed at improving people's ability to understand and make informed use of financial instruments and financial services for investments, savings and payment services. The campaign's work has increased public awareness of the importance of informing oneself before making any financial decisions, while simultaneously enhancing people's willingness to dialogue with the bank.

Events

During 2007, the bank went on a tour called "**Dimore Storiche**" ("Historic Homes"), consisting of nine events at palaces and stately homes dedicated to Banca Fideuram's affluent and upper-affluent customers across Italy.

The tour was structured to emphasise how Banca Fideuram is close to its customers and offers an extensive network, with the location of each event being chosen to highlight the distinctive features of the area. Following a cocktail reception in the elegant rooms of each stately home, the programmes for the evening featured a concert by the Accademia Nazionale di Santa Cecilia, with a duet for voices and piano, string quintet or brass quintet, and ended with a gala dinner.

The tour started on 18 April at the Palazzo Re Enzo in Bologna, taking in the Ducal Palace in Genoa, the Palazzo Corsini in Florence, the Palazzo Pisani Moretta in Venice, the Santa Chiara Monastery in Naples, the historic town of Sabbioneta in the province of Mantua, Palazzo Biscari in Catania and Palazzo Lamarmora in Turin before ending at Villa Reale in Monza.

The series of events met with the acclaim of all participants, who spent a delightful evening in good company and fine surroundings, beautifully complemented by the musicians of the Accademia di Santa Cecilia.

Palazzo Corsini



Santa Chiara Monastery



Customer feedback

The bank collects customer feedback through its Customer Relations Department.

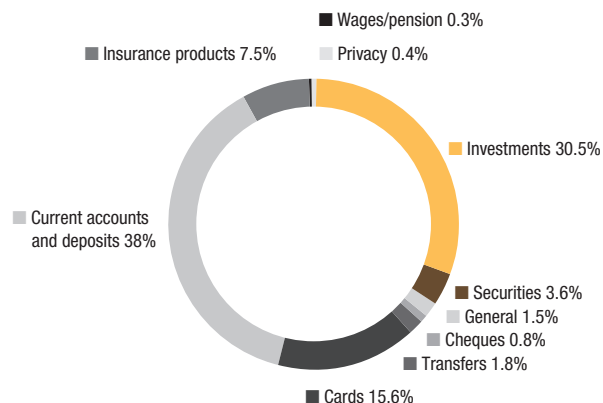
A total of 7,664 complaints were handled in 2007, 6,451 of which regarded the Fideuram Network, 1,212 the Sanpaolo Invest Network and 1 Fideuram Bank (Luxembourg), amounting to approximately 1.18% of total customers.

Approximately 90% of this total consisted of customer complaints regarding administrative matters, which were therefore outside the scope of the complaints provisions of the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB), while the remaining 10% concerned activities that could be regarded as investment and related services as per Italian Legislative Decree No. 58/1998 and subsequent amendments (Finance Consolidation Act complaints).

Complaints were resolved in an average of 25 days, which is substantially less than the 90 days required by current regulations. The number of complaints referred to the Banking Ombudsman "Jury" in 2007 totalled 24 for the Banca Fideuram Network and 13 for the Sanpaolo Invest Network.

These complaints were distributed as follows:

Customer complaints



Main improvement objectives for 2008

Our main improvement objectives focused on customers as our reference stakeholders include the following for 2008:

- Focus on families in order to further strengthen our relationships with existing customers and acquire new ones.
- Improve the satisfaction levels of existing customers, paying particular attention to high-profile customers.
- Reduce leaving rates with initiatives to increase customer loyalty.
- Complete the gradual roll-out to all our Private Bankers of SEI, the innovative financial planning tool that's been specially designed to support Private Bankers in every phase of their customer relations. This tool will become a distinctive feature of the Banca Fideuram and Sanpaolo Invest customer service model.
- Continue extending the range of products and services offered through our online banking channel by, in particular, offering new information and instruction functions as part of our home banking and online trading services.

PRIVATE BANKERS

Main objectives for 2007

Increase and improve the quality of net inflows

- Complete the development of our of sales tools for managing sales planning and financial planning as well as inflow quality.
- Improve incentive and bonus schemes for Managers and Private Bankers.

Step up recruitment

- Analyse current uses of standard recruitment packages.
- Develop the Recruitment Information System, a system that supports managers in the management and monitoring of the recruitment process.
- Monitor the effectiveness and efficiency of the process from a cost/return standpoint.
- Maintain a balanced career background across new Private Bankers recruited (banks and other networks).
- Control migration to other Networks.
- Upgrade recruitment marketing support.

Actions and results achieved

- Total net inflows were down, falling from €1,818m in 2006 to €1,617m in 2007. Assets under management totalled €68,574m in 2007 compared to €67.591m in 2006.
- All the bonus and incentive mechanisms provided for in the annual remuneration agreements were applied both at an individual annual level and at three-year level, with the Managers and Private Bankers therefore receiving dual remuneration for all targets met.
- Existing non-monetary rewards were added to this, with the Managers who ranked highest in meeting specific national and area targets receiving further “status-symbol” benefits in the second half of the year.

- The Banca Fideuram Group maintained its leading recruitment position in 2007, attracting 298 new members of staff. These consistently strong year-on-year results reflect the strategic value that the Group has always placed on recruitment.
- The results achieved testify to the Banca Fideuram Group's ability to recruit systematically and effectively both within the banking world in general and from other networks.
- In addition, 2007 saw a further drop in the number of Private Bankers leaving for competitors, 108 Private Bankers (-4% from 2006), which produced a strong positive balance in the form of an increase of approximately 145 in the total number of Private Bankers.
- These figures placed the Group among Italy's top networks as one of the few able to maintain growth in 2007, when most networks saw their total staff numbers decline.
- Moreover, it is not just the number of new recruits that is worthy of emphasis but their quality as well, which showed further improvements compared to 2006, with over 15% having portfolios of more than €20m and several in excess of €50m.

Geographical distribution of Networks

The area organisation of the Banca Fideuram Group is structured in two networks, the Fideuram Network and the Sanpaolo Invest Network, which are organised to provide extensive area coverage by our Private Bankers and to promote their business development.

Our Private Banker Networks are organised in areas, each of which is sized to suit the business potential of the territory concerned, which can cover several regions or just a few provinces.

The Fideuram Network is organised in eight areas, while the Sanpaolo Invest Network is organised in four.

Area Structure of the Fideuram Network

Area	2007	2006
1	Valle d'Aosta and Piedmont	Valle d'Aosta and Piedmont
2	Lombardy (Provinces of Milan, Lodi and Pavia) and Liguria	Lombardy (Provinces of Milan, Lodi and Pavia) and Liguria
3	Lombardy (excepting Provinces of Milan, Lodi and Pavia)	Lombardy (excepting Provinces of Milan, Lodi and Pavia)
4	Venetia, Friuli Venezia Giulia and Trentino Alto Adige	Venetia, Friuli Venezia Giulia and Trentino Alto Adige
5	Emilia Romagna	Emilia Romagna
6	Tuscany, Umbria, the Marches and Latium (province of Rieti only)	Tuscany, Umbria, the Marches and Latium (provinces of Rieti and Viterbo only)
7	Sardinia, Latium (excepting the province of Rieti and the Gaeta town council area)	Sardinia, Latium (excepting the provinces of Rieti and Viterbo, and the Gaeta town council area)
8	Campania, Abruzzo, Molise, Puglia, Basilicata, Calabria, Sicily and Latium (Gaeta town council area only)	Campania, Abruzzo, Molise, Puglia, Basilicata, Calabria, Sicily and Latium (Gaeta town council area only)

Area Structure of the Sanpaolo Invest Network

Area	2007	2006
1	Piedmont, Sardinia, Liguria, Valle d'Aosta	Piedmont, Sardinia, Liguria, Valle d'Aosta
2	Lombardy, Venetia, Friuli Venezia Giulia, Trentino Alto Adige, Emilia Romagna and the Marches	Lombardy, Venetia, Friuli Venezia Giulia, Trentino Alto Adige, Emilia Romagna and the Marches (excepting the Civitanova Marche agency)
3	Tuscany, Umbria and Latium	Tuscany, Umbria and Latium
4	Abruzzo, Campania, Calabria, Puglia, Molise, Sicily and Basilicata	Abruzzo, Campania, Calabria, Puglia, Molise, Sicily, Basilicata and the Marches (Civitanova Marche agency only)

Size of Networks

The Networks are the mainstay of all the Banca Fideuram Group's sales activities. Our Private Bankers are our direct personal interface with our customers and the guarantors of the services offered in their areas. The Group's distribution structure (Fideuram and Sanpaolo Invest Networks) totalled 4,280 Private Bankers at the end of 2007 compared to 4,216 at 31 December 2006.

The tables below show the regional and area distribution of Private Bankers in both Networks.

Fideuram Network - Area Coverage - Number of Private Bankers by area

Area	Number of Private Bankers 2007	Number of Private Bankers 2006
1	431	430
2	389	417
3	363	363
4	372	366
5	342	343
6	468	459
7	385	363
8	418	400
Total	3,168	3,141

Sanpaolo Invest Network - Area Coverage - Number of Private Bankers by area

Area	Number of Private Bankers 2007	Number of Private Bankers 2006
1	246	243
2	307	296
3	291	279
4	268	257
Total	1,112	1,075

Fideuram Network - Area Coverage - Number of Private Bankers by region

Region	Number of Private Bankers 2007	Number of Private Bankers 2006
Piedmont	425	420
Valle d'Aosta	6	9
Liguria	104	112
Lombardy	648	673
Venetia	258	255
Friuli Venezia Giulia	76	75
Trentino Alto Adige	38	37
Emilia Romagna	342	340
Tuscany	359	353
Umbria	37	37
The Marches	68	63
Latium	359	338
Abruzzo	31	33
Molise	14	15
Campania	161	160
Basilicata	5	5
Puglia	69	62
Calabria	18	19
Sicily	116	104
Sardinia	34	31
Total	3,168	3,141

Sanpaolo Invest Network - Area Coverage - Number of Private Bankers by region

Region	Number of Private Bankers 2007	Number of Private Bankers 2006
Piedmont	138	136
Valle d'Aosta	6	4
Liguria	100	98
Lombardy	148	146
Venetia	59	58
Friuli Venezia Giulia	17	20
Trentino Alto Adige	6	5
Emilia Romagna	55	54
Tuscany	52	54
Umbria	22	22
The Marches	22	16
Latium	205	192
Abruzzo	37	30
Molise	5	6
Campania	90	91
Basilicata	12	7
Puglia	53	54
Calabria	10	10
Sicily	61	56
Sardinia	14	16
Total	1,112	1,075

Organisational structure

Both our Networks have a pyramid organisational structure with three management levels that each have different territorial resource management and development responsibilities.

This structure has proven its effectiveness over the years and therefore remained unchanged from 2006.

Role	Responsibilities
Area Manager	<p>Coordinate resources assigned to their area of competence in order to achieve the Group's business objectives.</p> <p>Contribute to the professional growth of the Networks through appropriate technical and sales training plans.</p> <p>Contribute to the numerical growth of the Networks by implementing recruitment plans that target qualified and expert resources.</p> <p>Ensure honest and appropriate business behaviour of resources coordinated and customer satisfaction.</p>
Divisional Manager	<p>Direct Regional Managers towards achieving their business objectives through customer and competitor analyses.</p> <p>Carry out training activities and participate in recruitment activities.</p>
Regional Manager	<p>Develop and increase operational presence in their areas and are responsible for the results of the Private Bankers under their supervision.</p> <p>Play a driving role in directing and implementing recruitment activities.</p> <p>Play a key role for customers with respect to quality of advisory services and of financial and insurance products distributed.</p> <p>Coordinate and direct the work of the Private Bankers to help ensure they achieve their budget targets.</p>

Fideuram Network - Private Bankers - Staff numbers by rank

Rank	2007	2006
Area Managers	8	8
Divisional Managers	26	24
Regional Managers	124	115
Supervisors	405	375
Private Bankers	2,605	2,619
Total	3,168	3,141

Sanpaolo Invest Network - Private Bankers - Staff numbers by rank

Rank	2007	2006
Area Managers	4	4
Divisional Managers	10	12
Regional Managers	52	45
Supervisors	124	120
Private Bankers	922	894
Total	1,112	1,075

The following tables show the main characteristics of the Private Bankers in both Networks.

Fideuram Network - Private Bankers - Average age by rank

Rank	Total number	< 30 years	30-40 years	40-50 years	50-60 years	Over 60	Average age
Area Managers	8	-	-	1	7	-	52
Divisional Managers	26	-	1	14	11	-	50
Regional Managers	124	-	17	80	26	1	46
Supervisors	405	-	74	198	116	17	48
Private Bankers	2,605	60	437	976	830	302	49
Total	3,168	60	529	1,269	990	320	49

Sanpaolo Invest Network - Private Bankers - Average age by rank

Rank	Total number	< 30 years	30-40 years	40-50 years	50-60 years	Over 60	Average age
Area Managers	4	-	-	3	1	-	48
Divisional Managers	10	-	-	7	3	-	49
Regional Managers	52	-	6	24	21	1	48
Supervisors	124	-	31	63	27	3	45
Private Bankers	922	15	232	386	200	89	46
Total	1,112	15	269	483	252	93	46

Fideuram Network - Private Bankers - Length of service by rank

Rank	Total number	< 5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Average length of service
Area Managers	8	-	-	1	2	5	21
Divisional Managers	26	1	1	3	7	14	19
Regional Managers	124	8	38	27	21	30	14
Supervisors	405	55	144	88	48	70	12
Private Bankers	2,605	525	946	365	297	472	11
Total	3,168	589	1,129	484	375	591	12

Sanpaolo Invest Network - Private Bankers - Length of service by rank

Rank	Total number	< 5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Average length of service
Area Managers	4	-	-	-	2	2	18
Divisional Managers	10	-	3	-	4	3	15
Regional Managers	52	13	10	10	7	12	12
Supervisors	124	29	31	34	21	9	10
Private Bankers	922	252	312	188	125	45	9
Total	1,112	294	356	232	159	71	9

Fideuram Network - Private Bankers - Distribution by rank and gender

Rank	2007		2006	
	Men	Women	Men	Women
Managers	156	3	144	3
Private Bankers	2,600	409	2,582	412
Total	2,756	412	2,726	415

Sanpaolo Invest Network - Private Bankers - Distribution by rank and gender

Rank	2007		2006	
	Men	Women	Men	Women
Managers	64	2	59	2
Private Bankers	859	187	836	178
Total	923	189	895	180

The 2007 figures for origin highlight the substantial increase in Private Bankers newly-recruited from competitor networks. The strategy followed in the past two years of recruiting candidates from our competitors and not just the banking world in general has proven itself highly effective for achieving an important objective.

Fideuram Network - Private Bankers - Origin by rank

Rank	2007			2006		
	Bank	Network	Other	Bank	Network	Other
Managers	-	1	-	-	3	-
Private Bankers	63	88	32	77	97	15
Total	63	89	32	77	100	15

Sanpaolo Invest Network - Private Bankers - Origin by rank

Rank	2007			2006		
	Bank	Network	Other	Bank	Network	Other
Managers	-	3	-	-	1	-
Private Bankers	22	76	13	23	62	10
Total	22	79	13	23	63	10

Sales activities of the Networks

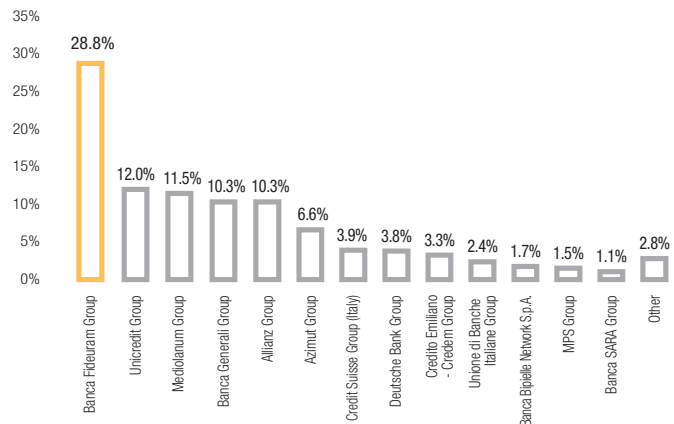
The Group's Private Bankers are the sole channel it uses to distribute its entire range of services. Each Private Banker is a professional with a binding agency agreement who helps their customers with their investment choices and is responsible for relations with them, developing and maintaining them over time.

The total net inflow results of the Private Bankers in the Group at 31 December 2007 were somewhat below the strong results achieved in the previous year, at €1,617m compared to €1,818m in 2006. Assets under management were up at €68,574m in 2007 compared to €67,250m in 2006.

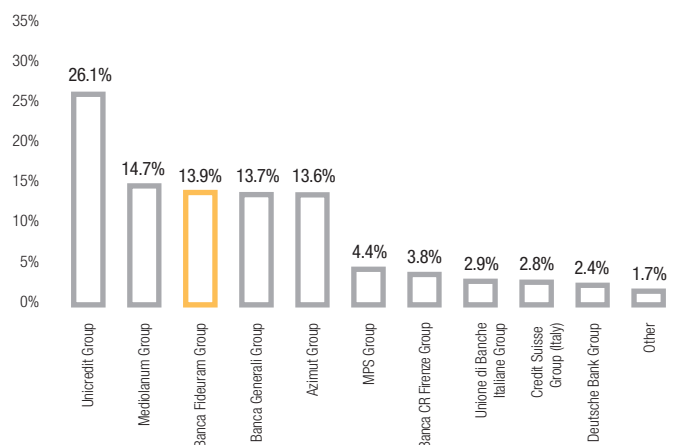
Increasing net inflows, maintaining their quality and continuing our successful recruitment program remain priority objectives of the Banca Fideuram Group.

The results achieved in 2007 put the Banca Fideuram Group in first place in the Assoreti ranking for assets under management and in third place for total net inflows.

Assoreti Total AUM €237bn



Assoreti Total Net Inflows €11.4bn



Fideuram Network - Average number of customers per Private Banker

	Number of Private Bankers	Number of customers	Ratio of Customers to Private Bankers
2007	3,168	523,499	165:1
2006	3,141	537,999	171:1

Sanpaolo Invest Network - Average number of customers per Private Banker

	Number of Private Bankers	Number of customers	Ratio of Customers to Private Bankers
2007	1,112	126,142	113:1
2006	1,075	133,406	124:1

Logistics structure supporting the Networks

Our Private Bankers are supported in their work by the Banca Fideuram logistics structure of 97 bank branches (7 area main branches and 90 small local branches known as Delivery Points - "Punti di Erogazione" or "PEs") together with 254 Private Bankers' Offices (101 in the Fideuram Network and 153 in the Sanpaolo Invest Network).

The delivery points, where customers can carry out routine banking transactions, are normally next to the Private Bankers' Offices. The Group pays the rental costs and part of the operating costs of these Offices either directly or indirectly, and provides for their connection to the company's IT network.

This cost structure has been stable for some time, such that there were no significant changes with respect to 2006.

We plan to open a number of new delivery points in 2008 as well as up to three new Private Bankers' Offices.

Fideuram Network - Area Coverage - Logistics structure by region

Region	Bank branches		Private Bankers' offices	
	2007	2006	2007	2006
Piedmont	12	12	20	17
Valle d'Aosta	-	-	1	1
Liguria	5	4	4	4
Lombardy	21	21	4	4
Venetia	7	7	14	12
Friuli Venezia Giulia	3	3	3	2
Trentino Alto Adige	2	2	2	4
Emilia Romagna	10	10	10	10
Tuscany	12	12	15	15
Umbria	1	1	3	3
The Marches	2	2	4	4
Latium	7	6	7	8
Abruzzo	1	1	3	3
Molise	-	-	2	2
Campania	5	5	2	2
Basilicata	-	-	1	-
Puglia	3	3	1	-
Calabria	1	1	1	1
Sicily	4	3	2	2
Sardinia	1	1	2	1
Total	97	94	101	95

Sanpaolo Invest Network - Area Coverage - Logistics structure by region

Region	Private Bankers' offices	
	2007	2006
Piedmont	15	16
Valle d'Aosta	1	1
Liguria	13	13
Lombardy	20	21
Venetia	10	11
Friuli Venezia Giulia	4	4
Trentino Alto Adige	1	1
Emilia Romagna	9	10
Tuscany	10	11
Umbria	4	4
The Marches	6	5
Latium	23	26
Abruzzo	5	6
Molise	2	2
Campania	10	10
Basilicata	1	1
Puglia	8	8
Calabria	2	2
Sicily	6	6
Sardinia	3	3
Total	153	161

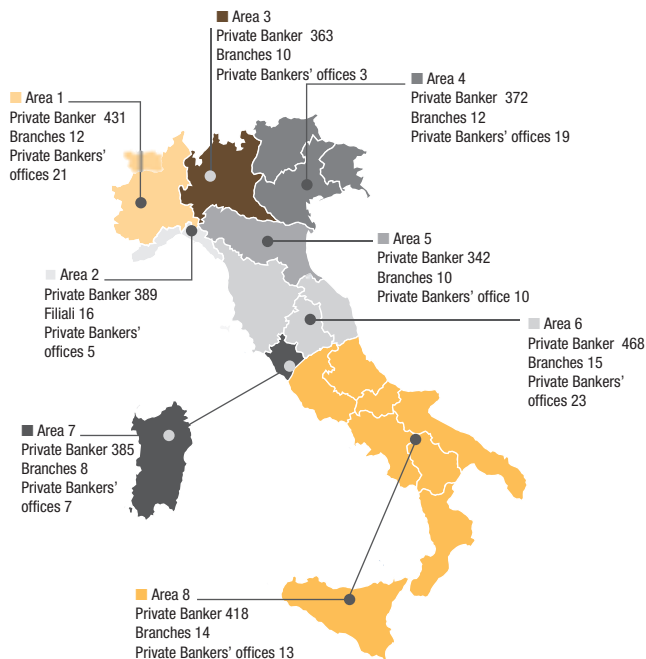
Fideuram Network - Area Coverage - Logistics structure by area

Area	Bank branches		Private Bankers' Offices	
	2007	2006	2007	2006
1	12	12	21	18
2	16	15	5	5
3	10	10	3	3
4	12	12	19	18
5	10	10	10	10
6	15	15	23	24
7	8	7	7	6
8	14	13	13	11
Total	97	94	101	95

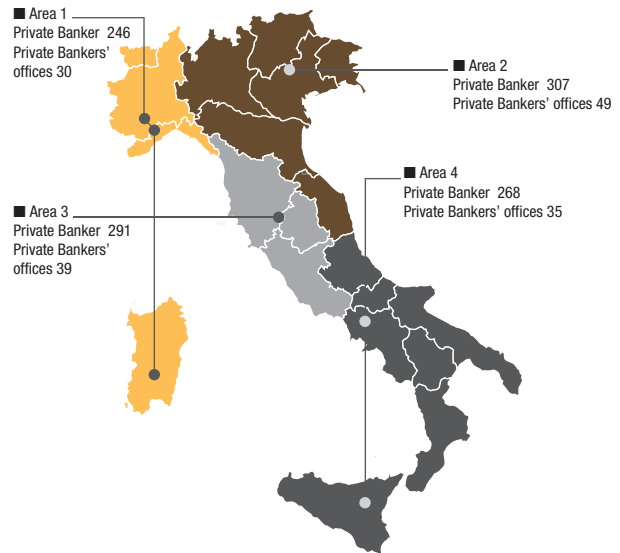
Sanpaolo Invest Network - Area Coverage - Logistics structure by area

Area	Private Bankers' Offices	
	2007	2006
1	30	31
2	49	51
3	39	43
4	35	36
Total	153	161

Fideuram distribution network



Sanpaolo Invest distribution network



Contractual relations

Relations with our Private Bankers are governed by an open-ended agency contract based on Italy's Collective Economic Agreement for Agents and Representatives in the Commerce Sector, which covers their activities, salaries and benefits, and pension and social security arrangements.

This contract not only stipulates the basic collective agreement provisions, but a number of additional benefits (Portfolio Indemnity, Fidelity Plan loyalty scheme and Top Performer scheme).

Remuneration

The remuneration of the Network's Private Bankers and Managers is made up of two main components: commission/fees and other incentive/bonus schemes.

Commission and fees

Commission and fees are split into front-end fees and management fees.

Whereas the former reward the acquisition of new financial assets, the latter reward the Private Banker's ability to retain assets under management, consolidating and improving their customer relations over time.

The front-end fees the Private Bankers receive are commensurate with the total value of their customer assets under management. In particular, front-end fees for insurance products with regular premiums are themselves split into commission on the first premium paid and continuing commission on subsequent premiums, while Unit-

Linked products which have a payment programme pay the Private Banker advance commission based on the number of years provided for in the plan following payment of the first-year premium, with the final amount actually paid depending on the plan being respected and the sums invested in the first years of the contract being left in the plan. This is a further incentive for the Private Banker to maintain an active service relationship with each customer for the entire duration of the insurance contract.

Network Managers receive overrides based on the fees and commission accrued by the Private Bankers under their responsibility, the rate of which varies according to their roles and responsibilities.

Other incentive/bonus schemes

A bonus regulation is issued every year, delineating the mechanisms for incentivising the Networks to achieve our business targets.

The incentive/bonus scheme for Private Bankers and Managers, which was designed to support volume growth in 2007 and focussed in particular on inflows into managed savings products, was expanded with a bonus on new insurance business in order to develop an as yet insufficiently covered area of customer need, while at the same time rewarding stable customer relationships.

The inflows achieved were not only rewarded in the year by the payment of an annual bonus, but also by the payment of the bonus provided for by the three-year plan, thereby providing dual remuneration of the targets achieved.

Complementing this, Managers received the additional non-monetary rewards already offered, known as "status symbol" benefits. Awarded for achieving specific national and area targets allocated in the second half of the year, these incentives are offered to keep motivation high and pursue complementary objectives for supporting our business growth strategies.

In addition, the bonus arrangements in place to support the 2005-2007 plan were confirmed and we made it possible for additional Private Bankers to join the Fidelity Plan (a special form of loyalty bonus scheme that rewards the maintenance of significant assets over time).

We also modified the framework of the 2005-2007 three-year plan during the year, making it possible for Private Bankers and Managers to extend the plan for a further year (until 2008), providing certain conditions are met. The inflows achieved in 2008 will therefore also be taken into consideration for determining both the annual bonus and three/four-year bonus for part of the networks.

In 2008, the incentive/bonus scheme for Private Bankers and Managers will continue to be focused on volume growth (net inflows) while, however, being enhanced by a special bonus rewarding the development of the bank's core offerings - the managed savings products which are considered essential for building portfolios that are consistent with our consultancy model.

Network remuneration system - Overview

Type	Private Bankers	Supervisors	Managers
Front-end fees	X	X	
Management fees	X	X	
Fee overrides		X	X
Loyalty Bonus	X	X	X (*)
"Fidelity Plan" loyalty scheme	X	X	X (**)
Agency Contributions	X	X	X

(*) Area Managers only

(**) Excluding Area Managers

Network bonus system - Overview

Type	Private Bankers	Managers
Net inflow bonus	X	X
Recruitment bonus		X
Fideuram Partnership	X	
Contest	X	X

Recruitment

The expansion of our Networks, launched in 2005 as part of the 2005-2007 three-year plan, continues to be one of the Group's primary objectives.

The Banca Fideuram Group maintained its leading position in recruitment in 2007, improving on the result for the previous year by attracting 298 new employees compared to 288 in 2006.

Banca Fideuram Private Bankers

	Beginning of period	in	out	net	End of period
1.1.2007 - 31.12.2007	3,141	184	157	27	3,168
1.1.2006 - 31.12.2006	3,111	192	162	30	3,141

Sanpaolo Invest Private Bankers

	Beginning of period	in	out	net	End of period
1.1.2007 - 31.12.2007	1,075	114	77	37	1,112
1.1.2006 - 31.12.2006	1,039	96	60	36	1,075

These consistently strong year-on-year results reflect the strategic value that the Group has always placed on recruitment.

Moreover, the results achieved highlight the Group's ability to recruit systematically and effectively both within the banking world in general and from other networks.

This result places the Banca Fideuram Group among Italy's top networks as one of the few able to maintain growth in 2007, when most networks saw their total staff numbers decline.

In addition, it is not just the number of new recruits that is worthy of emphasis but their quality as well, which showed further improvements compared to 2006, with over 15% having portfolios of more than €20m and several in excess of €50m.

Last but not least, our work in 2007 saw us accompany the ongoing analysis of how we use our standard recruitment packages with the roll-out and promotion of our new Recruitment Information System, designed to support our management in the running and monitoring of the whole process.

Key tv

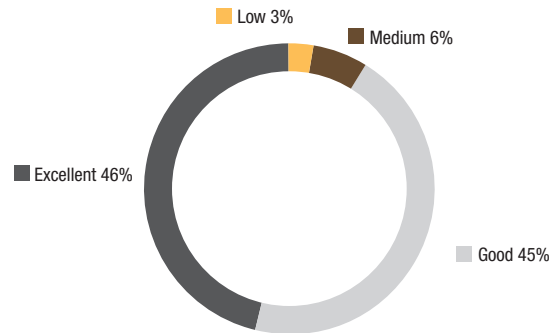
A year on from its creation, Key TV - Banca Fideuram's company TV channel, already provided coverage that extended to most of our Private Bankers (96% for Banca Fideuram and 91% for Sanpaolo Invest) and bank branches (89% for Banca Fideuram and 81% for Sanpaolo Invest).



A total of 3,364 users accessed the channel at least once in the year, consisting of 2,630 Banca Fideuram Private Bankers, 603 Sanpaolo Invest Private bankers and 131 bank branch users. The average frequency of access declared by users was once per week, a figure that may be considered a success in view of the fact that the channel was only launched recently.

Banca Fideuram carried out a survey in June to gauge user satisfaction with the new company TV channel, which revealed that 90% of users were satisfied with the tool's ease of access and found it a useful source of information and aid in their work.

Overall satisfaction with service



Private Banker training

During 2007, our training activities were as a priority focused on increasing our Private Bankers' in-depth understanding of the bank's new customer service model, which is centred on providing consultancy services in accordance with the new European Directives in this area.

It was in particular necessary to analyse and investigate which knowledge, professional competencies and relationship-building skills would be required to deploy a structured work method supported by leading edge operating tools in order to transition the customer in an appropriate and effective manner to a highly-innovative consultancy approach offering substantial added value. This planning and research was conducted with a carefully-selected group of Managers and Private Bankers who were involved both in the testing and development of the application and in the design of the training modules that will be rolled out to the Private Banker Networks in 2008.

The result of this work is a training course that has been conceived to disseminate the underlying principles of the model and work method, to develop the technical and operating competencies needed to use the related financial planning and business planning tools effectively, and to consolidate the relationship-building and communications competencies required to deliver the added value of the new service model to our customers. The entire course, which is approximately one month long in all, consists of class-based teaching, online training and on-the-job training.

The class-based teaching and on-the-job training will be delivered by our managers, which made it necessary to simultaneously develop an intense training course for them, which is tailored to their different responsibilities:

- Training for Divisional Managers to prepare them for their role as trainers on the Private Banker training course.
- Training for Regional Managers to support their development of the skills and techniques required for coaching Private Bankers.

The continuing professional development of our Private Bankers, which ensures they are constantly updated on sector developments as part of our customer service commitment, naturally continued alongside this innovative course design work to support the bank's strategic plans.

The sites known as **In-formati con un click!** (In-form yourself with a click") and **Navigando si impara** ("Navigate to learn") inform and update our Private Bankers on our products and new legislative developments, while also providing training on financial advisory services.

These sites are constantly updated to ensure the continuity of our Private Bankers' professional development with online training that includes:

1. Refresher courses on our product range and new additions to the array of products and services offered.
2. Training aids to support the optimum use of the business applications used for managing the mutual funds offered.
3. Insurance and pensions training courses with structured durations and content, in accordance with the new regulations issued by the Italian supervisory body for private insurance (ISVAP).
4. Courses on new legislative developments relating to the profession and to the distribution of banking products, dedicating substantial time to the MiFID Directive and to refresher courses on Money Laundering, Privacy and Administrative Responsibility, as well as to starting out in the profession (Italian National Commission for Listed Companies and the Stock Exchange - CONSOB).

A blended training package of multimedia class-based teaching and distance training on the bank's e-learning platform and through our company TV channel was delivered to both our Private Banker Networks, updating them on the new technical and regulatory developments introduced by the MiFID Directive, as well as its implications for our service model and code of conduct for interactions with customers.

Alongside these online training activities, we also continued our class-based training for consolidating the specialist expertise of our Private Bankers and Managers. The most significant of these initiatives in 2007 included the following:

- Refresher training courses on the reform and on pension savings plans.
- Insurance and pensions training courses for all newly-recruited Private Bankers, designed to equip them with the professional knowledge and competencies required for them to join the Single Register of the Italian supervisory body for private insurance (ISVAP).
- Courses for all managers, designed to equip them with the professional competencies to deliver courses on pensions advisory services with simulations for in-depth investigation of the main factors in play.
- Courses for all managers, designed to equip them with the professional competencies to deliver courses on the new MiFID Directive.

The Group continued its project supporting European Financial Planning Association (€FPA) certification through the payment of Study Grants for preparatory courses for the certification exam and agreements with the foremost Certified Schools in each area. In addition, aiming to provide additional support to those who have obtained the prestigious €FPA certification, we developed a course entitled "The pensions alternatives of employees in the year of choice: competitor products and scenarios", which was accredited by the €FPA as valid for maintaining the certification.

A total of two Private Bankers in the Sanpaolo Invest Network and six Private Bankers in the Fideuram Network obtained €FPA certification in 2007.

Other initiatives included an advanced training course on wealth management run by the Tanaka Business School at Imperial College London, which was attended by a small, select group of Private Bankers.

A total of approximately 160,318 hours of training were delivered in 2007, including both class-based and distance training for both networks.

Private Banker Training

	2007		2006		Change	
	Attendances	Total hours	Attendances	Total hours	Attendances	Total hours
Fideuram and Sanpaolo Invest networks						
E-learning	42,657	85,049	28,192	66,885	51.3%	27.2%
Class-based training	12,285	75,269	2,965	53,054	n.s.	41.9%
Total	54,942	160,318	31,157	119,939	76.3%	33.7%

n.s.: not significant

This training data is shown in greater detail below, broken down into e-learning and class-based training.

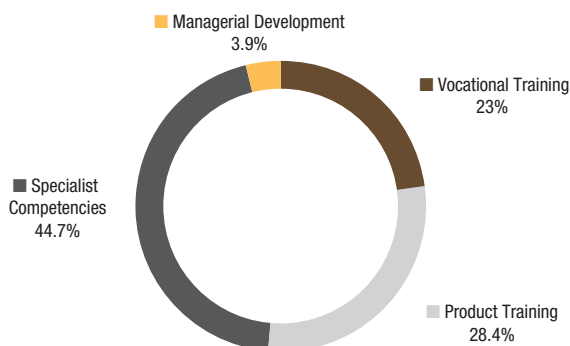
E-Learning

Training Area	2007		2006		Change	
	Attendances	Total hours	Attendances	Total hours	Attendances	Total hours
Private Banker Vocational Training	26,003	41,564	10,746	26,381	142.0%	57.6%
Product Training	16,654	43,485	17,446	40,504	-4.5%	7.4%
Total	42,657	85,049	28,192	66,885	51.3%	27.2%

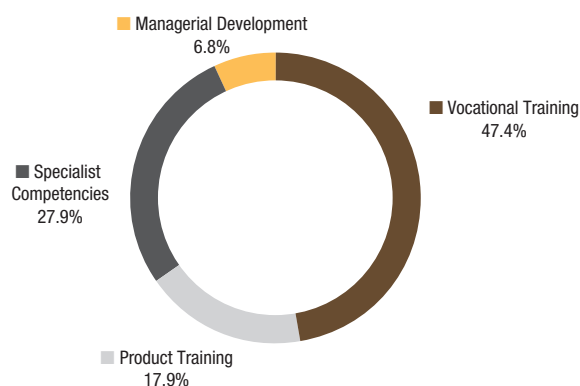
Class-based training

Training Area	2007		2006		Change	
	Attendances	Total hours	Attendances	Total hours	Attendances	Total hours
Specialist Competencies	11,704	68,471	2,511	46,028	n.s.	48.8%
Managerial Development	581	6,798	454	7,026	28.0%	-3.2%
Total	12,285	75,269	2,965	53,054	n.s.	41.9%

Distribution of Fideuram Network training hours by Training Area (%)



Distribution of Sanpaolo Invest Network training hours by Training Area



Main improvement objectives for 2008

The objectives of volume growth and generating added value which have guided the bank's activities in recent years will continue to be priorities in 2008:

Net inflows, with growth pursued through the following strategies:

- The recruitment of new Private bankers: The Group's recruitment policy aims to bring in precisely-identified professional figures from the banking sector in general and from our competitor networks, deploying new packages or options that can be combined with existing packages in order to continue offering packages that are constantly aligned to market requirements and opportunities, as well as to developments in our target recruiting ground.
- Strengthening and improving our bonus system in relation to our overall result and managed savings result, in addition to providing dedicated bonuses for our core products, comprising own-brand products and third-party products that are considered to be of strategic importance for offering a complete range.
- A sales policy that aims to strengthen the advisory role of our Private Bankers and further improve the range of products and services offered by our Networks, rationalising our product ranges, implementing differentiation by customer segment (focussing special attention on the needs of private banking customers) and upgrading the range of products offered with innovative solutions providing greater service content.

- Our training programme, expanded to strengthen the Group's new vision of advisory consultancy and ensure appropriate product knowledge.

Maintain high inflow quality, which will be strengthened by improving our core products and services, rationalising and completing our range of mutual funds and completing our range of insurance products with a view to offering the greatest possible customisation to meet customer needs. Accompanying this, we will bring all our funds into line with the MiFID Directive and support this by releasing a new sales tool that will, combined with a flexible contract structure, be able to manage multi-line investments with a single mandate.

Training: Our main commitment for 2008 will be to provide training courses supporting the launch of our new service model and sales methodology, paying special attention to the sales logics of a consultancy service for customers that is consistent with the new MiFID Directive and with the objective of identifying each customer's needs, risk profile and time horizon in relation to their different requirements and expectations.

In particular:

- We will be focussing attention on the professional development of those Private Bankers serving our private banking customers. Indeed, we have already designed a degree and postgraduate-level programme of training courses as part of the "Fideuram Wealth Management" Project. This will initially be rolled out to our Top Private Bankers (those

Il punto di vista di un nostro private banker.



I nostri private banker hanno un punto di vista privilegiato sul mondo. Non è un caso, ma il frutto di una leadership indiscussa nella promozione finanziaria e di strumenti all'avanguardia per la consulenza e la tutela dei clienti. Con la forza di un grande Gruppo alle spalle, affrontano con serenità ogni sfida, di oggi e di domani.



**Banca
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SANPAOLO INVEST

with more than €50m financial assets under management) before subsequently being extended to those with high potential, followed by all the remaining Private Bankers in both networks, with the latter receiving a simplified version of the programme.

- As part of our work to foster the development of a high-level professional culture and enhance the value of our Private Bankers' professional competencies, the Group has entered into a special agreement with the TEL.M.A. Telematic University which offers Private Bankers access to a three-year degree course in Economics and Banking using recognised training credits based on their professional experience, on their inclusion in the Italian National Register of Financial Advisers and on the study courses they have completed. The organisation of the Telematic University, which uses the very latest distance learning methodologies, overcomes any geographical barriers and offers tremendous flexibility regarding study times and frequency, while the quality of the teaching staff and rigorous assessment system ensure the highest standards are maintained.
- We will continue to dedicate our usual attention to refresher training, ensuring that our Private Bankers benefit from constant updating on technical, regulatory and marketing developments in their profession through the following types of courses:
 - refresher training on the products and services offered
 - in-depth training on insurance and pension-related matters
 - training that enables our Private Bankers to continue being included in the Single Register of the Italian supervisory body for private insurance (ISVAP)
 - €FPA certification and its retention in order to further increase the professionalism of our most expert Private Bankers.

EMPLOYEES

The Group constantly invests in the professionalism of its employees through organisational and training initiatives that aim to build their individual competencies and promote their growth within the company.

The acquisition from Eurizon Solutions of the company division covering IT Services and Operations Management was formalised on 31 December 2007, following which 305 employees passed seamlessly from Eurizon Solutions to Banca Fideuram. The sale of Fideuram Investimenti SGR's Open Pension Fund division to EurizonVita was formalised on the same date, as a result of which 6 members of staff were transferred to the latter company.

In addition, two divisions of Banque Privée Fideuram Wargny and the shares in Fideuram Wargny Gestion S.A. were sold to the French Group Viel & Cie during the year, which reduced total Group staff numbers by 163 employees.

The Banca Fideuram Group's staff numbers increased by approximately 157 in the year (+12%), rising from 1,304 employees at 31 December 2006 to 1,461 employees at 31 December 2007.

Employees

(Staff)

	31.12.2007	31.12.2006
Banca Fideuram	1,123	781
Sanpaolo Invest SIM	51	51
Fideuram Bank (Suisse)	25	23
Fideuram Fiduciaria	5	6
Fideuram Asset Management (Ireland)	47	19
Fideuram Bank (Luxembourg)	79	78
Fideuram Investimenti S.G.R.	99	118
Fideuram Gestions	22	24
Fideuram Wargny Group	10	204
Total	1,461	1,304

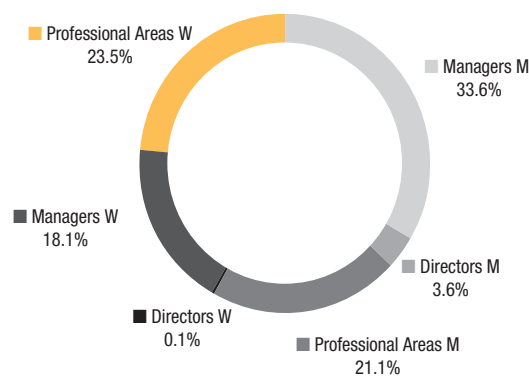
Group personnel operating in Italy accounted for 87.5% of total employees (73.3% in 2006), while those operating outside Italy accounted for 12.5% (26.7% in 2006).

Banca Fideuram Group employees in Italy and abroad

	Men			Women			Total		
	2007	2006	% change	2007	2006	% change	2007	2006	% change
Directors	53	50	6.0	2	4	-50.0	55	54	1.9
Managers	490	491	-0.2	265	232	14.2	755	723	4.4
Professional Areas	309	232	33.2	342	295	15.9	651	527	23.5
Total	852	773	10.2	609	531	14.7	1,461	1,304	12.0

Banca Fideuram Group employees in Italy

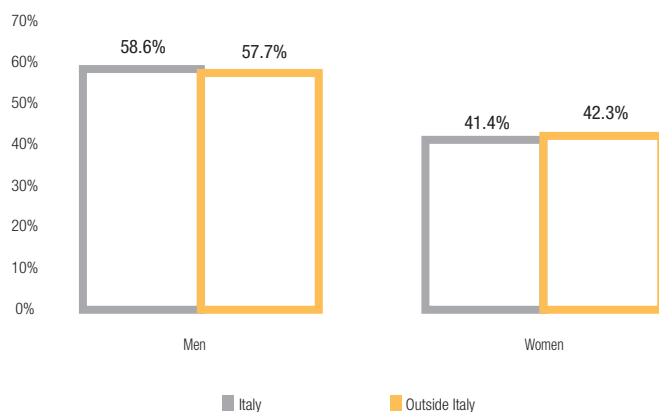
In consideration of the fact that the transactions for the acquisition of the above-mentioned company division from Eurizon Solutions and the sale of the aforesaid company division to EurizonVita were completed on 31 December 2007, the above figures do not take into account the impact on staff numbers of these company transfers in order to allow straight comparisons to be made.



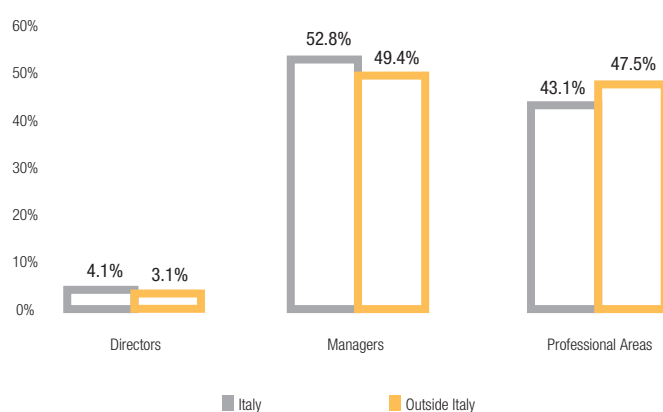
Banca Fideuram Group employees in Italy

	Men			Women			Total		
	2007	2006	% change	2007	2006	% change	2007	2006	% change
Directors	38	38	-	2	3	-33.3	40	41	-2.4
Managers	336	339	-0.9	181	166	9.0	517	505	2.4
Professional Areas	200	178	12.4	222	232	-4.3	422	410	2.9
Total	574	555	3.4	405	401	1.0	979	956	2.4

Breakdown by gender 2007



Staff 2007



Staff contracts

	2007			2006		
	All staff	Part-time staff included above	%	All staff	Part-time staff included above	%
Open-ended	970	83	8.6	945	76	8.0
Fixed-term	9	3	33.3	11	2	18.2
Total	979	86	8.8	956	78	8.2

A total of 86 employees were on part-time contracts, 95.3% of them women, to whom this type of contract appeals due to the flexibility it offers in one's work.

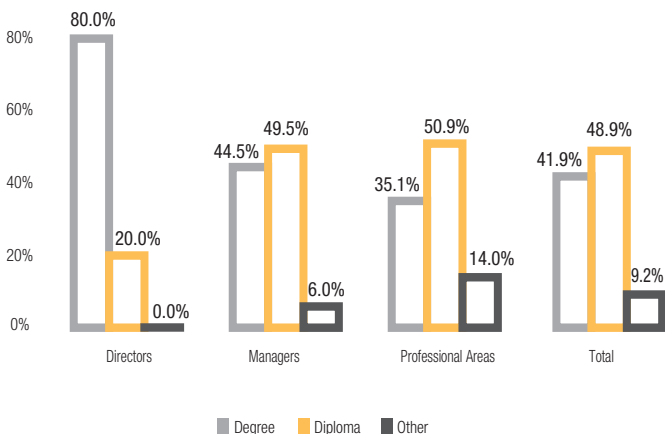
Average length of service and age

	Average length of service		Average age	
	2007	2006	2007	2006
Directors	11.6	10.9	47.6	47.6
Managers	15.6	14.5	44.4	43.4
Professional Areas	10.8	9.8	37.6	36.7
Total	13.3	12.3	41.6	40.7

Education

	Directors			Managers			Professional Areas			Total		
	2007 No.	2006 No.	change %	2007 No.	2006 No.	change %	2007 No.	2006 No.	change %	2007 No.	2006 No.	change %
Degree	32	31	3.2	230	231	-0.4	148	152	-2.6	410	414	-1.0
Diploma	8	10	-20.0	256	250	2.4	215	215	-	479	475	0.8
Other	-	-	-	31	24	29.2	59	43	37.2	90	67	34.3
Total	40	41	-2.4	517	505	2.4	422	410	2.9	979	956	2.4

Distribution by education (%)



Turnover

During 2007 a total of 88 new employees were recruited to Banca Fideuram Group in Italy, approximately 50 of whom (56.8%) were transferred from other companies in the Intesa Sanpaolo Group, while the remaining 38 (43.2%) were recruited externally. The average age of these externally-recruited employees was approximately 29 and 74% of them were graduates.

The gender split for these new employees was 42.1% female staff and 57.9% male staff.

A total of 65 people left the Group in the year, 11 of whom were transferred to subsidiary Fideuram Asset Management (Ireland), while 2 were transferred to other companies in the Intesa Sanpaolo Group and the remaining 52 left the company as a result of handing in their notice, of reaching the end of their contracts or of retirement.

By category of employment

	Joined 2007					Joined 2006				
	Men	%	Women	%	Total	Men	%	Women	%	Total
Directors	4	100.0	-	-	4	1	100.0	-	-	1
Managers	18	66.7	9	33.3	27	14	66.7	7	33.3	21
Professional Areas	39	68.4	18	31.6	57	23	47.9	25	52.1	48
Total	61	69.3	27	30.7	88	38	54.3	32	45.7	70

	Left 2007					Left 2006				
	Men	%	Women	%	Total	Men	%	Women	%	Total
Directors	4	80.0	1	20.0	5	6	85.7	1	14.3	7
Managers	30	88.2	4	11.8	34	19	59.4	13	40.6	32
Professional Areas	8	30.8	18	69.2	26	11	50.0	11	50.0	22
Total	42	64.6	23	35.4	65	36	59.0	25	41.0	61

By contract of employment

	Joined 2007					Joined 2006				
	Men	%	Women	%	Total	Men	%	Women	%	Total
Open-ended	56	73.7	20	26.3	76	35	62.5	21	37.5	56
Fixed-term	5	41.7	7	58.3	12	3	21.4	11	78.6	14
Total	61	69.3	27	30.7	88	38	54.3	32	45.7	70

	Left 2007					Left 2006				
	Men	%	Women	%	Total	Men	%	Women	%	Total
Open-ended	40	76.9	12	23.1	52	33	64.7	18	35.3	51
Fixed-term	2	15.4	11	84.6	13	3	30.0	7	70.0	10
Total	42	64.6	23	35.4	65	36	59.0	25	41.0	61

Atypical contracts

The bank entered into a number of staff leasing contracts in 2007 to meet temporary needs to replace staff who were away from work and entitled

to keep their jobs, as well as to meet organisational needs or those arising from increases in the volume of work.

The staff hired under such contracts were used for a total of 6,500 working days.

Atypical contracts

	31.12.2006	New	%	Ended	%	31.12.2007
	No.	No.		No.		No.
Women	14	24	53.3	34	57.6	4
Men	5	21	46.7	25	42.4	1
Total	19	45		59		5

Career development

	2007			2006		
	Men	Women	Total	Men	Women	Total
Promotions to Director	-	-	-	-	-	-
Promotions within Executive Management	33	19	52	47	22	69
Promotions to Executive Management	9	10	19	23	11	34
Promotions within Professional Areas	40	36	76	41	44	85
Total	82	65	147	111	77	188
% promotions out of total resources	14.3%	16.0%	15.0%	20.0%	19.2%	19.7%

Career development

Career development was again based on the following operating guidelines in 2007:

- An objectives-based system for managers and professional figures responsible for key areas of the organisation.
- An individual performance evaluation system focused on results, attitudes and competencies.

Relationships with Trade Union Organisations

We entered into agreements and formalised commitments with Trade Union Organisations during 2007 that enabled us to manage extraordinary, routine and structural problems so as to achieve organisational optimisation and improvement within a context of open, honest and constructive trade union relations.

Certain of these union agreements allowed us to reorganise the company structure through Banca Fideuram's acquisition on 31 December 2007 of the Eurizon Solutions company division covering the information systems typical of our business (front end and back end for Private Bankers and management systems) and the bank's and Private Bankers' operating services. Our dialogue with the unions led to an agreement on 20 December 2007 regarding a wider Group project for the restructuring of Eurizon Solutions.

Approximately 54.4% of staff belonged to a trade union at year-end.

The number of hours that employees dedicated to trade union activities in 2007 totalled approximately 5,185, representing approximately 0.3% of theoretical total working hours.

The Group's company regulations improve on the provisions of the national collective bargaining agreements, with special provisions negotiated regarding flexible working hours, reducing lunch breaks, leave for student employees, converting full-time employment to part-time employment, professional figures, pensions and healthcare.

Vulnerable employees

Staff belonging to categories of vulnerable persons as defined by Italian law 68/1999 in employment at 31 December 2007 totalled 72 as follows:

Vulnerable employees

	2007	2006
	No.	No.
Disabled	40	29
Orphans, Widows, Asylum Seekers	32	27
Total	72	56

In the course of the year, approximately 4,883 hours of leave were granted to employees with serious illnesses or to care for family members with serious diseases.

Development of resources

The training delivered in 2007 was focused on developing staff competencies related to the regulatory and process innovations that affected the Group's corporate operations.

The main training programmes implemented to align the professional competencies of our Group effectively and promptly with these changes are summarised below.

New Banking Platform

As part of the activities supporting the adoption of the Intesa Sanpaolo banking platform at Banca Fideuram, we delivered a comprehensive training programme of class-based teaching, e-learning and on-the job training for our front-office and central department personnel to ensure that all users of the new system and its related banking applications could immediately work effectively and autonomously.

MiFID

The introduction of the MiFID Directive requires the financial sector to ensure that its human resources are constantly kept aware of and updated in the various related areas. The Group therefore rolled out an informational training programme in this area for its personnel, covering the main areas of the Directive's impact on our operations (e-learning in 2007, to be complemented by classroom sessions in 2008).

SAP - New administrative management system

The introduction of the SAP software solution for managing our supplier accounting required the provision of extensive training on the new application, supported by special technological tools and delivered in a simulation environment before the system went live.

Management training

Senior Management were actively involved in a management training initiative called "IrideLab: Integration Workshop" promoted by Intesa Sanpaolo to foster synergies between its Group companies through the sharing of values, experiences and success case histories.

Technical-specialist area

Various initiatives to strengthen specific competencies (third-party products, pension funds and IT and linguistic competencies).

Regulatory/legal areas

Following regulatory developments impacting on the bank's operations, we continued the constant updating of a number of our e-learning courses (Privacy, Money Laundering and Italian Legislative Decree No. 231/01). Training was provided on health and safety matters in accordance with Italian Decree Law No. 626/94. In particular, all the Group's branch/Delivery Point staff were offered a new e-learning course on bank robbery prevention and management.

All these training initiatives took the following criteria into account:

- The organisational and logistical requirements of the staff, particularly those classified as vulnerable and part-time employees.
- Recommendations by Organisational Unit Managers consistent with staff training needs and positions.
- Attention to developing the professional competencies required and behaviour orientated towards respect for the environment and an awareness of social and ethical impact.

During 2007, training continued to be supported by a team of in-house trainers selected on the basis of the following:

- Professional experience and/or professional competencies and their alignment with the training areas needing to be covered.
- Motivation to teach and assume a "service/support" role for colleagues.
- Willingness to take a special training course on classroom teaching techniques.

A total of approximately 28,517 hours of training were delivered in 2007, including both class-based and distance training.

The overall figures are presented below, broken down into:

- Class-based training:
 - Internal: in-house courses designed to deliver specific technical/specialist and behavioural content on the basis of identified training needs.
 - External: training courses/events chosen to increase specific vocational knowledge, delivered by specialist companies/institutes.
- E-learning.

In addition, as a result of the bank's agreements with a number of leading Italian universities, we received 24 placement students who were able to complement their academic studies with concrete work experience acquired in a corporate environment.

Employee healthcare, pensions and services

We have offered a range of staff benefits and concessions for many years to meet the varied needs of our employees, including:

Class-based training

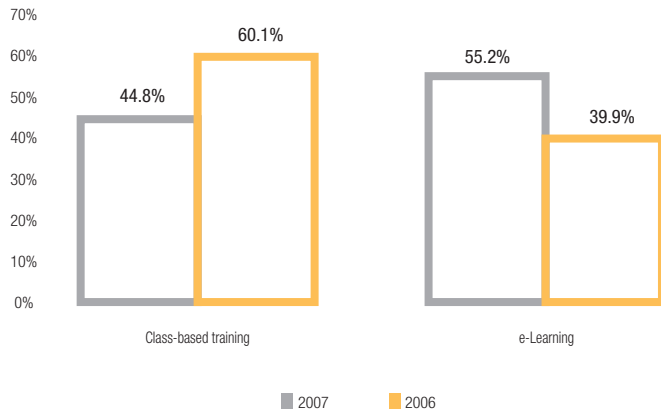
	Training area	2007		2006		Change	
		Attendances	Total hours	Attendances	Total hours	Attendances	Total hours
INTERNAL TRAINING	Specialist	777	8,944	998	11,314	-22.1%	-20.9%
	Managerial Personal Development	38	540	224	2,685	-83.0%	-79.9%
EXTERNAL TRAINING	Workshops/Conferences Language courses	218	3,289	162	3,405	34.6%	-3.4%
Total		1,033	12,773	1,384	17,404	-25.4%	-26.6%

E-Learning

Training area	2007		2006		Change	
	Attendances	Total hours	Attendances	Total hours	Attendances	Total hours
Specialist	4,417	15,545	805	3,019	n.s.	n.s.
Managerial Personal Development	53	199	115	431	-53.9%	-53.8%
Total	4,470	15,744	920	3,450	n.s.	n.s.

n.s.: not significant

Training by type of delivery (total hours)



- Supplementary pension fund
- Accident insurance covering activities at work and outside work
- Supplementary health care
- Bonus for 25 and 35 years' service
- Concessions for student workers
- Benefits for disabled family members
- First-time-buyer mortgages
- Personal loans
- Overdrafts with concessionary rates
- Christmas present

Safety

The Banca Fideuram Group once again focused special attention on investments to improve work equipment and environmental aspects in 2007 by:

- Completing our work tool modernisation plan, specifically by upgrading our video terminals with more functional and technologically advanced components.
- Carrying out substantial refurbishment and structural modernisation work in our main offices and branches.

Over 54 environmental, safety and security inspections were carried out at our main offices and branches in 2007 to identify any critical aspects and potential improvements. As a result of these inspections, a number of rectification and improvement requests were presented to the relevant company units with a view to making our workplaces increasingly comfortable.

Accidents in the workplace (which is to say not including any "in the field") involved 0.4% of all personnel (0.3% in 2006), with the number of working hours lost as a percentage of the total amounting to 0.04% (0.01% in 2006), while the percentage of total hours lost including "accidents in the field" rose to 0.17% (0.2% in 2006).

Security

Thanks in part to the continuous improvements made to the measures adopted, Banca Fideuram has not suffered any bank robberies or criminal events in the past 7 years.

SUPPLIERS

Main objectives for 2007

Ensure that the work of Banca Fideuram Group's suppliers respects the criteria of integrity and rectitude agreed with Parent Company Intesa Sanpaolo.

Actions and results achieved

- Group agreements have been put in place that have in certain cases achieved savings through process improvements and optimisation.

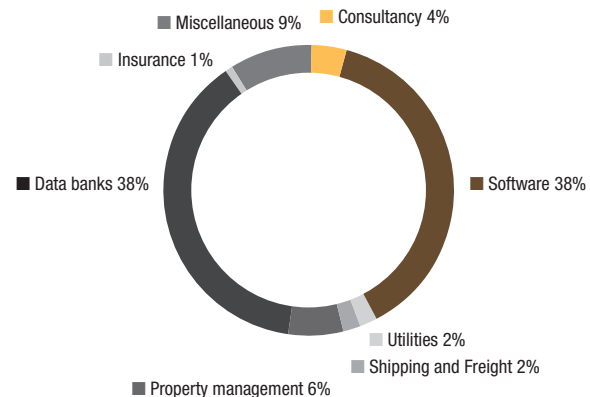
Profile of suppliers

The work of revising and rationalising the phases in our goods and service purchase procedures continued during 2007, in accordance with our internal spending regulations. The Group had commercial dealings with approximately 3,245 suppliers during the year for a total value of approximately €216.8m. A total of 80 of these partners were defined as "large suppliers", meaning they each supplied goods or services with an annual value in excess of €155,000, accounting for €152.1m altogether.

From 1 September 2007, following the organisational restructuring of the Eurizon Financial Group, a number of supply contracts which had been transferred to Eurizon Solutions in 2006 were transferred back to Banca Fideuram.

A number of Banca Fideuram's IT activities were outsourced to Intesa Sanpaolo under a service contract with specified costs and continuity of performance requirements.

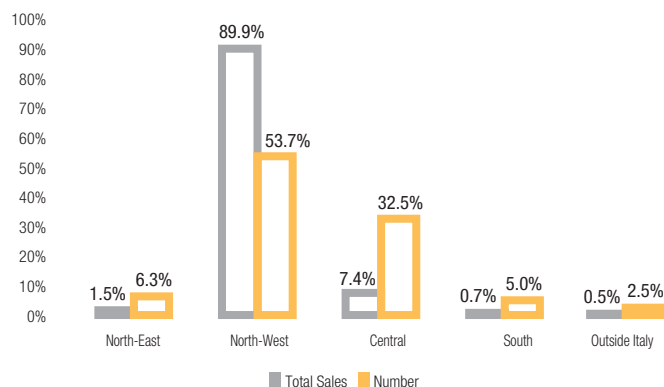
Distribution of "large suppliers" by activity



Distribution of “large suppliers” by geographical area

2007			
Geographical area	Total Sales	% of total	No. of Suppliers
Region			
Campania	842,799	0.6	3
Emilia Romagna	1,362,097	0.9	2
Latium	10,966,098	7.2	24
Lombardy	106,077,751	69.7	35
Piedmont	29,395,459	19.3	7
Puglia	189,172	0.1	1
Tuscany	333,251	0.2	2
Valle d'aosta	1,307,927	0.9	1
Venetia	978,453	0.6	3
Total in Italy	151,453,007	99.5	78
Abroad			
Usa	445,048	0.3	1
United Kingdom	249,000	0.2	1
Total Abroad	694,048	0.5	2
Grand total	152,147,055	100.0	80

Geographical distribution of large suppliers in and outside Italy by total sales and number



Selection policies

The Banca Fideuram Group's commitment to the continual improvement of its quality standards places considerable emphasis on the importance of its supplier selection processes, since it is through our suppliers' products and services that we are able to create added value for our customers. We have therefore specified rigorous selection criteria to identify those suppliers who may be considered to have the necessary technical requisites to establish and subsequently consolidate a relationship of mutual trust. As a result of its selection process, the Group's suppliers are companies satisfying the requirements of professionalism, dependability, honesty and transparency, and an information database has been built around these criteria. The information in this database is completed with supplier assessments that are based on previous supplies with which they have been successfully

entrusted, as well as the names of suppliers selected on the basis of the above criteria, and the names of those already used by our Parent Company Intesa Sanpaolo. Banca Fideuram normally puts contracts with a total value exceeding €35,000 out to tender, inviting bids from at least three suppliers chosen from the database. The contract is subsequently awarded to the supplier presenting the most attractive bid. These criteria do not apply to contracts for which it is not possible to find several competing suppliers or where there is a need for urgency or compatibility/continuity with existing situations, or for contracts of the same kind, where estimates were previously obtained and there has been no change in cost.

Relationship Management

The supplier database is updated at regular intervals, removing any for whom the following have occurred:

- Breach of contract.
- Unjustified withdrawal from a supply contract subsequent to allocation.
- Failure to protect and maintain confidentiality of information.

The Group also assesses whether to add the details of new suppliers who, although as yet unused, are considered worthy of consideration.

Disputes and litigation

The bank's relations with suppliers continued to be excellent in 2007, being based on mutual respect and mutual benefit. There are currently no disputes or litigation with suppliers.

THE COMMUNITY

Banca Fideuram made charitable and other donations totalling €250,000 in 2007, equivalent to approximately one thousandth of consolidated gross operating income in 2006, distributed to a number of respected bodies operating in the humanitarian/aid, scientific research, arts and environmental sectors.

In pursuit of our community commitments, following detailed enquiries and a diligent selection process, we granted 38 requests for charitable donations in the period out of a total of 69 received, donating €218,260 to bodies across Italy as follows:

- €113,980 to 26 humanitarian aid initiatives.
- €104,280 to 12 associations operating in the arts and scientific research sectors.

The bank has confirmed that the amount set aside for charitable and other donations in 2008 is €250,000.

Save the Children

In 2007, Banca Fideuram continued to support Save the Children Italia Onlus, the international non-profit organisation that has been protecting children's rights and working to improve their living conditions worldwide since 1919.

Thanks to the bank's support, Save the Children was able to achieve a particularly significant and important goal, building a school in the village of Tsilwo, located in a very poor and depressed area of Enderta in Ethiopia. Construction of the school was completed in October 2007 and marked by a plaque mentioning Banca Fideuram's role as founder.

The project will enable three hundred children who previously attended lessons in makeshift shelters to attend a real school with four classrooms complete with desks, chairs and teaching material, a headmaster's office, a staff room and toilets.

Banca Fideuram's support was provided through a wide-ranging Italian project which Save the Children have called "Riscriviamo il Futuro" or "Let's rewrite the Future".



Restoration of the organ in the church of Sant'Ignazio di Loyola in Rome

Banca Fideuram maintained its commitment to Italy's artistic heritage in 2007, agreeing to the Compagnia del Gesù's request to support the complete and challenging restoration of the monumental organ in the church of Sant'Ignazio di Loyola in Rome.

The organ in this splendid church located in the square of the same name in Rome's historic city centre features approximately six thousand pipes and three keyboards with sixty-one keys each. Built by Pacifico Inzoli in 1888, the organ was subsequently modified and enlarged by the papal organ builder Giovanni Tamburini of Crema in 1935.

It is thus an important part of Italy's historic and artistic heritage that also plays a central role in Rome's artistic and religious life today, with important concerts being held in the church every year.

Research

A special donation was made to the Economics Faculty of Rome's Tor Vergata University, supporting the bursary programme for its Degree in Money Market and Financial Institution Economics.

Humanitarian projects

Banca Fideuram provided the same level of support for humanitarian projects in 2007 as in prior years. Many existing partnerships with non-profit associations and with Italian and international organisations that operate in areas where social hardship is a real emergency were continued to support new projects.

Special attention was dedicated to the San Patrignano Community which provides free accommodation and rehabilitation for socially excluded people and habitual users of all types of drugs through individual programmes and family support.

Banca Fideuram likewise continued to support the Associazione Amici di Alessandra Onlus, a non-profit organisation recently established by volunteers to carry out activities for raising awareness about the problems of the third world, educating people towards responsible consumption,

promoting care for the environment, implementing cooperation programmes to support communities in developing countries, and organising the collection, purchase and shipping of food and healthcare equipment to aid organisations with particularly strong needs.

A significant donation was made to support the admirable work of Médecins Sans Frontières, aimed above all at providing medical aid for populations in danger, the victims of natural or humanitarian disasters and of war.

Banca Fideuram also continued to provide financial support for the Italian Multiple Sclerosis League (Lega Italiana per la Sclerosi Multipla), the Italian National Association to Combat AIDS (Associazione Nazionale per la Lotta contro l'AIDS), the Lega del Filo d'oro, which assists the deafblind, and the Nucleo Protezione Civile dell'Associazione dei Carabinieri, the civil defence body of the Association of Carabinieri.

New links formed with charities during the year include, amongst others, the Italian Food Bank Foundation (Fondazione per il Banco Alimentare) and Italian Association for the Blind and Partially-Sighted (Associazione Nazionale Privi di Vista ed Ipovedenti) who successfully approached Banca Fideuram for donations to help them in their charitable work.

Banca Fideuram for sport

A perfect example of a close-knit and loyal team sport, the Italian division I basketball championship numbered Banca Fideuram amongst its sponsors for the third year in a row, supporting the Armani Jeans Olympia Basketball Team - a historic Milanese team that has notched up many major Italian and European victories over the years.

Charitable activities of Sanpaolo Invest

In 2007, Sanpaolo Invest set aside a total of €22,000 for charity which was distributed to the following respected bodies in the humanitarian/aid sectors:

- The Lanciano Domani Cultural Association, a non-profit organisation whose 2007 programme of activities included the completion of a nursery school in the poverty-stricken Ethiopian village of Goru.
- The Lega del Filo D'Oro Onlus, a non-profit organisation founded in 1964 to provide rehabilitation, education and support for the deafblind, and for people with multiple psychosensory disabilities.
- The Associazione Amici di Alessandra Onlus.
- The Associazione Ersilia Onlus, a humanitarian cultural association that undertakes projects dedicated to the world's poor.
- The Associazione Leonarda Vaccari, a non-profit organisation for the rehabilitation of psycho-physically handicapped young people.

Media Relations

Throughout the organisational changes in 2007, the Banca Fideuram Group continued to provide a constant flow of information on every significant management and company development, responding promptly and attentively to the varied requests it received from the media.

Over 140 media requests for information were handled and satisfied, and 10 interviews granted with top management. In addition, a series of meetings were organised with the specialist press to highlight the Group's work on constantly updating and innovating its product ranges, forefronting our important agreements with some of the most prestigious international asset management companies for the launch of new products. Last but not least, we issued frequent market comments on behalf of Fideuram Investimenti's money managers and ensured that Banca Fideuram was involved in several important surveys.

Banca Fideuram's increasing presence in the press during the final months of 2007 and early weeks of 2008 testifies to our work communicating the Group's most important developments.

"We will dedicate considerable attention and resources to communication". These were the words with which our Managing Director addressed Banca Fideuram's staff and Private Bankers in his end-of-year message, announcing the growing importance that communications will have for the Group in 2008. Our aim will be to contribute to reasserting the Banca Fideuram Group's leadership in financial advisory consultancy by keeping the world informed as effectively as possible of the advanced service model we continue to offer our customers.

THE ENVIRONMENT

Main objectives for 2007

Actions and results achieved

As part of its environmental policies, Banca Fideuram continues to purchase electricity from the Consorzio Idroenergia, which generates electricity using hydroelectric power, including for any new branches and offices opened.

- In 2007, Banca Fideuram completed the process of moving all its branches and offices over to Consorzio Idroenergia.

During the year, Banca Fideuram also replaced almost all the old and obsolete cathode ray tube monitors in its offices and branches with new LCD (Liquid Crystal Display) monitors, which have a lower environmental impact due their ease of disposal and low energy consumption.

In addition, the bank continued its policy of replacing old-technology air-conditioning systems that use non-ecological refrigerants, considering that this will produce real benefits thanks to the lower electricity consumption of the new types of systems used.

Banca Fideuram began entering into supply contracts with Consorzio Idroenergia, which generates electricity from renewable sources, from as early as 2003. By 2004, over 70% of the electricity Banca Fideuram used already came from renewable sources, a figure that has risen to almost 100% today.

The bank's energy consumption in 2007 is shown below, compared to the figures for the previous year:

Energy and water consumption

		2007	2006	% change
Electricity	Kwh	7,060,324	9,044,588	-22
Methane	cu. m	305,000	414,051	-26
Heating oil	l	10,000	22,000	-55
Water	cu. m	45,000	34,579	30

These detailed consumption figures reflect Banca Fideuram's attentive monitoring policy with respect to its use of energy resources.

Other supplies and waste disposal

Salient amongst supplies with an environmental impact was our purchase of paper, for which spending was as follows:

All figures in thousands of euros

		2007	2006	% change
Forms		700	720	-3
Copier paper		70	75	-7

Annual paper consumption

		2007	2006	% change
Total consumption	Kg.	65,000	95,000	-32
Consumption per head	Kg./No. of staff	79	122	-35

Annual consumption of toner and ink cartridges

		2007	2006	% change
Toner	Kg.	500	675	-26
Ink cartridges	Kg.	2,100	2,567	-18

Annual consumption of drinks cans/paper cups

		2007	2006	% change
Drinks cans / paper cups	Kg.	2,600	2,700	-4

Annual waste production

		2007	2006	% change
Municipal waste	Tonnes	5	6	-17
Non-hazardous waste	Tonnes	60	63	-5
Hazardous waste	Tonnes	0.854	0.023	n.s.

n.s.: not significant

THE FINANCIAL SYSTEM AND OTHER INSTITUTIONS

Relations with the Supervisory Authorities

Sanpaolo Invest filed an appeal at the Rome Court of Appeal in 2007 against the imposition of monetary sanctions by the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB) regarding certain representatives of the bank focused on by its enquiry into the bank's organisation and internal audit procedures in the period 1 January 2002 - 30 April 2005. Sanpaolo Invest was notified that it was to be held jointly liable for payment of these fines.

The appeal presented by the company together with the company representatives concerned was rejected by the Rome Court of Appeal.

The Board of Directors of Sanpaolo Invest therefore authorised the filing of an appeal in Cassation against the decision of the Rome Court of Appeal, in the interests of the company and of the company representatives concerned.

Relationships with industry associations

Banca Fideuram and its subsidiaries are members of a number of industry associations, including the Italian Banking Association (ABI), the Italian Association of Companies Selling Financial Products and Investment Services (Assoreti), the Italian Association for Limited Liability Companies (Assonime) and the Italian Association of Fund Managers (Assogestioni).

The bank's Chairman is also a Director of the ABI and member of the governing board of Assonime, while the bank's Managing Director is Deputy Chairman of the Assoreti Management Committee.

OTHER EVENTS

Premio Alto Rendimento

In 2007, Fideuram Investimenti SGR won the Premio Alto Rendimento (High Returns Prize) in the small category (assets under €7.5bn) for the second year running. This prize, awarded by the financial newspaper Il Sole 24Ore together with the analysis company Cfs Rating, recognises the top-performing fund management companies in the past three years who have not only distinguished themselves by their excellent performance, but above all for having maintained a risk level that is in line with that of their subscribers.

This outstanding result testifies to the management excellence provided exclusively for customers of the Banca Fideuram Group.



Repetita iuvant



PREMIO
ALTO RENDIMENTO
2007

Per il secondo anno consecutivo Fideuram Investimenti SGR ha vinto il Premio Alto Rendimento promosso dal Gruppo Sole 24 Ore, confermandosi la miglior società di gestione fondi della categoria Small per rendimento e rapporto rendimento/rischio. Un risultato che premia l'eccellenza nella gestione, al servizio esclusivo dei clienti di Banca Fideuram e Sanpaolo Invest. **Repetita iuvant.**

Message pubblicitario. Prima dell'adesione leggere il Prospetto Informativo messo a disposizione dai Private Banker di Banca Fideuram e Sanpaolo Invest, presso la sede legale di Banca Fideuram, Piazzale G. Douhet 31, Roma e sul sito internet www.bancafideuram.it.

Gruppo bancario: INTESA  SANPAOLO



FIDEURAM
Investimenti

DISTRIBUTION OF VALUE

Components of Embedded Value Earnings

(€m)

	2007	2006
NET PRODUCTION		
Interest income and similar revenues	413.9	230.3
Commission income	1,090.5	1,078.0
Dividends and similar income	-	-
Net gains or losses on trading activities	2.8	(2.4)
Net gains or losses on hedging activities	0.3	0.1
Income (loss) from sales/repurchases of:	0.1	6.4
a) loans	8.6	6.2
b) available-for-sale financial assets	(8.5)	0.2
c) financial assets held to maturity	-	-
d) financial liabilities	-	-
Net gains or losses on financial assets and liabilities valued at fair value	1.5	4.5
Other operating income/expense	10.2	(3.5)
Income/(losses) on equity investments	-	0.1
TOTAL NET PRODUCTION	1,519.3	1,313.5
CONSUMPTION		
Interest expense and similar charges	(282.0)	(151.4)
Commission expense (*)	(48.3)	(51.9)
Other administrative expenses (net of indirect taxes and donations and gifts)	(222.7)	(201.4)
Net adjustments for impairment losses on:	2.0	0.6
a) loans	1.9	0.6
b) available-for-sale financial assets	-	-
c) financial assets held to maturity	-	-
d) other financial transactions	0.1	-
Net provisions for risks and charges (*)	(21.2)	(42.5)
TOTAL CONSUMPTION	(572.2)	(446.6)
GROSS CHARACTERISTIC VALUE ADDED	947.1	866.9
Income (loss) after tax on groups of assets held for sale	-	(28.5)
TOTAL GROSS EMBEDDED VALUE EARNINGS	947.1	838.4
Depreciation and Amortisation	(7.0)	(12.1)
TOTAL NET EMBEDDED VALUE EARNINGS	940.1	826.3
Payroll costs	(604.7)	(565.2)
Staff costs	(116.7)	(120.0)
Private Banker Network costs	(488.0)	(445.2)
Other administrative expenses: Donations and gifts	(0.3)	(0.2)
Other administrative expenses: Indirect taxes	(2.5)	(3.7)
INCOME / LOSS BEFORE TAX	332.6	257.2
Income taxes for the year	(77.0)	(32.7)
Minority interests in net income/(loss) for the year	(0.1)	(0.1)
PARENT COMPANY INTEREST IN NET INCOME/LOSS FOR THE YEAR	255.5	224.4

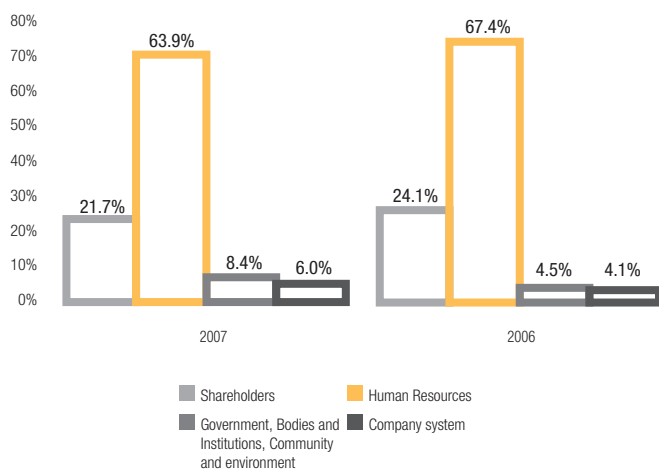
(*) The items "commission expense" and "net provisions for risks and charges" do not include any amounts related to the costs of the Private Banker Networks which were reclassified in the item "Private Banker Network costs"

Distribution of Embedded Value Earnings

(€m)

	2007	2006
TOTAL NET PRODUCTION	1,519.3	1,313.5
TOTAL CONSUMPTION	(572.2)	(446.6)
GROSS CHARACTERISTIC VALUE ADDED	947.1	866.9
TOTAL GROSS EMBEDDED VALUE EARNINGS	947.1	838.4
DISTRIBUTED TO:		
Shareholders	204.9	202.2
Dividends to Group shareholders	204.9	199.6
Dividends to third-party shareholders	-	2.6
Human Resources	604.7	565.2
Staff costs	116.7	120.0
Private Banker Network costs	488.0	445.2
Government, bodies and institutions	79.5	36.4
Indirect taxes	2.5	3.7
Income taxes for the year	77.0	32.7
Community and environment	0.3	0.2
Donations and gifts	0.3	0.2
Company system	56.7	34.4
Depreciation and Amortisation	7.0	12.1
Reserves and retained profits	49.7	22.3
Total gross embedded value earnings	947.1	838.4

Distribution of Embedded Value Earnings





The Governance of Banca Fideuram

a) Organisational structure

Banca Fideuram's organisational structure includes the following company bodies:

- The Shareholders' Meeting which expresses the corporate will.
- The Board of Directors, appointed by the Shareholders' Meeting for a period of three financial years and vested with all management powers regarding the bank.
- The Chairman of the Board of Directors - appointed by the Board of Directors from among its members - who is the Bank's legal representative in dealings with third parties and in legal proceedings.
- The Executive Committee and Internal Audit Committee, established within the Board and made up of its members. The Executive Committee is delegated administrative functions while the Internal Audit Committee is a Technical Body that plays a consultative and proactive role.
- A Deputy Chairman - appointed by the Board of Directors from among its members.
- A Managing Director, appointed by the Board of Directors, which determines his powers in accordance with the by-laws.
- The General Management, each member of which is appointed by the Board of Directors, currently comprises the General Manager (role covered by the Managing Director) and a Deputy General Manager - CFO. The General Management executes, in accordance with the duties assigned by the Board of Directors, the decisions taken by the Board of Directors, the Executive Committee, the Chairman and the Managing Director, managing the Bank's current business, organising its activities and deciding the roles and assignment of personnel.
- The Board of Auditors, appointed by the Shareholder's Meeting for a period of three financial years and made up of three Statutory Auditors and two Acting Auditors, which acts in a supervisory role regarding

compliance with the law and by-laws and, in particular, regarding the suitability of the organisational, administrative and accounting solutions adopted by the bank and their operation in practice.

The powers and operating procedures of the company bodies are set out in laws and regulations, the by-laws and resolutions on the matter by the competent bodies.

The independent audit is carried out by an auditing company that meets the requirements of Italian law. Banca Fideuram has appointed Reconta Ernst & Young S.p.A. as the independent auditors for its separate and consolidated Financial statements for the 2007-2012 financial years.

b) Share capital

The bank's fully paid-up share capital as per art. 5 of the by-laws is 186,255,207.16 divided into 980,290,564 ordinary shares with a par value of 0.19 euros each. Following the merger of the Eurizon Financial Group S.p.A. and Intesa Sanpaolo S.p.A., the latter owns 100% of Banca Fideuram's share capital. Intesa Sanpaolo, as the parent company of the banking group of that name, is also responsible for the bank's management and coordination.

c) Role of subholding company

Banca Fideuram heads an integrated group of companies both in and outside Italy that specialise in the distribution and management of financial products (these companies are listed in Table 1). Alongside the distribution of financial products, the group also distributes insurance and pension products supplied exclusively by EurizonVita S.p.A., an insurance company in the Intesa Sanpaolo Group.

Tab. 1

Holdings in companies controlled as at 31.12.2007

Name	Reg. Office	Ownership		
		% direct	% indirect	% total
Sanpaolo Invest SIM S.p.A.	Rome	100.00	-	100.00
Fideuram Fiduciaria S.p.A.	Rome	100.00	-	100.00
Fideuram Investimenti S.G.R. S.p.A.	Rome	99.50	-	99.50
Sanpaolo Invest (Ireland) Ltd	Dublin	100.00	-	100.00
Fideuram Asset Management (Ireland) Ltd	Dublin	100.00	-	100.00
Fideuram Bank (Luxembourg) S.A.	Luxembourg	99.99	-	99.99
Fideuram Gestions S.A.	Luxembourg	99.94	-	99.94
Fideuram Bank (Suisse) A.G.	Zurich	-	99.96	99.96
Financière Fideuram S.A.	Paris	99.99	-	99.99
Euro-Trésorerie S.A.	Paris	-	99.99	99.99
Banque Privée Fideuram S.A.	Paris	-	99.95	99.95
Fideuram Wargny Gestion SAM	Monaco	-	99.91	99.91

1. COMPANY OFFICERS

a) Composition and role of the Board of Directors

The members of the bank's Board of Directors, whose term of office ends with the Shareholders' Meeting approving the financial statements for the 2008 financial year, are as follows:

Vincenzo PONTOLILLO	Chairman
Salvatore MACCARONE	Deputy Chairman
Matteo COLAFRANCESCO	Managing Director/General Manager
Franca CIRRI FIGNAGNANI	Director
Giuseppe FONTANA	Director
Giorgio FORTI	Director
Luigi MARANZANA	Director
Giampietro NATTINO	Director

Within the structure of the Bank's Board of Directors, the title of Executive Director may only be applied to the Managing Director and General Manager, in consideration of his/her assigned duties and powers of executive management and for the direction of the Bank's business and of the Private Banker networks.

Two of the other Directors (Giorgio Forti and Salvatore Maccarone) satisfy the requirements of independence set out in the Code of Self-Discipline of Listed Companies (the "Code" hereinafter). These directors:

- a) do not hold a direct or indirect controlling interest in the Bank (nor, indeed, do any of the other Directors currently in office) and are not able to exert significant influence on the bank,
- b) are not and have not for the three previous financial years been senior managers of the bank or of one of its strategically-important subsidiaries or of a company in which the bank has a joint controlling interest,
- c) do not and have not had, directly or indirectly, in the previous financial year, a significant business, financial or professional relationship with the bank, one of its subsidiaries, or any of their related senior managers, and are not and have not in the previous three financial years been employees of any of the aforesaid entities,
- d) do not receive and have not, in the previous three financial years, received significant remuneration from the bank or from any of its subsidiaries or parent companies with respect to any "fixed" emolument as a non-executive director of the bank, including participation in any performance-related bonus schemes, and including where the consideration is in the form of shares,
- e) have not held the position of executive director in another company in which an executive director of the bank holds the position of director,
- f) are not shareholders or directors of a company or entity belonging to the network of companies appointed as the bank's independent auditors,
- g) are not close relatives of any people in the situations specified in the points above.

The Board of Directors is in charge of the Bank's ordinary and extraordinary management excepting in those matters where Italian law restricts decision-making power to the Shareholders' Meeting, and therefore has the authority to make decisions concerning, inter alia, general management policy, the purchase and sale of equity investments and the appointment of members of the General Management team (art. 17 of the By-Laws). The Board of Directors likewise has the authority to make decisions concerning the following:

- mergers and spin-offs in the cases and following the procedures provided for by the laws and regulations in force,
- the establishment and closure of sub-offices,
- reductions in the share capital in cases of the withdrawal of shareholders,
- amendments to the by-laws in line with regulatory provisions.

When delegating authority to the company's other bodies, the Board of Directors expressly retained sole responsibility for all the duties specified in art. 1.C.1. of the "Code" and in particular:

- a) Approving the strategic business and financial plans of the Bank and its Subsidiaries and formulating policies governing relations with Subsidiaries.
- b) Approving the bank's and the consolidated budget and monthly, quarterly, half-yearly and annual economic and financial statements.
- c) Delegating authority to the Delegated Company Bodies and revoking such authority, specifying the limits to and procedures for the exercise of said authority, together with the frequency, no less than quarterly, with which said bodies are required to report to the Board of Directors on the activities carried out in the exercise of said authority.
- d) Deciding, in line with Group policies, the remuneration of the members of General Management as well as, following consultation with the Board of Auditors, the remuneration of Directors with special positions or duties.
- e) Evaluating overall management progress, paying special attention to conflicts of interest and taking into consideration, in particular, the information received from the Chairman, Directors, General Manager and Internal Audit Committee, as well as regularly comparing the results achieved with those planned, and examining and approving economically and financially significant transactions, particularly transactions with related parties.
- f) Ascertaining the suitability of the organisational, administrative and general accounting systems of the Bank and its strategically significant subsidiaries.
- g) Reporting to the Shareholders at the Shareholders' Meeting on activities carried out and planned.

Where transactions with related parties are concerned, on 10 September 2007, the bank's Board of Directors adopted the Regulations governing the management of transactions with related parties issued by our parent company Intesa Sanpaolo. The implementation of these regulations saw the bank prepare its own Banca Fideuram Group Regulations governing the management of transactions with related parties, which aim to ensure the correctness of such transactions. These regulations were approved by the bank's subsequent Board Meeting on 8 November 2007. The main points in the specified procedure are as follows:

The Board of Directors is kept constantly informed of the decisions taken by the delegated bodies, both through receiving the minutes of the Executive Committee's meetings (which are attached to those of the Board of Directors) and through the Managing Director's periodic reports.

Meetings of the Board of Directors, which the By-Laws stipulate must generally be held at two-month intervals, are normally held every month. The Board of Directors held 15 meetings in 2007. Attendance at Board Meetings was higher than 90% overall, both where all the Directors and the Independent Directors in particular were concerned.

b) Executive Committee

In accordance with the power conferred by art. 19 of the By-Laws, the Board of Directors has appointed an Executive Committee currently made up of the Chairman, Deputy Chairman, Managing Director and General Manager, and of the Directors Franca Cirri Fignagnani and Luigi Maranzana.

The Executive Committee is delegated the authority to decide specific policies regarding the structure, development and remuneration of the distribution networks, the granting of loans, expenditure commitments and the engagement and promotion of management personnel, with the exception of members of the General Management.

The Executive Committee held 12 meetings in 2007.

c) Chairman

In accordance with the provisions of the by-laws, the Chairman is empowered to act as the bank's legal representative.

The Board of Directors has in addition assigned non-managerial duties and powers to the Chairman that are instrumental in the operation of the bank, including:

- supervising the implementation - by the Managing Director and General Manager - of the resolutions of the Board of Directors and Executive Committee,
- acting on the decisions of the collegial bodies, having taken due note of the opinions of the Managing Director and General Manager, with respect to share capital, equity investments and the appointment of General Management,
- formulating and managing communications activities in consultation with the Managing Director and General Manager.

d) Managing Director and General Manager

The Managing Director and General Manager are assigned duties and powers of coordinating and supervising the management of the bank and Private Banker Networks, conducting the bank's current business in accordance with the general policies established by the Board of Directors and the specific policies decided by the Executive Committee.

e) Internal Audit Committee

The Board of Directors is supported in its institutional functions by a Technical Committee set up from among its members which acts in an advisory and investigative capacity.

The Internal Audit Committee is made up of three Directors, all non-executive directors, namely the Deputy Chairman Salvatore Maccarone - who also chairs the committee - and Directors Giorgio Forti and Franca Cirri Fignagnani. Deputy Chairman Maccarone and Director Forti are also independent as defined in the Code.

The following participate in the work of the Committee: the Chairman of the Board of Auditors, the Managing Director and General Manager, the Head of the bank's Audit Department and the Head of the parent company's Audit Department.

The Internal Audit Committee held 8 meetings in 2007.

The Members of the Board of Directors, Executive Committee and Internal Audit Committee are provided with the documents and information required for proper evaluation of the items on the agenda suitably in advance of their meetings.

2. REMUNERATION OF DIRECTORS

The Shareholders' Meeting decides the annual remuneration of each Director and any compensation for attending meetings of the Board of Directors and any Committees in accordance with article 18 of the by-laws. The Board of Directors decides the additional remuneration of Directors with special positions, in accordance with article 2389 of the Italian Civil Code, having taken due note of the opinion of the Board of Auditors. The Managing Director and General Manager are entitled to a gross fixed salary and a variable annual bonus linked to the achievement of objectives set in advance by the Board of Directors (M.B.O.).

Details of the remuneration paid to the Directors are provided in the Notes to the Consolidated Financial Statements.

3. 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 - that the bank and its subsidiaries are managed properly with a view to achieving their set objectives and, at the same time, to safeguarding their stakeholders' interests.

The internal audit system operates in accordance with the relevant laws and regulations in force and, in particular, the related provisions of the Bank of Italy's supervisory regulations, the Italian Finance Consolidation Act and the related provisions implementing it issued by the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB) and the Bank of Italy, as well as the Regulations of the Intesa Sanpaolo Group and the "Regulations

governing internal audit activities at Banca Fideuram and its Subsidiaries".

The related duties are entrusted to the aforementioned Internal Audit Committee and a dedicated Audit Department, which reports directly to the Board of Directors and to the Managing Director and General Manager, enjoys the necessary autonomy and independence from the operating structures and has unrestricted access to company data, archives and assets in the performance of its duties.

The Board of Directors assigns the Internal Audit Committee the following duties:

- assisting the Board of Directors in the performance of its duties of establishing guidelines and periodic checks into the suitability and effective operation of the Bank and its subsidiaries' internal audit system,
- evaluating the work plans prepared by the Audit Department Manager and receiving their periodic reports,
- evaluating, together with the independent auditors and the bank's relevant representatives, the suitability of the accounting policies used and their compatibility for the purposes of preparing the consolidated financial statements, through the prompt examination of the annual and within-year accounts,
- evaluating the Auditing Company's proposals, submitted with the aim of gaining appointment as Independent Auditors, as well as the work plan prepared for the audit and the results set out in the report and letter of comments,
- maintaining close contacts with the Board of Auditors, through the Chairman of the Board of Auditors' participation in the Committee's meetings, in order to ensure a prompt two-way exchange of information on matters relevant to the internal audit system,
- reporting to the Board of Directors at least every six months, upon the approval of the financial statements and six-monthly report, on the activities carried out and on the suitability of the Bank and its subsidiaries' internal audit system,
- performing any additional duties assigned by the Board of Directors, in particular with regard to relations with the Independent Auditors.

The Committee is in addition also required to:

- provide prior evaluation of the suitability of any significant insider transactions with related parties,
- perform the duties and functions of a Supervisory Body in accordance with Italian Legislative Decree No. 231/2001,
- assess customer complaints concerning bonds issued by corporate parties in default and proposals regarding compensation for damages to customers for any offences by private bankers that are being handled by the Executive Committee.

The Audit Department is responsible for assessing the operation of the Bank's overall internal audit system, for monitoring risks, the proper performance of operations and the reliability of financial information, as well as for alerting the Board of Directors and Internal Audit Committee to any possible improvements to the risk management policies, measuring tools and procedures. These monitoring activities are extended to the bank's subsidiaries both directly and through the coordination of the subsidiaries' corresponding organisational structures.

The activities of the Audit Department are also focused on identifying any abnormal trends and behaviour, any violations of Italian laws

and regulations, or of the regulations of the Supervisory Authorities both in Italy and abroad, as well as any failure to respect internal procedures and regulations, formulating recommendations regarding the implementation of the measures required to eliminate the phenomena noted.

The Audit Department comprises the following units:

- Networks Audit Unit, which is responsible for auditing the Banca Fideuram and Sanpaolo Invest Networks, as well as the Bank's peripheral banking structures.
- Central Departments and Subsidiaries Audit Unit, which is responsible for carrying out the auditing and internal auditing of the bank's central organisational departments and of its subsidiaries.
- Compliance, which is responsible for acting as the bank's Compliance Officer verifying compliance with the legal and sector requirements of the bank's activities. This unit manages the monitoring and auditing activities connected with Italian Legislative Decree No. 231/2001.

The Head of the Audit Department reports to the Internal Audit Committee at monthly intervals on the activities carried out in the period as well as on any specific related matters, and prepares a report at six-month intervals on the Department's activities, which is presented to the Board of Directors and Board of Auditors, following its prior presentation to the Internal Audit Committee.

The Audit Department provides prompt notification of any confirmed serious irregularities to the Chairman of the Board of Directors, the Managing Director and General Manager, the Chairman of the Internal Audit Committee, the Chairman of the Board of Auditors and the Head of the Parent Company's Audit Department for the information to be presented subsequently at the earliest practicable meeting of the Internal Audit Committee and, in the most serious cases, of the Board of Directors.

4. TRANSACTIONS WITH RELATED PARTIES

The Board of Directors approved the Banca Fideuram Group Regulations governing the management of transactions with related parties on 8 November 2007, intended to ensure the correctness of significant insider transactions, carried out either directly or indirectly by its Subsidiaries, with its own related parties or with those of parent company Intesa Sanpaolo.

This procedure specifies the following in particular:

- the criteria for identifying related parties,
- the procedure for investigating transactions with related parties,
- the transactions with related parties that may only be authorised by the bank's or its subsidiaries' Boards of Directors,
- the transactions for which prior evaluation by the Internal Audit Committee is required,
- periodic information.

In those cases where the related party is also a director of the banking group, the situation is not only governed by the group's

regulations for transactions with related parties, but also by the special provisions set forth in article 136 of Italian Legislative Decree No. 385/1993 (the Banking Consolidation Act - Testo Unico Bancario), as well as - where appropriate - the provisions of articles 2391 and 2391-bis of the Italian Civil Code governing directors' interests, and article 2497-ter of the Civil Code on decisions taken by parties that play a senior management or coordinating role.

5. CONFIDENTIAL INFORMATION

Following the introduction of Italian Law No. 62 of 18 April 2005 (also referred to as the 2004 Community Law) and the related legislation implementing it, transposing the provisions of EC Directive 2003/6/CE on market abuse, the Board of Directors approved the adoption of the related internal procedures implementing the new regulatory provisions regarding both the processing of insider information and the establishment and keeping of an Insider List of people with access to insider information.

6. SHAREHOLDERS' MEETINGS

The practice adopted to date by the Board of Directors has always been as follows:

- to ensure shareholders are provided with information on the Bank at Shareholders' Meetings,
- to encourage the participation of all the Directors in Shareholders' Meetings.

Shareholders' Meetings are called in accordance with the By-Laws, giving written notice delivered at least eight days in advance by registered mail with return receipt to all shareholders in the list of shareholders, sent to their respective places of domicile or, if the shareholder has specifically requested it for this purpose, to their fax number or e-mail address.

There were two Banca Fideuram Shareholders' Meetings during the 2007 financial year:

- an ordinary general meeting held on 10 April to approve the financial statements, which included an extraordinary session to approve the changes to the bank's By-Laws resulting from its delisting,
- an ordinary general meeting held on 8 November to approve the appointment of the directors who had been co-opted by the Board of Directors meeting of 29 June, which included an extraordinary session to approve further changes to the By-Laws.

7. BOARD OF AUDITORS

The term of the current Board of Auditors ends with the Shareholders' Meeting called to approve the 2007 financial statements. The current Board of Auditors consists of:

Mario PAOLILLO	Chairman
Vito CODACCI PISANELLI	Statutory Auditor
Gian Paolo GRIMALDI	Statutory Auditor
Lorenzo GINISIO	Acting Auditor
Ruggero RAGAZZONI	Acting Auditor

The Board of Auditors held 9 meetings in 2007.

The Board of Auditors takes part in every meeting of the Board of Directors and Executive Committee, and is therefore continuously informed about the Bank's activities. Moreover, in accordance with the combined provisions of article 2381 of the Italian Civil Code and article 19 of the By-Laws, and to ensure that the Board of Auditors possesses every informational tool necessary to perform its functions effectively, the Directors report to the Board of Auditors at least quarterly on the most significant economic, financial and asset-related activities of the bank and its subsidiaries, as well as, in particular, on the transactions in which they have an interest, either on their own behalf or on behalf of third parties, or which have been influenced by parties that play a senior management or coordinating role.

A large, faceted, purple crystal is the central focus of the image. The crystal has multiple flat surfaces and sharp edges, reflecting light in various shades of purple and violet. A semi-transparent grid is overlaid on the crystal, with the text 'Consolidated Financial Statements' centered within it. The background is a plain, light color, possibly white or light grey, which makes the purple crystal stand out.

Consolidated
Financial
Statements

Consolidated Balance Sheet

(All figures in thousands of euros)

	31.12.2007	31.12.2006
ASSETS		
10. Cash and cash equivalents	26,200	22,629
20. Financial assets held for trading	44,975	51,712
30. Financial assets valued at fair value	166,454	171,184
40. Financial assets available for sale	4,212,656	2,865,118
50. Financial assets held to maturity	4,648	3,541
60. Due from banks	5,488,793	5,098,120
70. Loans to customers	897,424	1,065,049
80. Hedging derivatives	80,801	10,886
90. Adjustment of financial assets subject to generic hedging	-	-
100. Equity investments	120	1,584
110. Reinsurers' share of technical reserves	-	-
120. Tangible assets	33,428	45,288
130. Intangible assets	28,233	6,237
including: goodwill	-	-
140. Tax assets	120,823	96,237
a) current	5,265	4,311
b) deferred	115,558	91,926
150. Non-current assets and groups of assets held for sale	9,440	136,565
160. Other assets	727,669	538,338
TOTAL ASSETS	11,841,664	10,112,488

Chairman of the
Board of Directors
Vincenzo Pontalillo

Managing Director
Matteo Colafrancesco

Deputy General
Manager (CFO)
Alberto M. Maturi

Administration and
Reporting Director
Paolo Bacciga

Consolidated Balance Sheet

(All figures in thousands of euros)

	31.12.2007	31.12.2006
LIABILITIES AND SHAREHOLDERS' EQUITY		
10. Due to banks	969,583	225,531
20. Due to customers	8,659,949	7,672,416
30. Debt securities in issue	352,635	354,264
40. Financial liabilities held for trading	10,659	15,655
50. Financial liabilities valued at fair value	-	-
60. Hedging derivatives	35,480	42,593
70. Adjustment of financial liabilities subject to generic hedging	-	-
80. Tax liabilities	31,707	24,085
a) current	20,972	16,806
b) deferred	10,735	7,279
90. Liabilities associated with assets held for sale	-	161,987
100. Other liabilities	673,990	617,820
110. Provision for employment termination indemnities	26,191	18,584
120. Provisions for risks and charges:	230,965	219,051
a) Pensions and other commitments	-	-
b) Other provisions	230,965	219,051
130. Technical reserves	-	-
140. Valuation reserves	(7,322)	19,587
150. Redeemable shares	-	-
160. Capital instruments	-	-
170. Reserves	406,717	384,222
180. Additional paid-in capital	9,138	301
190. Capital	186,255	186,255
200. Own shares (-)	-	(54,439)
210. Minority interests	241	198
220. Net profit (loss) for the year	255,476	224,378
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	11,841,664	10,112,488

Chairman of the
Board of Directors
Vincenzo Pontolillo

Managing Director
Matteo Colafrancesco

Deputy General
Manager (CFD)
Alberto M. Maturi

Administration and
Reporting Director
Paolo Bacciga

Consolidated Income Statement

(All figures in thousands of euros)

	2007	2006
10. Interest income and similar revenues	413,938	230,326
20. Interest expense and similar charges	(282,051)	(151,388)
30. Net interest income	131,887	78,938
40. Commission income	1,090,480	1,077,972
50. Commission expense	(515,093)	(478,565)
60. Net commission income	575,387	599,407
70. Dividends and similar income	1	1
80. Net gains or losses on trading activities	2,812	(2,389)
90. Net gains or losses on hedging activities	276	58
100. Income/loss from sale or repurchase of:	72	6,459
a) loans	8,612	6,215
b) financial assets available for sale	(8,546)	244
c) financial assets held to maturity	-	-
d) financial liabilities	6	-
110. Net gains or losses on financial assets and liabilities valued at fair value	1,541	4,466
120. Total net interest and trading income	711,976	686,940
130. Net adjustments/write-backs for impairment losses to:	1,963	560
a) loans	1,843	560
b) financial assets available for sale	-	-
c) financial assets held to maturity	-	-
d) other financial transactions	120	-
140. Net gains or losses on financing activities	713,939	687,500
150. Net premiums	-	-
160. Other income/expense from insurance operations	-	-
170. Net gains or losses on financing and insurance activities	713,939	687,500
180. Administrative costs:	(342,179)	(325,328)
a) staff costs	(116,689)	(120,016)
b) other administrative costs	(225,490)	(205,312)
190. Net provisions for risks and charges	(42,419)	(61,005)
200. Net adjustments/write-backs of tangible assets	(4,337)	(5,478)
210. Net adjustments/write-backs of intangible assets	(2,656)	(6,569)
220. Other operating income/expense	10,196	(3,535)
230. Operating costs	(381,395)	(401,915)
240. Income/losses on equity investments	-	81
250. Net gains or losses on the fair value valuation of tangible and intangible assets	-	-
260. Adjustments to goodwill	-	-
270. Income/losses on sale of investments	-	-
280. Income/loss before tax on current operations	332,544	285,666
290. Income taxes on current operations	(76,999)	(32,717)
300. Income/loss after tax on current operations	255,545	252,949
310. Income/loss after tax on groups of assets held for sale	-	(28,507)
320. Net profit/loss for the year	255,545	224,442
330. Minority interests in net income/loss for the year	(69)	(64)
340. Parent company interest in net income/loss for the year	255,476	224,378

Chairman of the
Board of Directors
Vincenzo Pontalillo

Managing Director
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Reporting Director
Paolo Bacciga

Statement of changes in consolidated shareholders' equity

(All figures in thousands of euros)

	Balance as at 31.12.2005		Change to opening balance	Balance as at 1.1.2006		Allocation of income for the previous year		Changes in the year											Shareholders' equity as at 31.12.2006	
	Group	Third parties		Group	Third parties	Reserves		Dividends and other	Changes in reserves		Transactions involving shareholders' equity						Net profit (loss) for the year as at 31.12.2006		Group	Third parties
						Group	Third parties		Group	Third parties	Group	Third parties	Group	Third parties	Group	Third parties	Distribution of extraordinary dividends	Change in capital instruments		
Capital:	186,255	-	- 186,255	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	- 186,255	-
a) Ordinary shares	186,255	-	- 186,255	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	- 186,255	-
b) Other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional paid-in capital	301	-	- 301	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	- 301	-
Reserves:	350,891	163	- 350,891	163	26,287	51	-	5,702	(80)	-	-	-	-	-	-	1,342	-	- 384,222	134	
a) from net income	237,923	163	- 237,923	163	26,287	51	-	5,702	(80)	-	-	-	-	-	-	1,342	-	- 271,254	134	
b) other	112,968	-	- 112,968	-	-	-	-	-	-	-	-	-	-	-	-	-	-	- 112,968	-	
Valuation reserves:	18,941	-	- 18,941	-	-	-	-	646	-	-	-	-	-	-	-	-	-	- 19,587	-	
a) available for sale	(1)	-	- (1)	-	-	-	-	1,275	-	-	-	-	-	-	-	-	-	- 1,274	-	
b) hedging of financial flows	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
c) other	18,942	-	- 18,942	-	-	-	-	(629)	-	-	-	-	-	-	-	-	-	- 18,313	-	
Capital instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Own shares	(54,439)	-	- (54,439)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	- (54,439)	-	
Net profit/loss for the year	190,785	51	- 190,785	51	(26,287)	(51)	(164,498)	-	-	-	-	-	-	-	-	- 224,378	64	224,378	64	
Shareholders' equity	692,734	214	- 692,734	214	-	-	(164,498)	6,348	(80)	-	-	-	-	-	-	1,342	224,378	64	760,304	198

Statement of changes in consolidated shareholders' equity

(All figures in thousands of euros)

	Balance as at 31.12.2006		Change to opening balance	Balance as at 1.1.2007		Allocation of income for the previous year		Changes in the year										Shareholders' equity as at 31.12.2007	
	Group	Third parties		Group	Third parties	Reserves	Dividends and other	Changes in reserves	Transactions involving shareholders' equity							Net profit (loss) for the year as at 31.12.2007		Group	Third parties
									Issue of new shares	Purchase of own shares	Distribution of extraordinary dividends	Change in capital instruments	Derivatives based on own shares	Stock options					
	Group	Third parties	Group	Third parties	Group	Third parties	Group	Third parties	Group	Third parties	Group	Third parties	Group	Third parties	Group	Third parties	Group	Third parties	
Capital:	186,255	-	- 186,255	-	-	-	-	-	-	-	-	-	-	-	-	-	- 186,255	-	
a) Ordinary shares	186,255	-	- 186,255	-	-	-	-	-	-	-	-	-	-	-	-	-	- 186,255	-	
b) Other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Additional paid-in capital	301	-	- 301	-	-	-	-	-	8,837	-	-	-	-	-	-	-	- 9,138	-	
Reserves:	384,222	134	- 384,222	134	19,498	64	- 1,581	(26)	-	-	-	-	-	-	1,416	-	- 406,717	172	
a) from net income	271,254	134	- 271,254	134	19,498	64	- 1,581	(26)	-	-	-	-	-	-	1,416	-	- 293,749	172	
b) other	112,968	-	- 112,968	-	-	-	-	-	-	-	-	-	-	-	-	-	- 112,968	-	
Valuation reserves:	19,587	-	- 19,587	-	-	-	- (26,909)	-	-	-	-	-	-	-	-	-	- (7,322)	-	
a) available for sale	1,274	-	- 1,274	-	-	-	- (26,351)	-	-	-	-	-	-	-	-	-	- (25,077)	-	
b) hedging of financial flows	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
c) other	18,313	-	- 18,313	-	-	-	- (558)	-	-	-	-	-	-	-	-	-	- 17,755	-	
Capital instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Own shares	(54,439)	-	- (54,439)	-	-	-	-	- 54,439	-	-	-	-	-	-	-	-	-	-	
Net profit/loss for the year	224,378	64	- 224,378	64	(19,498)	(64)	(204,880)	-	-	-	-	-	-	-	- 255,476	69	255,476	69	
Shareholders' equity	760,304	198	- 760,304	198	-	- (204,880)	(25,328)	(26)	63,276	-	-	-	-	-	1,416	255,476	69	850,264	241

Group cash flow statement

(All figures in thousands of euros)

	2007	2006
A. OPERATING ACTIVITIES		
1. Operations	375,223	349,419
Net profit/loss	255,476	224,378
Net gains or losses on financial assets held for trading and on assets/liabilities valued at fair value	(4,353)	(2,077)
Net gains or losses on hedging activities	(276)	(58)
Net gains or losses on financial assets available for sale	8,546	(244)
Net adjustments/write-backs for impairment losses	(1,963)	(560)
Net adjustments/write-backs of tangible and intangible assets	6,993	12,047
Net provisions for risks and charges and other costs/revenues	42,419	61,005
Uncollected net premiums	-	-
Uncollected other insurance income/expense	-	-
Unpaid taxes and levies	76,999	32,717
Net adjustments/write-backs of net value after tax of groups of assets held for sale	-	28,507
Other adjustments	(8,618)	(6,296)
2. Cash from/used in financing activities	(1,622,496)	(2,742,326)
Financial assets held for trading	9,549	534,136
Financial assets valued at fair value	6,271	6,036
Hedging assets	(69,639)	(10,828)
Financial assets available for sale	(1,356,084)	(2,864,748)
Due from banks: demand deposits	495,450	578,963
Due from banks: other receivables	(877,499)	(1,053,100)
Loans to customers	169,456	67,215
3. Cash from/used in financial liabilities	1,232,207	2,374,317
Due to banks: demand deposits	396,418	(10,562)
Due to banks: other debts	347,634	(51,421)
Due to customers	987,533	2,533,822
Debt securities in issue	(1,623)	768
Financial liabilities held for trading	(4,996)	12,307
Financial liabilities valued at fair value	-	-
Hedging liabilities	(7,113)	42,593
Other liabilities	(485,646)	(153,190)
Net cash from/used in operating activities	(15,066)	(18,590)
B. INVESTMENT ACTIVITIES		
1. Cash from	8,988	13,349
Disposal of subsidiaries	1,464	-
Dividend income in equity investments	1	1
Sale of financial assets held to maturity	-	1,121
Sale of tangible assets	7,523	372
Sale of intangible assets	-	11,855
Sale of subsidiaries and company divisions	-	-
2. Cash used in	(30,687)	(1,477)
Acquisition of subsidiaries	-	(1,477)
Acquisition of financial assets held to maturity	(1,107)	-
Acquisition of tangible assets	-	-
Acquisition of intangible assets	(24,652)	-
Acquisition of subsidiaries and company divisions	(4,928)	-
Net cash from/used in investing activities	(21,699)	11,872
C. FUNDING ACTIVITIES		
Issue/purchase of own shares	54,439	-
Issue/purchase of capital instruments	-	-
Distribution of dividends and other	(14,103)	7,674
Net cash from/used in funding activities	40,336	7,674
NET CASH GENERATED/USED IN THE YEAR	3,571	956
Reconciliation		
Cash and cash equivalents at beginning of year	22,629	21,673
Net cash generated/used in the year	3,571	956
Cash and cash equivalents: effect of changes in exchange rates	-	-
Cash and cash equivalents at end of year	26,200	22,629

Notes to the Consolidated Financial Statements

■ Part A - Accounting policies

A.1 - General

- Section 1 - Declaration of compliance with the international accounting standards
- Section 2 - General accounting policies
- Section 3 - Scope and methods of consolidation
- Section 4 - Subsequent events
- Section 5 - Other aspects

A.2 - Main financial statement items

- Section 1 - Financial assets held for trading
- Section 2 - Financial assets available for sale
- Section 3 - Financial assets held to maturity
- Section 4 - Loans
- Section 5 - Financial assets valued at fair value
- Section 6 - Hedging transactions
- Section 7 - Equity investments
- Section 8 - Tangible assets
- Section 9 - Intangible assets
- Section 10 - Non-current assets held for sale
- Section 11 - Current and deferred tax assets and liabilities
- Section 12 - Provisions for risks and charges
- Section 13 - Debts and debt securities in issue
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PART A

ACCOUNTING POLICIES

A.1 - GENERAL

SECTION 1

Declaration of compliance with the international accounting standards

The Consolidated Financial Statements of the Banca Fideuram Group have been prepared pursuant to Italian Legislative Decree No. 38/2005 in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as approved by the European Commission up until 31 December 2007, following the procedure provided for by EC Regulation No. 1606/2002.

In addition, with a view to adopting effective guidelines for the interpretation and adoption of these accounting standards, this Report was also prepared in accordance with the interpretations provided by the International Financial Reporting Interpretations Committee (IFRIC), as well as the documents supporting the introduction of the IAS/IFRS in Italy prepared by the Italian accounting standards body (Organismo Italiano di Contabilità - OIC) and the interpretation documents prepared by the Italian Banking Association (Associazione Bancaria Italiana - ABI).

SECTION 2

General accounting policies

The Consolidated Financial Statements of the Banca Fideuram Group, prepared in accordance with Bank of Italy Circular No. 262 of 22 December 2005, comprise the compulsory statements provided for by IAS 1 (namely a balance sheet, income statement, statement of changes in equity, and cash flow statement) and the present Notes to the Consolidated Financial Statements. These are completed by the Directors' Report.

The Notes to the Consolidated Financial Statements present all the information provided for by the regulations, together with the additional information considered necessary to provide a faithful and proper representation of the Group's position. The compulsory tables and details required by the Bank of Italy are identified separately using the numbering specified by said Supervisory Authority.

The results at 31 December 2007 have been presented alongside the figures for the previous financial year for the purposes of comparison. The report uses the euro as its functional currency. The figures in the Financial Statements and Notes are stated in thousands of euros unless specified otherwise.

SECTION 3

Scope and methods of consolidation

The companies included in the consolidation of Banca Fideuram S.p.A. at 31 December 2007 are listed below.

Subsidiaries

Company	Currency	Type of relationship	Shareholders' equity (*)	Net Profit/Loss	Ownership	
					Held by	% owned
1. Banca Fideuram S.p.A. - Rome Capital: EUR 186,255,207.16 in shares of EUR 0.19 each	Euro		782,564	373,380		
2. Fideuram Bank (Luxembourg) S.A. - Luxembourg Capital: EUR 30,000,000 in shares of EUR 1,225.94 each	Euro	1	64,069	16,767	BF	99.996
3. Fideuram Fiduciaria S.p.A. - Rome Capital: EUR 1,551,000 in shares of EUR 517 each	Euro	1	2,854	713	BF	100.000
4. Fideuram Investimenti SGR S.p.A. - Rome Capital: EUR 25,850,000 in shares of EUR 517 each	Euro	1	50,560	20,005	BF	99.500
5. Fideuram Gestions S.A. - Luxembourg Capital EUR 10,000,000 in shares of EUR 100 each	Euro	1	17,894	1,185	BF	99.939
6. Fideuram Bank (Suisse) A.G. - Zurich Capital: CHF 15,000,000 in shares of CHF 1,000 each	Chf	1	33,431	9,267	FBL	99.967
7. Fideuram Asset Management (Ireland) Ltd - Dublin Capital: EUR 1,000,000 in shares of EUR 1,000 each	Euro	1	87,436	220,058	BF	100.000
8. Sanpaolo Invest SIM S.p.A. - Rome Capital: EUR 14,980,000 in shares of EUR 140 each	Euro	1	32,793	5,155	BF	100.000
9. Sanpaolo Invest Ireland Ltd - Dublin Capital: EUR 500,000 in shares of EUR 1 each	Euro	1	7,859	6,578	BF	100.000
10. Financière Fideuram S.A. - Paris Capital: EUR 296,761,600 in shares of EUR 25 each	Euro	1	239,381	(47,997)	BF	99.999
11. Euro Trésorerie S.A. - Paris Capital: EUR 200,038,320 in shares of EUR 15.3 each	Euro	1	182,958	8,196	FF	99.999
12. Banque Privée Fideuram S.A. - Paris Capital: EUR 132,530,240 in shares of EUR 40 each	Euro	1	9,664	(69,768)	FF	99.951
13. Fideuram Wargny Gestion S.A.M. - Monaco Capital: EUR 2,500,000 in shares of EUR 100 each	Euro	1	5,862	310	BPF	99.960

LEGEND

Type of relationship 1 = Control as per sub-paragraph 1, art. 2359 of the Italian Civil Code (majority of voting rights at general meeting)

Held by: BF= Banca Fideuram FF= Financière Fideuram BPF= Banque Privée Fideuram FBL= Fideuram Bank (Luxembourg)

(*) Including the net income shown in the next column

A company is considered to be a subsidiary if Banca Fideuram holds more than half the voting rights directly or indirectly, or if it has the power to appoint the majority of its directors or to determine its financial and management policies despite holding less than half the voting rights.

All the subsidiaries were consolidated line-by-line. Since all the assets and liabilities of these subsidiaries are consolidated, their book value is offset by the corresponding share of shareholders' equity held by the Group.

This offsetting of equity investments and shareholders' equity is based on the figures at the date when the equity investments were first included in the consolidation.

The differences resulting from said comparison are recognised as goodwill under intangible assets if positive, following the allocation of

any components to the assets and liabilities of the equity investments. If negative, they are recognised as negative goodwill in the income statement.

Goodwill is subject to a periodic test on the appropriateness of its carrying value. If the recoverable value of the goodwill is less than its carrying value, the difference is recognised in the income statement.

All relations with respect to assets and liabilities, and all income and expenses between consolidated companies are eliminated.

The financial statements used for the line-by-line consolidation were those as at 31 December 2007, as approved by the competent bodies of the subsidiary undertakings, adjusted where necessary to align them with Group accounting policies.

The financial statement data of companies operating outside the European Monetary Union are translated to euro applying the year-end exchange rates to balance sheet items and the average exchange rates for the year to income statement items. Any exchange rate differences arising from conversions at said exchange rates are included in the valuation reserve.

Compared to the situation at 31 December 2006, Fideuram Wargny Gestion S.A. was no longer included in the consolidation of the Banca Fideuram Group, the shares in said company having been sold to the French Group Viel & Cie.

In addition, Banca Fideuram sold its 4.76% holding in Universo Servizi (now Eurizon Solutions S.p.A.) to the Eurizon Financial Group on 30 July 2007.

SECTION 4

Subsequent events

On 1 February 2008, Banca Fideuram conferred a building that it owned in Milan with an estimated value of €9.8m to Immit S.p.A., Società di Intermediazione Immobiliare Quotata (SIQ), a company founded by Intesa Sanpaolo, acquiring in exchange a holding of 0.97% of the share capital of SIQ (equal to 2,833,478 shares with a par value of one euro each). The bank subsequently sold said shares to Intesa Sanpaolo on 4 February 2008 for a provisional price of €9.8m, subject to an adjustment after the listing of SIQ should the market share price be higher than the purchase price already paid by the buyer.

On 6 February 2008, subsidiary Banque Privée Fideuram sold its holding in the Monaco fund management company Fideuram Wargny Gestion SAM to Fideuram Bank Luxembourg as part of the plan for reorganising the Group's French business. At the time of the preparation of these financial statements, the transfer of this holding was still awaiting the approval of the *Commission de Contrôle des Activités Financières*.

On 28 February 2008, the Banca Fideuram Board of Directors authorised a €50m increase (subject to the authorisation of parent company Intesa Sanpaolo) in the share capital of subsidiary Euro-Trésorerie S.A. through the latter's immediate parent company Financière Fideuram S.A..

SECTION 5

Other aspects

The Banca Fideuram Group's Consolidated Financial Statements and the separate financial statements of the Group parent company are audited by Reconta Ernst & Young S.p.A.

The table below provides detailed information on the remuneration that the Banca Fideuram Group has paid Reconta Ernst & Young and the other entities in its network for the auditing and other services they provided in the 2007 financial year, in accordance with article 149 duodecies of the Regulations for Companies Issuing Financial Statements (No. 11971) issued by the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB).

Type of service	Entity providing the service	Recipient	Remuneration (in thousands of euros)
Independent audit	Reconta Ernst & Young	Banca Fideuram	357
		Subsidiaries	652
Attestation services	Reconta Ernst & Young	Banca Fideuram	60
Total			1,069

A.2 - MAIN FINANCIAL STATEMENT ITEMS

The accounting policies adopted to prepare the 2007 financial statements are set out below.

SECTION 1

Financial assets held for trading

Financial assets held for trading include the following:

- Debt securities and equities purchased principally to obtain short-term profit.
- Derivative contracts excepting for those designated as hedging instruments.

Financial assets held for trading are initially recognised in the balance sheet at their fair value, which is usually their purchase price. They are subsequently valued at their fair value with a balancing entry in the income statement.

Securities and derivatives for which the fair value cannot be determined reliably are carried in the financial statements at cost, adjusted for any losses from declines in value. The fair value of financial instruments listed on active markets is taken to be their market value. In the absence of an active market, the fair value is determined on the basis of the prices of recent transactions and the market values of similar financial instruments, taking the results of valuation models (mainly based on objective financial variables) into account.

Derivatives are treated as assets in the financial statements if the fair value is positive and as liabilities if the fair value is negative.

SECTION 2

Available-for-sale financial assets

These are financial assets that cannot be classified as loans, financial assets held to maturity or financial assets held for trading.

Available-for-sale financial assets are initially recognised in the balance sheet at their fair value, which is usually their purchase price plus any transaction costs, if material and determinable, directly attributable to them.

They are subsequently recognised at fair value as a balancing entry for a specific shareholders' equity reserve.

Certain unlisted equities, the fair value of which cannot be calculated in a reliable or verifiable manner, are recognised in the financial statements at cost and written down in those cases where a loss due to decline in value is verified.

The valuations recorded in the shareholders' equity reserve are recognised in the income statement upon disposal or when a loss due to decline in value is verified. The Group verifies situations in which a loss

due to a decline in value is deemed to have occurred, and the related estimates, using all the information at its disposal, based on observable data of events that have already occurred at the valuation date.

Losses due to the decline in value of equities cannot lead to write-backs in the income statement when the reasons for the write-downs cease to apply. These write-backs are therefore made in the shareholders' equity reserve.

Conversely, write-backs of debt securities are recorded in the income statement. Interest on debt securities in this category is calculated using the effective interest rate method and recorded in the income statement.

SECTION 3

Financial assets held to maturity

Investments held to maturity are non-derivative financial instruments that have fixed or determinable payments and fixed maturities, which the group intends and has the ability to hold until maturity.

When initially recognised, financial assets held to maturity are recorded in the balance sheet at their fair value, which is usually their purchase price plus any transaction costs directly attributable to their purchase.

They are subsequently valued at their amortised cost, calculated using the effective interest method. Gains and losses on financial assets held to maturity are recognised in the income statement when these assets are written off or when their value decreases, as well as through the amortisation process.

Losses due to decreases in value are calculated as the difference between the asset's book value and the present value of estimated future financial flows, discounted at their original effective interest rate.

Write-backs are recorded in the income statement up to the amortised cost the assets would have had if they were not written down.

SECTION 4

Loans

Loans include non-derivative financial assets, including debt securities, that have fixed or determinable payments and do not have a quoted price on an active market and were not designated at purchase as assets available for sale.

Loans are recorded in the financial statements upon disbursement. When initially recognised, loans are recorded in the balance sheet at their fair value, which is usually their purchase price plus any transaction costs, if material and determinable, directly attributable to their disbursement.

They are subsequently valued at their amortised cost, calculated using the effective interest method.

The book value of loans is periodically checked for any decline in value that could lead to a reduction in their estimated realisable value, considering both the solvency of any specific debtors with payment difficulties and the debt

servicing difficulties of debtors' market sectors or countries of residence, also taking into account any collateral and any negative economic trends regarding comparable categories of loans.

The classification criteria used, based on the related Bank of Italy regulations, are set out below.

- Non-performing loans: Loans to parties that are insolvent or in a substantially equivalent situation.
- Doubtful loans: Loans to parties that are in a situation that is objectively one of temporary difficulty which they are likely to overcome in an appropriate period of time.
- Restructured loans: Loans in which a pool of banks (or a single-lender bank) grant a deferment of a debt and renegotiate the loan at interest rates that are below market rates.
- Overdue loans: Loans to parties which have payments overdue/past due by more than 180 days at period end.
- Country risk: Unsecured loans to residents of countries with debt-servicing difficulties.
- Performing loans: Loans to parties that did not present any specific insolvency risks at the valuation date.

The decision to designate a loan as an impaired loan is taken by the operating units in conjunction with the central credit control units.

The losses in value of performing loans and overdue loans are determined on a collective basis, adopting a historical/statistical approach that aims to estimate the impairment in value of the loans that is considered to have effectively been incurred at the reference date without the amount yet being known at the time of valuation.

The method for calculating the estimated realisable value of impaired loans, which is formalised in decisions by senior management and other administrative functions that have been conferred with specific decision-making powers, is based on the present value of the expected financial flows of the principal and interest of the loans.

The core elements used to calculate the present value of the flows are the estimated collections (expected financial flows) and related due dates, together with the discount rate to apply.

The estimated collections and related due dates of the impaired loan inflow plans are based on the analytical assumptions formulated by the units responsible for valuing the loans and, if none have been formulated, on the estimated and presumptive values obtained from internal historical series and sector studies. The discount rate applied by Banca Fideuram to the estimated collections in impaired loan inflow plans has generally been the rate in effect when the loans were reclassified from performing loans to problem loans.

The write-downs, which are analytical and collective, are write-downs to the amount recorded under balance sheet assets in accordance with the above principles, and are reinstated by write-backs relating to the income statement item for net write-downs to loans if the reasons for the write-downs cease to apply or the amounts recovered exceed the original write-downs.

Considering the method used to calculate the estimated realisable value of impaired loans, the simple passing of time, with the consequent approach of the due dates for recovery, will result in an automatic reduction in the implicit financial charges previously deducted from the value of the loans.

SECTION 5

Financial assets valued at fair value

The Banca Fideuram Group has mainly adopted the Fair Value Option for the insurance policies taken out to insure the market yields for the Private Banker Networks' Loyalty Schemes, considering them to be a group of financial assets valued at fair value in line with IAS guidelines.

The recognition and valuation methods adopted are the same as those set out in section 1 regarding financial assets held for trading.

SECTION 6

Hedging transactions

The Group uses derivative contracts for hedging the interest rate risk of interbank deposits and of certain of its fixed rate securities holdings classified as assets held for sale.

These hedging transactions aim to neutralise any potential losses from interest rate fluctuations with the income obtained from the hedging instruments.

The relationship between the hedging instruments and items hedged is documented formally and the effectiveness of the hedging verified at regular intervals. A hedge is considered to be effective when the cash flow fluctuations of the item hedged are completely offset by the cash flows from the hedging instrument, keeping the ratio between the fluctuations within a range of between 80% and 125%. The hedging derivatives are recognised at fair value. For fair value hedging, the fluctuations in the value of the derivatives and hedged instruments are recognised in the income statement where the component attributable to interest rate risk is concerned. Any difference, indicating the extent to which the hedge is only partially effective, consequently has a net financial effect.

SECTION 7

Equity investments

Companies over which the Group exercises significant influence are carried at equity.

A company is considered to be subject to significant influence when the Group directs its administrative, financial and management choices by virtue of legal and de facto ties, and this is assumed to be the case when the Group holds 20% or more of the voting rights.

The equity method involves initially recognising an equity investment at cost and subsequently adjusting the value in relation to the stake in the subsidiary's shareholders' equity. The difference between the value of the holding and the subsidiary's shareholders' equity is included in the book value of the subsidiary. The related portion of the subsidiary's operating result is recognised in the consolidated income statement. If there is evidence that the value of an equity investment may have decreased, the bank proceeds to estimate the recoverable value of the equity investment. If the recoverable value is less than the book value, the difference is recognised in the income statement.

Minority interests are classified in the categories provided for by IAS 39. In particular, investments that are not held for trading are included in available-for-sale financial assets.

SECTION 8

Tangible assets

Tangible assets include:

- Land
- Immovable property used for operating purposes
- Technical plant and equipment
- Furniture, plant and equipment
- Works of art.

Immovable property used for operating purposes is defined as buildings owned (or leased under financial leasing contracts) that are used for the production and supply of services or for administrative purposes, and which have a useful life that is longer than one year. Tangible assets are initially recognised at cost, with the latter understood to mean both the purchase price and any related direct charges incurred for the purchase or commissioning of the asset.

Any expenses subsequent to purchase increase the book value of the asset or are recorded as separate assets only when they lead to an increase in the future economic benefits resulting from the use of the investments. Other expenses incurred subsequent to purchase are recorded in the income statement in the financial year when they are incurred.

Subsequent to their initial recognition, tangible fixed assets are recognised at cost, deducting any depreciation and loss in value.

The depreciable value is distributed systematically over the useful life of the asset on a straight-line basis with the exception of for the following:

- Land, which has an indefinite useful life and is not, therefore, depreciable. The value of land, moreover, also needs to be accounted for separately from the value of buildings, even when they are purchased together. This splitting of the value of land and the value of buildings is performed on the basis of a survey by independent experts solely for buildings held on a “ground-to-roof” basis.
- Works of art, since their useful life cannot be estimated and their value is not normally likely to decline over time.

The useful life of tangible assets subject to depreciation is verified periodically. If the initial estimates require adjustment, the depreciation rate is consequently changed as well.

In addition, at every accounting reference date, the bank also verifies whether there are any signs of an asset having suffered an impairment loss. If this is the case, the bank proceeds to calculate the recoverable value of the asset, which is the higher of net sale price and value in use. Should the reasons for the impairment loss cease to apply, the bank estimates the asset’s recoverable value.

Tangible fixed assets are eliminated from the balance sheet upon disposal or when an asset is permanently withdrawn from use and no future economic benefits are expected from its disposal.

SECTION 9

Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance, possessed for long-term use. They include goodwill, incremental costs on buildings that are not owned and not leased under financial leasing agreements, and software developed in-house or purchased from third parties.

Goodwill is the excess of purchase price over fair value at the date of purchase of the net assets and liabilities of acquired companies or company divisions. Goodwill is not subject to systematic amortisation, but to a periodical test to verify the appropriateness of its book value. The value of goodwill is reduced if its recoverable value is lower than its book value. Recoverable value is taken to be the greater of the fair value of the unit generating the financial flows, less costs to sell, and its value in use, which is the present value of estimated future cash flows expected to arise from the continuing operation of the unit generating financial flows and from its disposal at the end of its useful life.

When the incremental costs on buildings that are not owned and not leased under financial leasing agreements do not regard independently identifiable tangible assets, they are recognised in the financial statements as intangible assets when future economic benefits can be derived from them. These costs are recognised in the income statement in relation to the length of the related leases.

Expenses regarding the in-house development of software are recognised in the financial statements as intangible assets following verification of the technical feasibility of completion and their ability to generate future economic benefits. During the development phase, these assets are valued at cost, complete with any related direct expenses, including expenses for the personnel involved in the projects. If the verification has a negative outcome, the expenses are recognised in the income statement.

Intangible assets, in the form of software that has been developed in-house or purchased from third parties, is amortised on a straight-line basis from the time of its completion and commissioning over its related useful life, which is estimated to be three years. Whenever the recoverable value of these assets is less than their book value, the difference is recognised in the income statement.

SECTION 10

Non-current assets held for sale

Individual non-current assets and groups of assets and liabilities in the process of disposal which it is considered highly likely will be sold are classified as “Non-current assets and groups of assets held for sale” and “Liabilities associated with assets held for sale”. These non-current assets are recognised at the lower of book value and fair value, net of sales costs. Any income and expense regarding groups of assets held for sale is recognised in the income statement net of tax.

SECTION 11

Current and deferred tax assets and liabilities

Income taxes, calculated in accordance with 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 the current and deferred tax assets and liabilities for the year.

The Italian companies in the Banca Fideuram Group avail themselves of the "istituto del consolidato fiscale nazionale" tax consolidation regime introduced by Italian Legislative Decree No. 344 of 12/12/2003 as subsidiaries of parent company Intesa Sanpaolo. This tax consolidation regime provides for the aggregation of the taxable income of all the subsidiaries and a single payment of IRES corporate income tax by the Parent Company.

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

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

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

Whereas when the deferred tax assets and liabilities regard transactions that have had a direct effect on shareholders' equity without influencing the income statement (such as the valuation of available-for-sale financial instruments and derivative contracts hedging financial flows), they are recorded as a balancing entry to shareholders' equity, in respect of the related reserves, if any.

SECTION 12

Provisions for risks and charges:

The Provisions for risks and charges are liabilities of uncertain amount or due date that are recognised in the financial statements for the following reasons:

- There is a present obligation (legal or implicit) arising from a past event.
- It is probable that financial resources will have to be disbursed to fulfil the obligation.
- It is possible to make a reliable estimate of the probable future disbursement.

These provisions include the provisions set aside to cover losses on legal disputes, including claims from receivers, estimated disbursements

arising from customer complaints regarding the brokerage of securities, and contractual indemnity payments due to Private Bankers, as well as the provisions set aside for the Network Loyalty Schemes.

The contractual indemnity payments due to Private Bankers, which are calculated using actuarial valuations, include the provisions for Private Bankers' severance indemnities and the "meritocratic indemnity" set aside under the "New Collective Economic Agreement for Agents in the Commerce Sector", which came into force on 2 April 2002.

The Network Loyalty Schemes - long-term incentive schemes which entitle the Private Bankers to a bonus that is linked to the stock of financial assets under their management - involve setting aside provisions under "other provisions" that are the best estimate of the amounts due to the Private Bankers calculated using actuarial valuations.

The provision for personnel expenses includes the provision set aside to pay seniority bonuses to employees. These provisions were determined on the basis of an independent actuary's report, using the methods specified in IAS 19.

When the effect of deferring meeting the estimated obligation becomes a significant factor, the Group calculates the value of the provisions as being equal to the present value of the expenses it is envisaged would be necessary to discharge the obligations.

In those cases where the provisions are discounted, the total for the provisions recorded in the financial statements increases in each financial year to reflect the passing of time. The provisions set aside are reassessed at every accounting reference date and adjusted to reflect the best current estimate.

The provision is reversed when it becomes unlikely that it will be necessary to use resources that are suitable for generating economic benefits to fulfil the obligation.

SECTION 13

Debts and debt securities in issue

The items "Due to banks" and "Due to customers" cover all the technical forms of borrowing from said counterparties.

Debt securities in issue are recognised net of any portion repurchased.

These financial liabilities are initially recognised in the balance sheet at fair value, which is usually the amount collected, adjusted for any transaction costs directly attributable to their issue.

The debts and debt securities in issue, with the exception of on-demand and short-term items, are subsequently valued at amortised cost using the effective interest rate method.

The difference between the repurchase price of the debt securities in issue and their book value is recognised in the income statement from the following year. Any subsequent sale of repurchased debt securities in issue is, for accounting purposes, considered a new sale with a consequent change to the average book value of the related liabilities.

SECTION 14

Financial liabilities held for trading

Financial liabilities held for trading include any negative valuations of derivative contracts held for trading and liabilities regarding technical short positions in securities.

The same accounting policies apply to them as for financial assets held for trading.

SECTION 18

Other information

Own shares

Own shares that have been repurchased are recognised at cost in a specific item deducted from Group's shareholders' equity and are not therefore subject to valuation. If they are sold on the market, any difference between the purchase price and sale price is recognised in the components of shareholders' equity.

Provision for employment termination indemnities

With the coming into force of the 2007 Finance Act, which brought forward to 1st January 2007 the complementary social security reform provided for by Italian Legislative Decree No. 252/2005, the employment termination indemnity contributions accrued up until 31.12.2006 continue to be recognised in the provision for employment termination indemnities established by the company, while indemnity contributions accrued from 1st January 2007 are, at the employee's discretion (exercised by 30 June 2007), either paid into forms of complementary social security or held by the company, which transfers the termination indemnity contributions to the Treasury fund managed by Italy's Department of Social Security (INPS). The coming into force of the aforementioned reform made it necessary to change the accounting treatment of the provision for employment termination indemnities, both regarding contributions accrued up until 31 December 2006 and contributions accrued from 1st January 2007. Specifically, employment termination indemnity contributions accrued from 1.1.2007 constitute a "defined contribution" scheme 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. The value of the contributions - which is recorded under personnel expenses - therefore has to be calculated on the basis of the contributions due, without applying any actuarial calculation methods. The provision for employment termination indemnities accrued up until 31.12.2006 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 to be taken into account 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 present value is calculated using the Projected Unit Credit method, which discounts the future outflows estimated on the basis of historical and statistical analyses and demographic data.

The discount rate used is set with reference to the average market interest rate at the valuation dates, 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 plan are recognised under personnel expenses as accrued interest and actuarial gains and losses.

The latter are calculated using the "corridor method", which is to say as the portion of cumulative actuarial gains and losses at the end of the previous financial year that exceeds 10% of the present value of the benefits generated by the plan. This portion is recognised in the income statement in relation to the expected average working life of the participants in the plan.

Valuation reserves

This item includes the valuation reserves for financial assets available for sale and tangible assets for which the revaluation method was applied during the first-time application of the IAS/IFRS, as well as the revaluation reserves recognised in accordance with special laws.

Payments in shares

The Group applies the IFRS 2 accounting treatment for payments based on shares for its Private Bankers' stock option plans, which have been in place since December 2002. The options granted are valued at fair value as at the day they were assigned, which is the date when the plan was approved by the competent bodies. This fair value is a component of fee and commission expense distributed over the period in which the entitlements assigned accrue, recorded as a balancing entry for an unavailable component of shareholders' equity. The total cost recorded in the financial statements for the stock option plans is reversed in the income statement with a balancing entry in respect of the specific unavailable component of shareholders' equity if the options are not exercised for reasons that are independent of market trends.

If the options are not exercised as a result of market conditions, the total cost is not reversed, but rather the component of shareholders' equity recorded as a balancing entry to fee and commission expense in the period when the plan entitlements accrued becomes available.

Recognition of costs and revenues

Costs are recognised in the income statement in the periods in which the related revenues are recognised. If the association of costs and revenues can only be made in a general and indirect manner, the costs are recognised over more than one period following rational, systematic procedures.

The revenues are recognised at the time they occur. Commission income and other income from the provision of services is recognised in the periods when the services themselves are provided. Other income is recognised on an accrual basis.

In particular:

- Interest income is recognised on an accrual basis that takes the actual return into account.
- Default interest is recognised at the time of collection.
- Dividends are recognised in the income statement at the time their distribution is decided.
- For transactions in financial instruments, the difference between the fair value of the instruments and the amount paid or received is recognised in the income statement only in cases where the fair value can be reliably determined.
- The revenues deriving from the sale of non-financial assets are recognised at the time their sale is completed.

Purchases and sales of financial assets

The Group recognises purchases and sales of financial assets at their settlement date, taking said purchases and sales to be those conducted on the basis of contracts that require the asset to be delivered within a period of time that is in accordance with market regulations or conventions.

Write-off policy

Financial assets are written off in the financial statements when the contractual rights to the financial flows derived from said assets expire or when the financial assets are sold, effectively transferring all the risks/benefits connected with them.

Financial liabilities are written off when they mature or are settled. Liabilities are also written off when securities previously issued are repurchased.

Business combinations

The transfer of control of a company (or an integrated group of assets that is run and managed jointly) constitutes a business combination transaction.

IFRS 3 requires an acquirer to be identified for all business combination transactions. The acquirer is normally identified as the entity obtaining control of another entity or group of assets. The acquisition and therefore the initial consolidation of the acquired entity is recognised at the date when the acquirer effectively obtains control of the entity or assets acquired.

The cost of a business combination transaction must be calculated as the sum of the following:

- the fair value at the transaction date of the assets sold, of the liabilities incurred or assumed and of the capital instruments issued by the acquirer in exchange for control,
- any additional charges directly attributable to the business combination.

Business combination transactions are recorded using the purchase method, which involves recognising:

- the assets, liabilities and potential liabilities of the acquired entity at their respective fair values on the date of acquisition, including any intangible assets identifiable not already recognised in the financial statements of the acquired entity,
- minority interests in the acquired entity in proportion to the related interest in the net fair values,
- the goodwill held by the Group, calculated as the difference between the cost of the business combination and the interest in the net fair value of the identifiable assets, liabilities and potential liabilities. Any positive difference between the Group's interest in the net fair value of the assets, liabilities and potential liabilities acquired and the cost of the business combination is recognised in the income statement.

The fair value of the assets, liabilities and potential liabilities of the acquired entity may be calculated on a provisional basis before the end of the financial year in which the business combination takes place and must be finalised within twelve months of the date of acquisition.

Transactions for the purposes of reorganisation and carried out between two or more entities or company assets which are already members of the Banca Fideuram Group or which belong to the Intesa Sanpaolo Group and do not involve changes in the control structures irrespective of the percentage of minority interests before and after the transaction (referred to as business combinations of entities under common control) do not constitute business combinations, being outside the scope of IFRS 3. Such transactions are considered to have no economic substance unless they result in a substantial change in cash

flows. Hence, in the absence of any specific IAS/IFRS Standard or Interpretation, and in accordance with IAS 8 - which requires a company, in the absence of any specific Standard or Interpretation, to use its own judgment in applying an accounting policy which provides relevant, reliable and prudent information that reflects the economic substance of the transaction - these transactions are recognised maintaining the continuity of the values stated by the acquired entity in the financial statements of the acquiring entity. In accordance with this policy, the same values are recorded in the balance sheet as if the companies (or company divisions) involved in the business combination had always been combined. The assets acquired are stated in the financial statements of the acquiring company at the same values that they had in the financial statements of the transferor company. Any difference between the price paid/collected and the net book value of the assets transferred is recorded directly as a balancing entry under shareholder's equity net of any deferred tax assets and liabilities (if necessary).

PARTE B

NOTES TO THE CONSOLIDATED BALANCE SHEET

Assets

SECTION 1

CASH AND CASH EQUIVALENTS - ITEM 10

1.1 Cash and cash equivalents: analysis

	31.12.2007	31.12.2006
a) Cash	26,000	22,629
b) Demand deposits with Central Banks	200	-
Total	26,200	22,629

SECTION 2

2.1 FINANCIAL ASSETS HELD FOR TRADING: ANALYSIS - ITEM 20

2.1 Financial assets held for trading: analysis

	Listed	Unlisted	31.12.2007 Total	31.12.2006 Total
A. Cash assets				
1. Debt securities	33,879	24	33,903	42,494
1.1 Structured securities	-	-	-	870
1.2 Other debt securities	33,879	24	33,903	41,624
2. Equities	-	-	-	-
3. Units in mutual funds	97	26	123	115
4. Loans	-	-	-	-
4.1 Repurchase agreement assets	-	-	-	-
4.2 Other	-	-	-	-
5. Impaired assets	-	-	-	-
6. Assets disposed of but not written off	-	-	-	-
Total A	33,976	50	34,026	42,609
B. Derivatives				
1. Financial derivatives	-	10,949	10,949	9,103
1.1 Held for trading	-	10,949	10,949	9,103
1.2 Connected with fair value option	-	-	-	-
1.3 Other	-	-	-	-
2. Credit derivatives	-	-	-	-
2.1 Held for trading	-	-	-	-
2.2 Connected with fair value option	-	-	-	-
2.3 Other	-	-	-	-
Total B	-	10,949	10,949	9,103
Total (A+B)	33,976	10,999	44,975	51,712

2.2 Financial assets held for trading: analysis by debtors/issuers

	31.12.2007	31.12.2006
A. Cash assets		
1. Debt securities	33,903	42,494
a) Governments and Central Banks	29,951	41,383
b) Other public entities	-	-
c) Banks	2,834	940
d) Other issuers	1,118	171
2. Equities	-	-
a) Banks	-	-
b) Other issuers:	-	-
- Insurance companies	-	-
- Financial institutions	-	-
- Non-financial companies	-	-
- Other	-	-
3. Units in mutual funds	123	115
4. Loans	-	-
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other parties	-	-
5. Impaired assets	-	-
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other issuers	-	-
6. Assets disposed of but not written off	-	-
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other issuers	-	-
Total A	34,026	42,609
B. Derivatives		
a) Banks	9,589	8,629
b) Customers	1,360	474
Total B	10,949	9,103
Total (A+B)	44,975	51,712

2.3 Financial assets held for trading: trading derivatives

	Interest rates	Currencies and gold	Equities	Loans	Other	31.12.2007 Total	31.12.2006 Total
A) Listed derivatives							
1) Financial derivatives:	-	-	-	-	-	-	-
• with exchange of capital	-	-	-	-	-	-	-
- options purchased	-	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-	-
• without exchange of capital	-	-	-	-	-	-	-
- options purchased	-	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-	-
2) Credit derivatives:	-	-	-	-	-	-	-
• with exchange of capital	-	-	-	-	-	-	-
• without exchange of capital	-	-	-	-	-	-	-
Total A	-	-	-	-	-	-	-
B) Unlisted derivatives							
1) Financial derivatives:	236	10,713	-	-	-	10,949	9,103
• with exchange of capital	218	10,713	-	-	-	10,931	7,025
- options purchased	-	125	-	-	-	125	-
- other derivatives	218	10,588	-	-	-	10,806	7,025
• without exchange of capital	18	-	-	-	-	18	2,078
- options purchased	18	-	-	-	-	18	297
- other derivatives	-	-	-	-	-	-	1,781
2) Credit derivatives:	-	-	-	-	-	-	-
• with exchange of capital	-	-	-	-	-	-	-
• without exchange of capital	-	-	-	-	-	-	-
Total B	236	10,713	-	-	-	10,949	9,103
Total (A+B)	236	10,713	-	-	-	10,949	9,103

2.4 Cash financial assets held for trading

(other than assets disposed of but not written off and impaired assets): changes in the year

	Debt securities	Equities	Units in mutual funds	Loans	Total
A. Opening balance	42,494	-	115	-	42,609
B. Increases	4,139,215	7,639	466	-	4,147,320
B1. Purchases	4,137,886	7,629	464	-	4,145,979
B2. Increases in fair value	45	-	2	-	47
B3. Other increases	1,284	10	-	-	1,294
C. Decreases	4,147,806	7,639	458	-	4,155,903
C1. Sales	4,116,151	7,575	455	-	4,124,181
C2. Redemptions	31,022	-	-	-	31,022
C3. Decreases in fair value	189	-	2	-	191
C4. Other decreases	444	64	1	-	509
D. Closing balance	33,903	-	123	-	34,026

SECTION 3

FINANCIAL ASSETS VALUED AT FAIR VALUE - ITEM 30

3.1 Financial assets valued at fair value: analysis

	31.12.2007			31.12.2006
	Listed	Unlisted	Total	Total
1. Debt securities (*)	1,486	163,997	165,483	169,381
1.1 Structured securities	-	-	-	-
1.2 Other debt securities	1,486	163,997	165,483	169,381
2. Equities	-	10	10	-
3. Units in mutual funds	-	961	961	1,803
4. Loans	-	-	-	-
4.1 Structured	-	-	-	-
4.2 Other	-	-	-	-
5. Impaired assets	-	-	-	-
6. Assets disposed of but not written off	-	-	-	-
Total	1,486	164,968	166,454	171,184
Cost	2,593	136,069	138,662	123,179

(*) The item unlisted debt securities mainly regarded the insurance policies that the Banca Fideuram Group took out to insure the market yields of the Private Banker Networks' Loyalty Schemes.

3.2 Financial assets valued at fair value: analysis by debtors/issuers

	31.12.2007	31.12.2006
1. Debt securities	165,483	169,381
a) Governments and Central Banks	2	2
b) Other public entities	-	-
c) Banks	-	-
d) Other issuers	165,481	169,379
2. Equities	10	-
a) Banks	-	-
b) Other issuers:	10	-
- Insurance companies	-	-
- Financial institutions	-	-
- Non-financial companies	-	-
- Other	10	-
3. Units in mutual funds	961	1,803
4. Loans	-	-
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other parties	-	-
5. Impaired assets	-	-
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other parties	-	-
6. Assets disposed of but not written off	-	-
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other parties	-	-
Total	166,454	171,184

3.3 Financial assets valued at fair value (other than assets disposed of but not written off and impaired assets): changes in the year

	Debt securities	Equities	Units in mutual funds	Loans	Total
A. Opening balance	169,381	-	1,803	-	171,184
B. Increases	2,236	10	1,000	-	3,246
B1. Purchases	644	-	489	-	1,133
B2. Increases in fair value	1,073	-	-	-	1,073
B3. Other increases	519	10	511	-	1,040
C. Decreases	6,134	-	1,842	-	7,976
C1. Sales	-	-	1,842	-	1,842
C2. Redemptions	5,893	-	-	-	5,893
C3. Decreases in fair value	98	-	-	-	98
C4. Other decreases	143	-	-	-	143
D. Closing balance	165,483	10	961	-	166,454

SECTION 4

FINANCIAL ASSETS AVAILABLE FOR SALE - ITEM 40

4.1 Financial assets available for sale: analysis

	31.12.2007		31.12.2006	
	Listed	Unlisted	Listed	Unlisted
1. Debt securities	1,137,674	39,676	2,383,309	61,221
1.1 Structured securities	-	-	3,916	-
1.2 Other debt securities	1,137,674	39,676	2,379,393	61,221
2. Equities	-	51	-	55
2.1 Valued at fair value	-	42	-	4
2.2 Valued at cost	-	9	-	51
3. Units in mutual funds	42,567	-	49,905	-
4. Loans	-	-	-	-
5. Impaired assets	-	-	-	-
6. Assets disposed of but not written off (*)	2,558,408	434,280	370,628	-
Total	3,738,649	474,007	2,803,842	61,276

(*) This amount regarded investment securities used in repurchase agreements.

4.2 Financial assets available for sale: analysis by debtors/issuers

	31.12.2007	31.12.2006
1. Debt securities	1,177,350	2,444,530
a) Governments and Central Banks	448,518	919,828
b) Other public entities	-	-
c) Banks	368,686	997,323
d) Other issuers	360,146	527,379
2. Equities	51	55
a) Banks	-	-
b) Other issuers:	51	55
- Insurance companies	-	-
- Financial institutions	2	2
- Non-financial companies	49	53
- Other	-	-
3. Units in mutual funds	42,567	49,905
4. Loans	-	-
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other parties	-	-
5. Impaired assets	-	-
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other parties	-	-
6. Assets disposed of but not written off	2,992,688	370,628
a) Governments and Central Banks	1,059,758	364,523
b) Other public entities	-	-
c) Banks	1,022,080	6,105
d) Other parties	910,850	-
Total	4,212,656	2,865,118

4.3 Financial assets available for sale: hedged assets

	Hedged assets			
	31.12.2007		31.12.2006	
	Fair value	Financial flows	Fair value	Financial flows
1. Debt securities	1,801,698	-	899,761	-
2. Equities	-	-	-	-
3. Units in mutual funds	-	-	-	-
4. Loans	-	-	-	-
5. Portfolio	-	-	-	-
Total	1,801,698	-	899,761	-

4.4 Financial assets available for sale: assets hedged with micro-hedging

	31.12.2007	31.12.2006
1. Financial assets hedged with fair value micro-hedging	1,801,698	899,761
a) Interest rate risk	1,801,698	899,761
b) Price risk	-	-
c) Exchange rate risk	-	-
d) Credit risk	-	-
e) Other risks	-	-
2. Financial assets hedged with micro-hedging of financial flows	-	-
a) Interest rate	-	-
b) Exchange rate	-	-
c) Other	-	-
Total	1,801,698	899,761

4.5 Financial assets available for sale (other than assets disposed of but not written off and impaired assets): changes in the year

	Debt securities	Equities	Units in mutual funds	Loans	Total
A. Opening balance	2,444,530	55	49,905	-	2,494,490
B. Increases	2,737,327	-	215,885	-	2,953,212
B1. Purchases	2,258,441	-	214,903	-	2,473,344
B2. Increases in fair value	3,338	-	716	-	4,054
B3. Write-backs recognised in:	-	-	-	-	-
- income statement	-	X	-	-	-
- shareholders' equity	-	-	-	-	-
B4. Transfers from other portfolios	-	-	-	-	-
B5. Other increases	475,548	-	266	-	475,814
C. Decreases	4,004,507	4	223,223	-	4,227,734
C1. Sales	2,007,991	-	222,302	-	2,230,293
C2. Redemptions	8,061	-	-	-	8,061
C3. Decreases in fair value	26,415	-	673	-	27,088
C4. Impairment write-downs	-	-	-	-	-
- income statement	-	-	-	-	-
- shareholders' equity	-	-	-	-	-
C5. Transfers from other portfolios	-	-	-	-	-
C6. Other decreases	1,962,040	4	248	-	1,962,292
D. Closing balance	1,177,350	51	42,567	-	1,219,968

SECTION 5

FINANCIAL ASSETS HELD TO MATURITY - ITEM 50

5.1 Financial assets held to maturity: analysis

	31.12.2007		31.12.2006	
	Book value	Fair value	Book value	Fair value
1. Debt securities	4,648	4,625	3,541	3,542
1.1 Structured securities	-	-	-	-
1.2 Other securities	4,648	4,625	3,541	3,542
2. Loans	-	-	-	-
3. Impaired assets	-	-	-	-
4. Assets disposed of but not written off	-	-	-	-
Total	4,648	4,625	3,541	3,542

5.2 Financial assets held to maturity: analysis by debtors/issuers

	31.12.2007	31.12.2006
1. Debt securities	4,648	3,541
a) Governments and Central Banks	4,648	3,541
b) Other public entities	-	-
c) Banks	-	-
d) Other issuers	-	-
2. Loans	-	-
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other parties	-	-
3. Impaired assets	-	-
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other parties	-	-
4. Assets disposed of but not written off	-	-
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other parties	-	-
Total	4,648	3,541

5.4 Financial assets held to maturity (other than assets disposed of but not written off and impaired assets):
changes in the year

	Debt securities	Loans	Total
A. Opening balance	3,541	-	3,541
B. Increases	1,608	-	1,608
B1. Purchases	1,608	-	1,608
B2. Write-backs	-	-	-
B3. Transfers from other portfolios	-	-	-
B4. Other increases	-	-	-
C. Decreases	501	-	501
C1. Sales	-	-	-
C2. Redemptions	500	-	500
C3. Write-downs	-	-	-
C4. Transfers from other portfolios	-	-	-
C5. Other decreases	1	-	1
D. Closing balance	4,648	-	4,648

SECTION 6

DUE FROM BANKS - ITEM 60

6.1 Due from banks: analysis

	31.12.2007	31.12.2006
A. Due from Central Banks	117,039	32,962
1. Time deposits	-	-
2. Statutory reserve	117,039	32,962
3. Repurchase agreement assets	-	-
4. Other	-	-
B. Due from banks	5,371,754	5,065,158
1. Current accounts and demand deposits	230,320	725,770
2. Time deposits	3,239,156	2,423,266
3. Other loans	159	842,890
3.1 Repurchase agreement assets (*)	-	842,310
3.2 Finance leases	-	-
3.3 Other	159	580
4. Debt securities	345,987	323,245
4.1 Structured	264,360	215,907
4.2 Other debt securities	81,627	107,338
5. Impaired assets	-	-
6. Assets disposed of but not written off (**)	1,556,132	749,987
Total (book value)	5,488,793	5,098,120
Total (fair value)	5,479,518	5,075,079

(*) The Group steadily reduced its interbank repurchase lending agreements, until there were no longer any in place at the end of the year.

(**) The item Assets disposed of but not written off regarded debt securities issued under repurchase agreements with customers.

This amount included two unlisted bond issues totalling €54,719,000, both fully subscribed by Banca Fideuram in the year, which were reclassified as available-for-sale financial assets.

6.2 Due from banks: hedged assets

	31.12.2007	31.12.2006
1. Loans hedged with fair value micro-hedging	556,436	367,540
a) Interest rate risk	556,436	367,540
b) Exchange rate risk	-	-
c) Credit risk	-	-
d) Other risks	-	-
2. Loans hedged with micro-hedging of financial flows	-	-
a) Interest rate	-	-
b) Exchange rate	-	-
c) Other	-	-
Total	556,436	367,540

SECTION 7
LOANS TO CUSTOMERS - ITEM 70

7.1 Loans to customers: analysis

	31.12.2007	31.12.2006
1. Current accounts	780,164	783,043
2. Repurchase agreement assets	-	61,269
3. Loans	66,679	69,339
4. Credit cards, personal loans and loans with repayments deducted directly from wages	23,345	27,365
5. Finance leases	-	-
6. Factoring	-	-
7. Other transactions	22,390	18,628
8. Debt securities	-	100,431
8.1 Structured	-	100,431
8.2 Other debt securities	-	-
9. Impaired assets (*)	4,846	4,974
10. Assets disposed of but not written off	-	-
Total (book value)	897,424	1,065,049
Total (fair value)	897,424	1,065,041

(*) Impaired assets comprised non-performing loans totalling €2,797,000 and loans more than 180 days overdue totalling € 2,049,000.

7.2 Loans from customers: analysis by debtors/issuers

	31.12.2007	31.12.2006
1. Debt securities:	-	100,431
a) Governments	-	-
b) Other public entities	-	-
c) Other issuers	-	100,431
- Non-financial companies	-	-
- Financial institutions	-	100,431
- Insurance companies	-	-
- Other	-	-
2. Loans to:	892,578	959,644
a) Governments	-	-
b) Other public entities	1,155	11
c) Other parties	891,423	959,633
- Non-financial companies	185,382	204,496
- Financial institutions	42,069	78,770
- Insurance companies	12	1,681
- Other	663,960	674,686
3. Impaired assets:	4,846	4,974
a) Governments	-	-
b) Other public entities	-	-
c) Other parties	4,846	4,974
- Non-financial companies	353	396
- Financial institutions	353	-
- Insurance companies	-	-
- Other	4,140	4,578
4. Assets disposed of but not written off:	-	-
a) Governments	-	-
b) Other public entities	-	-
c) Other parties	-	-
- Non-financial companies	-	-
- Financial institutions	-	-
- Insurance companies	-	-
- Other	-	-
Total	897,424	1,065,049

SECTION 8
HEDGING DERIVATIVES - ITEM 80

8.1 Hedging derivatives: analysis by type of contract and underlying asset

	Interest rates	Currencies and gold	Equities	Loans	Other	Total
A) Listed						
1) Financial derivatives:	-	-	-	-	-	-
• with exchange of capital	-	-	-	-	-	-
- options purchased	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-
• without exchange of capital	-	-	-	-	-	-
- options purchased	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-
2) Credit derivatives:	-	-	-	-	-	-
• with exchange of capital	-	-	-	-	-	-
• without exchange of capital	-	-	-	-	-	-
Total A	-	-	-	-	-	-
B) Unlisted						
1) Financial derivatives:	80,801	-	-	-	-	80,801
• with exchange of capital	-	-	-	-	-	-
- options purchased	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-
• without exchange of capital	80,801	-	-	-	-	80,801
- options purchased	-	-	-	-	-	-
- other derivatives	80,801	-	-	-	-	80,801
2) Credit derivatives:	-	-	-	-	-	-
• with exchange of capital	-	-	-	-	-	-
• without exchange of capital	-	-	-	-	-	-
Total (B)	80,801	-	-	-	-	80,801
Total (A+B) at 31.12.2007	80,801	-	-	-	-	80,801
Total (A+B) at 31.12.2006	10,886	-	-	-	-	10,886

8.2 Hedging derivatives: analysis by portfolio hedged and type of hedging (book value)

	Fair Value					Financial flows		
	Interest rate risk	Micro-hedging			Other risks	Macro-hedging	Micro-hedging	Macro-hedging
Exchange rate risk		Credit risk	Price risk					
1. Financial assets available for sale	78,158	-	-	-	-	X	-	X
2. Loans	2,643	-	-	X	-	X	-	X
3. Financial assets held to maturity	X	-	-	X	-	X	-	X
4. Portfolio	X	X	X	X	X	-	X	-
Total assets	80,801	-	-	-	-	-	-	-
1. Financial liabilities	-	-	-	X	-	X	-	X
2. Portfolio	X	X	X	X	X	-	X	-
Total liabilities	-	-	-	-	-	-	-	-

SECTION 10

EQUITY INVESTMENTS - ITEM 100

10.1 Equity investments in jointly-controlled entities (carried at equity)
and in entities subject to considerable influence: information on equity relationships

Name	Registered office	Type of relationship	Ownership		% votes
			Held by	% owned	
Companies					
1. Studi e Ricerche Fiscali - Consortium	Roma	1	Banca Fideuram	7.5	7.5
2. SIA - S.S.B. S.p.A.	Milano	1	Banca Fideuram	0.019	0.019
3. Società Gestione per il Realizzo S.p.A.	Roma	1	Banca Fideuram	0.634	0.634

Type of relationship

1. Entity subject to significant influence

10.2 Equity investments in jointly-controlled entities and in entities subject to considerable influence:
accounting information

	Total assets	Total revenues	Net profit/loss	Shareholders' equity (*)	Consolidated book value
A. Investments carried at equity					
A.2. Entities subject to considerable influence					
1. Studi e Ricerche Fiscali - Consortium	873	2,237	-	258	19
2. SIA - S.S.B. S.p.A.	116,143	166,354	10,879	67,585	4
3. Società Gestione per il Realizzo S.p.A.	59,247	37,195	27,522	51,910	97

(*) Including the result in the previous column

10.3 Equity investments: changes in the year

	31.12.2007	31.12.2006
A. Opening balance	1,584	26
B. Increases	1,024	1,558
B1. Purchases	-	-
B2. Write-backs	-	-
B3. Revaluations	-	-
B4. Other increases	1,024	1,558
C. Decreases	2,488	-
C1. Sales	2,407	-
C2. Write-downs	-	-
C3. Other decreases	81	-
D. Closing balance	120	1,584
E. Total revaluations	-	-
F. Total adjustments	-	-

SECTION 12
TANGIBLE ASSETS - ITEM 120

12.1 Tangible assets: analysis of assets valued at cost

	31.12.2007	31.12.2006
A. Functional assets		
1.1 Owned	33,428	45,288
a) land	21,323	25,125
b) buildings	5,070	12,372
c) furniture	3,469	3,927
d) electronic equipment	582	731
e) other	2,984	3,133
1.2 Purchased under financial leasing agreements	-	-
a) land	-	-
b) buildings	-	-
c) furniture	-	-
d) electronic equipment	-	-
e) other	-	-
Total A	33,428	45,288
B. Investment assets		
2.1 Owned	-	-
a) land	-	-
b) buildings	-	-
2.2 Purchased under financial leasing agreements	-	-
a) land	-	-
b) buildings	-	-
Total B	-	-
Total (A+B)	33,428	45,288

12.3 Functional tangible assets: changes in the year

	Land	Buildings	Furniture	Electronic equipment	Other	Total
A. Gross opening balance	25,125	78,813	30,080	4,629	26,196	164,843
A.1 Total net adjustments	-	(66,441)	(26,153)	(3,898)	(23,063)	(119,555)
A.2 Net opening balance	25,125	12,372	3,927	731	3,133	45,288
B. Increases	-	51	948	36,543	11,513	49,055
B.1 Purchases	-	-	948	171	737	1,856
B.2 Expenditures for capitalised improvements	-	51	-	-	-	51
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	-	-	-	-	-	-
B.7 Other increases (*)	-	-	-	36,372	10,776	47,148
C. Decreases	3,802	7,353	1,406	36,692	11,662	60,915
C.1 Sales	-	-	10	-	-	10
C.2 Amortisation	-	1,714	1,394	323	906	4,337
C.3 Impairment write-downs 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 Transfers to:	3,802	5,638	-	-	-	9,440
a) investment tangible assets	-	-	-	-	-	-
b) assets held for sale	3,802	5,638	-	-	-	9,440
C.7 Other decreases (*)	-	1	2	36,369	10,756	47,128
D. Net closing balance	21,323	5,070	3,469	582	2,984	33,428
D.1 Total net adjustments	-	68,155	27,537	40,589	34,666	170,947
D.2 Gross closing balance	21,323	73,225	31,006	41,171	37,650	204,375
E. Valuation at cost	-	-	-	-	-	-

(*) The amounts recorded under other increases and other decreases mainly refer to the hardware transferred from Eurizon Solutions following the purchase of IT and Operations division.

The depreciation rates applied to tangible assets were as follows (% range):

Buildings: 3%

Furniture: between 12% and 15%

Electronic equipment: between 20% and 40%

Other: between 7.5% and 30%

SECTION 13

INTANGIBLE ASSETS - ITEM 130

13.1 Intangible assets: analysis by type of asset

	31.12.2007		31.12.2006	
	Finite life	Indefinite life	Finite life	Indefinite life
A.1 Goodwill	X	-	X	-
A.1.1 Group interests	X	-	X	-
A.1.2 Third party interests	X	-	X	-
A.2 Other intangible assets	28,233	-	6,237	-
A.2.1 Assets valued at cost:	28,233	-	6,237	-
a) Internally generated intangible assets	35	-	93	-
b) Other assets	28,198	-	6,144	-
A.2.2 Assets valued at fair value:	-	-	-	-
a) Internally generated intangible assets	-	-	-	-
b) Other assets	-	-	-	-
Total	28,233	-	6,237	-

13.2 Intangible assets: changes in the year

	Goodwill	Other intangible assets: generated internally		Other intangible assets: other		Total
		Finite life	Indefinite life	Finite life	Indefinite life	
A. Opening balance	-	175	-	68,299	-	68,474
A.1. Total net adjustments	-	(82)	-	(62,155)	-	(62,237)
A.2 Net opening balance	-	93	-	6,144	-	6,237
B. Increases	-	-	-	27,706	-	27,706
B.1 Purchases	-	-	-	5,811	-	5,811
B.2 Increases in internally generated intangible assets	X	-	-	-	-	-
B.3 Write-backs	X	-	-	-	-	-
B.4 Increases in fair value recognised in:	-	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
B.5 Positive exchange rate differences	-	-	-	-	-	-
B.6 Other increases (*)	-	-	-	21,895	-	21,895
C. Decreases	-	58	-	5,652	-	5,710
C.1 Sales	-	-	-	-	-	-
C.2 Write-downs	-	58	-	2,598	-	2,656
- Depreciation and Amortisation	X	58	-	2,598	-	2,656
- Write-downs	-	-	-	-	-	-
+ shareholders' equity	X	-	-	-	-	-
+ income statement	-	-	-	-	-	-
C.3 Decreases in fair value recognised in:	-	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
C.4 Transfers to non-current assets held for sale	-	-	-	-	-	-
C.5 Negative exchange rate differences	-	-	-	-	-	-
C.6 Other decreases (**)	-	-	-	3,054	-	3,054
D. Net closing balance	-	35	-	28,198	-	28,233
D.1 Total net adjustments	-	140	-	21,876	-	22,016
E. Gross closing balance	-	175	-	50,074	-	50,249
F. Valuation at cost	-	-	-	-	-	-

(*) This amount mainly refer to the software transferred from Eurizon Solutions following the purchase of IT and Operations divisions.

(**) This amount refer to software transferred from Eurizon Solutions' write-downs.

The amortisation rate applied to intangible assets, mainly software, was 33.33%.

SECTION 14

TAX ASSETS AND TAX LIABILITIES - ASSETS ITEM 140 AND LIABILITIES ITEM 80

14.1 Deferred tax assets: analysis

	31.12.2007	31.12.2006
Breakdown of deferred tax assets:		
- Provisions for future charges	37,240	44,005
- Financial assets available for sale	13,013	-
- Other (*)	65,305	47,921
Total	115,558	91,926

(*) This amount included €35,625,000 relating to the tax benefit stated as a consequence of the losses accrued by the Wargny Group up until 31 December 2007.

14.2 Deferred tax liabilities: analysis

	31.12.2007	31.12.2006
Deferred tax liabilities		
- available-for-sale financial assets	3,687	1,355
- acquisition of Eurizon Solutions divisions	1,355	-
- other	5,693	5,924
Total	10,735	7,279

Deferred tax assets and liabilities - effects of the reduction in tax rates as per Law No. 244/07

Following the tax cuts in IRES corporate income tax (from 33% to 27.5%) and IRAP regional business tax (from 4.25% to 3.90% in addition to the 1% surtax) brought in by the 2008 Finance Act, the necessary adjustments were made to deferred tax assets and liabilities. This involved adjustments to the deferred tax assets and liabilities stated in the 2006 financial statements at the tax rates in force in the 2007 tax period, bringing them into line with the new tax rates that will be applicable at the moment of use and payment.

Where deferred tax assets were concerned, the tax cut affected the income statement as follows:

- regarding the adjustment to the total amount stated for deferred tax assets in 2006 net of utilisation in 2007,

- and regarding the lower benefit on the total for deferred tax assets in 2007 (since these were paid at the IRES corporate income tax rate of 33% and the IRAP regional business tax rate of 5.25% and will instead be recovered at the new lower rates).

The adjustments to deferred tax assets in the consolidated income statement had the following effects:

- adjustments to deferred tax assets at 31 December 2006: €7,481,000,
- new taxes arising in 2007: €6,416,000.

Where deferred tax liabilities were concerned, the tax cuts had a negligible effect on the income statement amounting to approximately €213,000.

14.3 Change in deferred tax assets (balancing entry in income statement)

	31.12.2007	31.12.2006
1. Opening balance	91,926	66,194
2. Increases	73,074	43,717
2.1 Deferred tax assets recognised in the year	48,638	40,369
a) from prior years	528	13,558
b) due to changes in accounting policies	-	-
c) write-backs	-	-
d) other (*)	48,110	26,811
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	24,436	3,348
3. Decreases	62,455	17,985
3.1 Deferred tax assets reversed in the year	45,277	12,277
a) rebates	45,277	12,277
b) write-downs for uncollectibility	-	-
c) changes in accounting policies	-	-
3.2 Reductions in tax rates	13,897	-
3.3 Other decreases	3,281	5,708
4. Closing balance	102,545	91,926

(*) This amount included €19,904,000 relating to the tax benefit stated for the subholding Financière Fideuram as a consequence of the losses accrued by the Wargny Group up until 31 December 2007.

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

	31.12.2007	31.12.2006
1. Opening balance	5,792	1,488
2. Increases	180	4,874
2.1 Deferred tax liabilities recognised in the year	180	221
a) from prior years	-	-
b) due to changes in accounting policies	-	-
c) other	180	221
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	4,653
3. Decreases	279	570
3.1 Deferred tax liabilities reversed in the year	-	-
a) rebates	-	-
b) due to changes in accounting policies	-	-
c) other	-	-
3.2 Reductions in tax rates	213	-
3.3 Other decreases	66	570
4. Closing balance	5,693	5,792

14.5 Change in deferred tax assets (balancing entry in shareholders' equity)

	31.12.2007	31.12.2006
1. Opening balance	-	-
2. Increases	13,013	-
2.1 Deferred tax assets 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 (*)	13,013	-
3. Decreases	-	-
3.1 Deferred tax assets reversed in the year	-	-
a) rebates	-	-
b) due to changes in accounting policies	-	-
c) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	13,013	-

(*) This amount refers to deferred tax assets with respect to losses on the available-for-sale portfolio.

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

	31.12.2007	31.12.2006
1. Opening balance	1,487	-
2. Increases	3,920	1,487
2.1 Deferred tax liabilities recognised in the year	3,920	1,487
a) from prior years	-	-
b) due to changes in accounting policies	-	-
c) other (*)	3,920	1,487
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	365	-
3.1 Deferred tax liabilities reversed in the year	-	-
a) rebates	-	-
b) due to changes in accounting policies	-	-
c) other	-	-
3.2 Reductions in tax rates	233	-
3.3 Other decreases	132	-
4. Closing balance	5,042	1,487

(*) This amount regards for €2,565,000 the deferred tax liabilities with respect to gains on the available for sale portfolio, and for €1,355,000 the tax impact of IT and Operations division's transfer from Eurizon Solutions.

14.7 Other information

Banca Fideuram and parent company Intesa Sanpaolo again decided to avail themselves of the "consolidato fiscale nazionale" tax consolidation regime introduced by Italian Legislative Decree No. 344/2003, in this case for the 2007-2009 three-year period. This tax consolidation regime is governed by special regulations which provide for the aggregation of the taxable income of all the Group companies involved and a single payment of IRES corporate income tax by the overall parent company in its role as "consolidating company".

The situation regarding the current tax dispute was as follows at the time of preparation of these financial statements. The tax years up to 2002 were finalised as a result of the time limit for assessments having passed.

On 12 April, the Court of Cassation found in favour of Banca Fideuram's appeal with respect to the 1991 tax year, for which the bank had received a notice of assessment regarding Corporate Income Tax (IRPEG) and Local Income Tax (LOR). Banca Fideuram received a report from the Latium Regional Tax Police concerning the 2003 and 2004 tax years, questioning the tax treatment adopted by the bank for the

Private Banker Network Loyalty Schemes, together with a number of other lesser matters. Following this report, the bank was served a notice of assessment on 28/3/2007 regarding Corporate Income Tax (IRPEG) and Regional Business Tax (IRAP) for the year 2003 only, against which the bank promptly appealed. At the same time, and likewise as a consequence of the report, the bank was also served a notice of assessment regarding VAT for the years 2003 and 2004. An appeal against this assessment was also filed within the required time.

During 2007, the Italian Inland Revenue served Sanpaolo Invest SIM a notice of assessment regarding Corporate Income Tax (IRPEG) and Regional Business Tax (IRAP) for the 2000 tax year, stating that a further €1.6m in taxes were due. This notice of assessment followed a report prepared by the Latium Regional Tax Police of which notice was received on 17 December 2002. Our own investigations indicate that this assessment is entirely without foundation, and the company consequently lodged an appeal with the Rome Provincial Tax Commission. The company considers that it will not incur any liability regarding the affair in question, and has not therefore set aside any related provisions.

SECTION 15

NON-CURRENT ASSETS AND GROUPS OF ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES - ASSETS ITEM 150 AND LIABILITIES ITEM 90

15.1 Non-current assets and groups of assets held for sale: analysis by type of asset

	31.12.2007	31.12.2006
A. Individual assets		
A.1 Equity investments	-	-
A.2 Tangible assets	9,440	-
A.3 Intangible assets	-	2,365
A.4 Other non-current assets	-	-
Total A	9,440	2,365
B. Groups of assets (operating units disposed of)		
B.1 Financial assets held for trading	-	21,958
B.2 Financial assets valued at fair value	-	-
B.3 Financial assets available for sale	-	-
B.4 Financial assets held to maturity	-	-
B.5 Due from banks	-	32,726
B.6 Loans to customers	-	23,321
B.7 Equity investments	-	-
B.8 Tangible assets	-	941
B.9 Intangible assets	-	1,076
B.10 Other assets	-	54,178
Total B	-	134,200
C. Liabilities associated with individual assets held for sale		
C.1 Debts	-	-
C.2 Securities	-	-
C.3 Other liabilities	-	-
Total C	-	-
D. Liabilities associated with groups of assets held for sale		
D.1 Due to banks	-	242
D.2 Due to customers	-	62,902
D.3 Debt securities In issue	-	-
D.4 Financial liabilities held for trading	-	-
D.5 Financial liabilities valued at fair value	-	-
D.6 Provisions	-	74,396
D.7 Other liabilities	-	24,447
Total D	-	161,987

15.2 Other information

The amount stated under non-current assets held for sale regards a building owned by the bank that was sold to Immit S.p.A., a listed estate agent (Società di Intermediazione Immobiliare Quotata - SIQ) founded by Intesa Sanpaolo.

SECTION 16

OTHER ASSETS - ITEM 160

16.1 Other assets: analysis

	31.12.2007	31.12.2006
Clearing accounts and other receivables	244,731	146,138
Prepaid expenses relating to Network incentive costs (*)	157,028	117,075
Commissions and fees receivable	133,856	138,176
Due from Private Bankers	70,574	53,508
Unprocessed transactions relating to securities transactions	37,609	5,900
Due from the Revenue	23,397	19,422
Prepaid expenses relating to Unit Linked insurance commissions (**)	14,666	13,920
Other	45,808	44,199
Total	727,669	538,338

(*) Prepaid expenses regarding bonuses linked to the quality net/inflow/insurance targets linked to the duration of life premiums written.

(**) Prepaid expenses calculated regarding commission expense paid to the Networks and linked to commission income on the policies calculated in 2003-2006 period.

LIABILITIES

SECTION 1

DUE TO BANKS - ITEM 10

1.1 Due to banks: analysis

	31.12.2007	31.12.2006
1. Due to Central Banks	-	-
2. Due to banks	969,583	225,531
2.1 Current accounts and demand deposits	567,467	171,049
2.2 Time deposits	49,035	42,354
2.3 Loans	-	7,091
2.3.1 Finance leases	-	-
2.3.2 Other	-	7,091
2.4 Debts from commitments to repurchase own equity instruments	-	-
2.5 Liabilities regarding assets disposed of but not written off	353,081	5,037
2.5.1 Repurchase agreement liabilities	353,081	5,037
2.5.2 Other	-	-
2.6 Other debts	-	-
Total	969,583	225,531
Fair value	969,583	225,531

SECTION 2

DUE TO CUSTOMERS - ITEM 20

2.1 Due to customers: analysis

	31.12.2007	31.12.2006
1. Current accounts and demand deposits	5,601,720	5,983,930
2. Time deposits	181,099	136,491
3. Third-party funds under management	-	-
4. Loans	13,216	426,951
4.1 Finance leases	-	-
4.2 Other	13,216	426,951
5. Debts from commitments to repurchase own equity instruments	-	-
6. Liabilities regarding assets disposed of but not written off	2,860,378	1,125,044
6.1 Repurchase agreement liabilities	2,860,378	1,125,044
6.2 Other	-	-
7. Other debts	3,536	-
Total	8,659,949	7,672,416
Fair value	8,659,949	7,672,416

SECTION 3
DEBT SECURITIES IN ISSUE - ITEM 30

3.1 Debt securities in issue: analysis

	31.12.2007		31.12.2006	
	Book value	Fair value	Book value	Fair value
A. Securities - listed	201,559	206,641	200,374	204,375
1. Bonds	201,559	206,641	200,374	204,375
1.1 Structured	-	-	-	-
1.2 Other (*)	201,559	206,641	200,374	204,375
2. Other securities	-	-	-	-
2.1 Structured	-	-	-	-
2.2 Other	-	-	-	-
B. Securities - unlisted	151,076	151,078	153,890	153,814
1. Bonds	151,076	151,078	150,848	150,772
1.1 Structured	-	-	-	-
1.2 Other (**)	151,076	151,078	150,848	150,772
2. Other securities	-	-	3,042	3,042
2.1 Structured	-	-	-	-
2.2 Other	-	-	3,042	3,042
Total	352,635	357,719	354,264	358,189

(*) Loan issued by Banca Fideuram. Details in the 3.2 section.

(**) Bond issue of Banca Fideuram that expect the capital return on maturity and trimestrial coupon at the Euribor rate increased of a 0.20% spread.

3.2 Breakdown of item 30 "Debt securities in issue": subordinated securities (current regulations)

Type	Book value	Interest rate	Issue date	Maturity date
Variable-rate bonds with half-yearly coupon payments	€ 201,558,770	Variable (last coupon date 30/09/2007 rate 4.536%)	01/10/1999	01/10/2009

SECTION 4

FINANCIAL LIABILITIES HELD FOR TRADING - ITEM 40

4.1 Financial liabilities held for trading: analysis

	31.12.2007				31.12.2006			
	Nominal value	Fair Value		Fair Value*	Nominal value	Fair Value		Fair Value*
		Listed	Unlisted			Listed	Unlisted	
A. Cash Liabilities								
1. Due to banks	-	-	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-	-	-
3.1.1 Structured	-	-	-	X	-	-	-	X
3.1.2 Other bonds	-	-	-	X	-	-	-	X
3.2 Other securities	-	-	-	-	-	-	-	-
3.2.1 Structured	-	-	-	X	-	-	-	X
3.2.2 Other	-	-	-	X	-	-	-	X
Total A	-	-	-	-	-	-	-	-
B. Derivatives								
1. Financial derivatives	X	-	10,659	X	X	-	15,655	X
1.1 Held for trading	X	-	10,659	X	X	-	15,655	X
1.2 Connected with fair value option	X	-	-	X	X	-	-	X
1.3 Other	X	-	-	X	X	-	-	X
2. Credit derivatives	X	-	-	X	X	-	-	X
2.1 Held for trading	X	-	-	X	X	-	-	X
2.2 Connected with fair value option	X	-	-	X	X	-	-	X
2.3 Other	X	-	-	X	X	-	-	X
Total B	X	-	10,659	X	X	-	15,655	X
Total (A+B)	X	-	10,659	X	X	-	15,655	X

Fair value* : Fair value calculated excluding any changes in value due to changes in the credit rating of the issuer with respect to the issue date.

4.4 Financial liabilities held for trading: derivatives

	Interest rates	Currencies and gold	Equities	Loans	Other	31.12.2007 Total	31.12.2006 Total
A. Listed derivatives							
1) Financial derivatives:	-	-	-	-	-	-	-
• with exchange of capital	-	-	-	-	-	-	-
- options issued	-	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-	-
• without exchange of capital	-	-	-	-	-	-	-
- options issued	-	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-	-
2) Credit derivatives:	-	-	-	-	-	-	-
• with exchange of capital	-	-	-	-	-	-	-
• without exchange of capital	-	-	-	-	-	-	-
Total A	-	-	-	-	-	-	-
B. Unlisted derivatives							
1) Financial derivatives:	254	10,405	-	-	-	10,659	15,655
• with exchange of capital	254	10,405	-	-	-	10,659	14,927
- options issued	-	102	-	-	-	102	-
- other derivatives	254	10,303	-	-	-	10,557	14,927
• without exchange of capital	-	-	-	-	-	-	728
- options issued	-	-	-	-	-	-	101
- other derivatives	-	-	-	-	-	-	627
2) Credit derivatives:	-	-	-	-	-	-	-
• with exchange of capital	-	-	-	-	-	-	-
• without exchange of capital	-	-	-	-	-	-	-
Total B	254	10,405	-	-	-	10,659	15,655
Total (A+B)	254	10,405	-	-	-	10,659	15,655

SECTION 6
HEDGING DERIVATIVES - ITEM 60

6.1 Hedging derivatives: analysis by type of contract and underlying asset

	Interest rates	Currencies and gold	Equities	Loans	Other	31.12.2007 Total
A) Listed						
1) Financial derivatives:	-	-	-	-	-	-
• with exchange of capital	-	-	-	-	-	-
- options issued	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-
• without exchange of capital	-	-	-	-	-	-
- options issued	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-
2) Credit derivatives:	-	-	-	-	-	-
• with exchange of capital	-	-	-	-	-	-
• without exchange of capital	-	-	-	-	-	-
Total A	-	-	-	-	-	-
B) Unlisted						
1) Financial derivatives:	35,480	-	-	-	-	35,480
• with exchange of capital	-	-	-	-	-	-
- options issued	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-
• without exchange of capital	35,480	-	-	-	-	35,480
- options issued	-	-	-	-	-	-
- other derivatives	35,480	-	-	-	-	35,480
2) Credit derivatives:	-	-	-	-	-	-
• with exchange of capital	-	-	-	-	-	-
• without exchange of capital	-	-	-	-	-	-
Total B	35,480	-	-	-	-	35,480
Total (A+B) at 31.12.2007	35,480	-	-	-	-	35,480
Total (A+B) at 31.12.2006	42,593	-	-	-	-	42,593

6.2 Hedging derivatives: analysis by portfolio hedged and type of hedging

	Fair value hedge					Hedging of financial flows		
	Interest rate risk	Micro-hedging			Other risks	Macro-hedging	Micro-hedging	Macro-hedging
Exchange rate risk		Credit risk	Price risk					
1. Financial assets available for sale	34,853	-	-	-	-	X	-	X
2. Loans	627	-	-	X	-	X	-	X
3. Financial assets held to maturity	X	-	-	X	-	X	-	X
4. Portfolio	X	X	X	X	X	-	X	-
Total assets	35,480	-	-	-	-	-	-	-
1. Financial liabilities	-	-	-	-	-	X	-	X
2. Portfolio	X	X	X	X	X	-	X	-
Total liabilities	-	-	-	-	-	-	-	-

SECTION 10

OTHER LIABILITIES - ITEM 100

10.1 Other liabilities: analysis

	31.12.2007	31.12.2006
Due to Private Bankers	258,886	202,542
Clearing accounts and other payables	217,137	114,691
Amounts to be collected by customers	85,526	100,667
Due to suppliers	31,066	34,416
Payroll and contributions payable	30,755	24,826
Other tax liabilities	18,975	18,960
Non-liquid balances from portfolio transactions	501	11,532
Amounts relating to securities transactions	282	86,741
Other	30,862	23,445
Total	673,990	617,820

SECTION 11

PROVISION FOR EMPLOYMENT TERMINATION INDEMNITIES - ITEM 110

11.1 Provision for employment termination indemnities: changes in the year

	31.12.2007
A. Opening balance	18,584
B. Increases	9,855
B1. Provision for the year	2,165
B2. Other increases (*)	7,690
C. Decreases	2,248
C1. Indemnities paid	1,838
C2. Other decreases	410
D. Closing balance	26,191

(*) This amount mainly refer to the fund growth following the purchase of business divisions from Eurizon Solutions.

SECTION 12

PROVISIONS FOR RISKS AND CHARGES - ITEM 120

12.1 Provisions for risks and charges: analysis

	31.12.2007	31.12.2006
1. Company pension funds	-	-
2. Other provisions for risks and charges	230,965	219,051
2.1 Legal disputes, securities in default and complaints	90,847	102,261
2.2 Personnel expenses	7,505	4,167
2.3 Contractual indemnity payments due to Private Bankers	45,925	41,111
2.4 Network loyalty schemes	86,688	71,512
2.5 Other	-	-
Total	230,965	219,051

2.1 - The provisions for legal disputes, securities in default and complaints included the provisions set aside to cover losses on legal disputes, including claims from receivers, and the provisions connected with the Group policy regarding corporate securities in default.

2.2 - The provision for personnel expenses mainly consisted of the provisions set aside to pay seniority bonuses to employees.

2.3 - The contractual indemnity payments due to Private Bankers were calculated using actuarial valuations that take the indemnities actually accrued into account, together with the composition of the Network and the indemnities paid to those Private Bankers that had left the Group in the previous 5 financial years. The Provision also included the "meritocratic indemnity" set aside under the "New Collective Economic Agreement for Agents in the Commerce Sector" of 26 February 2002, which came into force on 2 April 2002.

2.4 - This provision is the best estimate of the amount due to Private Bankers under the Network Loyalty Schemes, calculated using actuarial valuations.

12.2 Provisions for risks and charges: changes in the year

	Total	
	Pension funds	Other provisions
A. Opening balance	-	219,051
B. Increases	-	54,329
B1. Provision for the year	-	40,091
B2. Changes due to the passage of time	-	4,421
B3. Changes due to changes in the discount rate	-	-
B4. Other increases	-	9,817
C. Decreases	-	42,415
C1. Utilisation in the year	-	39,595
C2. Changes due to changes in the discount rate	-	-
C3. Other decreases	-	2,820
D. Closing balance	-	230,965

There were no new developments concerning the investigations launched by the judicial authorities regarding certain of the Banca Fideuram Group's Private Bankers and a number of employees of its subsidiary Fideuram Bank (Suisse). The cases are all for financial unlawful practice, consisting in the offer of investment services or financial products by someone who is not authorised to do so in Italy, with the exception of one Private Banker who no longer works with the bank, who is also charged with money laundering.

The Spoleto Public Prosecutor's Office completed the preliminary phase of its investigation into the alleged irregularities of a former Sanpaolo Invest SIM Private Banker with respect to certain customers. This investigation also involved a number of the managers of said company. The charge against these managers led Sanpaolo Invest SIM and Banca Fideuram (considered jointly responsible as a result of the partial spin-off which transferred the former Sanpaolo Invest SIM banking division to Banca Fideuram) to be

charged with administrative responsibility for alleged infringement of Italian law 231/2001. If said responsibility is proven, it will lead to the imposition of financial penalties only. The Judge at the pre-trial hearing on 19 January 2007 ordered that the case be transferred to the Public Prosecutor at the Court of Rome, since the Court of Spoleto was not considered to be the court of competent jurisdiction.

The Cagliari Public Prosecutor's Office completed its investigation into a case of fraud against a number of Sardinian regional bodies. The investigation, which was launched in response to the alleged irregularities of a former Banca Fideuram Private Banker, also involved other employees of the bank and other Private Bankers in the Network with coordination responsibilities. On 16 January 2007, following the applications of the Public Prosecutor's Office, the Judge at the pre-trial hearing at the Court of Cagliari dismissed the case against all the bank employees, remanding the former Private Bankers for trial.

SECTION 15

SHAREHOLDER'S EQUITY - ITEMS 140, 160, 170, 180, 190, 200 AND 220

15.1 Group equity: analysis

	31.12.2007	31.12.2006
1. Capital	186,255	186,255
2. Additional paid-in capital	9,138	301
3. Reserves (*)	406,717	384,222
4. (Own shares)	-	(54,439)
a) Parent company	-	(54,439)
b) Subsidiaries	-	-
5. Valuation reserves	(7,322)	19,587
6. Capital instruments	-	-
7. Group interest in net income / loss for the year	255,476	224,378
Total	850,264	760,304

(*) This amount included the €3,573,000 positive impact of the purchase of Eurizon Solutions' IT and Operations divisions, which was recognised net of tax under Reserves as a transaction between companies in the Intesa Sanpaolo Group.

15.2 Share capital and own shares: Analysis

The share capital and additional paid-in capital were the same as the amounts for the corresponding items in Banca Fideuram's shareholders' equity. The reserves include Banca Fideuram's remaining reserves and Group changes in the shareholders' equity of the companies included in the consolidation.

At 31 December 2007, the share capital totalled €186,255,207 divided into 980,290,564 ordinary shares with a par value €0.19.

The Group did not hold any own shares at 31 December 2007.

The 12,655,273 own shares held at 31.12.2006 were sold on 4 April 2007 to immediate parent company Eurizon Financial Group subsequent to the latter exercising the squeeze-out entitlement provided for in article 111 of the Italian Finance Consolidation Act. The transaction was for a par value of €5 per share (calculated in accordance with the Finance Consolidation Act by an expert appointed by the Presiding Judge of the Court of Rome), with Banca Fideuram being paid a total of €63.3m.

15.3 Share capital - Number of shares held by parent company: changes in the year

	Ordinary	Other
A. Shares at beginning of financial year	980,290,564	-
- fully paid-up	980,290,564	-
- partially paid-up	-	-
A.1 Own shares (-)	(12,655,273)	-
A.2 Outstanding shares: opening balance	967,635,291	-
B. Increases	12,655,273	-
B.1 New issues	-	-
- Cash issues:	-	-
- business combination transactions	-	-
- conversion of bonds	-	-
- exercise of warrants	-	-
- other	-	-
- Free issues:	-	-
- for employees	-	-
- for directors	-	-
- other	-	-
B.2 Sale of own shares	12,655,273	-
B.3 Other increases	-	-
C. Decreases	-	-
C.1 Cancellation	-	-
C.2 Purchase of own shares	-	-
C.3 Company sale transactions	-	-
C.4 Other decreases	-	-
D. Outstanding shares: closing balance	980,290,564	-
D.1 Own shares (+)	-	-
D.2 Shares at end of financial year	980,290,564	-
- fully paid-up	980,290,564	-
- partially paid-up	-	-

15.6 Valuation reserves: analysis

	31.12.2007	31.12.2006
1. Financial assets available for sale	(25,077)	1,274
2. Tangible assets	-	-
3. Intangible assets	-	-
4. Hedging of foreign investments	-	-
5. Hedging of financial flows	-	-
6. Exchange rate differences	(1,187)	(629)
7. Non-current assets held for sale	-	-
8. Special revaluation laws	18,942	18,942
Total	(7,322)	19,587

15.7 Valuation reserves: changes in the year

	Financial assets available for sale	Tangible assets	Intangible assets	Hedging of foreign investments	Hedging of financial flows	Exchange rate differences	Non-current assets held for sale	Special revaluation laws
A. Opening balance	1,274	-	-	-	-	(629)	-	18,942
B. Increases	29,849	-	-	-	-	-	-	-
B.1 Increases in fair value	11,698	-	-	-	-	-	-	X
B.2 Other increases	18,151	-	-	-	-	-	-	-
C. Decreases	56,200	-	-	-	-	558	-	-
C.1 Decreases in fair value	51,569	-	-	-	-	-	-	X
C.2 Other decreases	4,631	-	-	-	-	558	-	-
D. Closing balance	(25,077)	-	-	-	-	(1,187)	-	18,942

15.8 Valuation reserves for financial assets available for sale: analysis

	31.12.2007		31.12.2006	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	9,578	(34,699)	3,018	(1,744)
2. Equities	-	-	-	-
3. Units in mutual funds	519	(475)	-	-
4. Loans	-	-	-	-
Total	10,097	(35,174)	3,018	(1,744)

15.9 Valuation reserves for financial assets available for sale: changes in the year

	Debt securities	Equities	Units in mutual funds	Loans
1. Opening balance	1,274	-	-	-
2. Increases	28,935	-	914	-
2.1 Increases in fair value	10,982	-	716	-
2.2 Reclassifications from negative reserves to the income statement	1,365	-	-	-
- following impairment	-	-	-	-
- following disposal	1,365	-	-	-
2.3 Other increases	16,588	-	198	-
3. Decreases	55,330	-	870	-
3.1 Reductions in fair value	50,896	-	673	-
3.2 Adjustments for impairment losses	-	-	-	-
3.3 Reclassifications from positive reserves to the income statement	2,111	-	-	-
- following disposal	2,111	-	-	-
3.4 Other decreases	2,323	-	197	-
4. Closing balance	(25,121)	-	44	-

SECTION 16

MINORITY INTERESTS - ITEM 210

16.1 Minority interests: analysis

	31.12.2007	31.12.2006
1. Capital	-	-
2. Additional paid-in capital	-	-
3. Reserves	172	134
4. (Own shares)	-	-
5. Valuation reserves	-	-
6. Capital instruments	-	-
7. Minority interests in net income/loss for the year	69	64
Total	241	198

OTHER INFORMATION

1. Guarantees and commitments

	31.12.2007	31.12.2006
1. Financial guarantees	63,052	67,960
a) Banks	2,773	2,451
b) Customers	60,279	65,509
2. Commercial guarantees	8,461	7,540
a) Banks	96	-
b) Customers	8,365	7,540
3. Commitments to grant finance	172,088	233,839
a) Banks	133,262	200,827
i) certain to be called on	122,337	190,895
ii) not certain to be called on	10,925	9,932
b) Customers	38,826	33,012
i) certain to be called on	38,720	32,922
ii) not certain to be called on	106	90
4. Commitments underlying credit derivatives: protection sales	-	-
5. Assets pledged as security for third-party liabilities	-	-
6. Other commitments	-	66
Total	243,601	309,405

2. Assets pledged as security for own liabilities and commitments

	31.12.2007	31.12.2006
1. Financial assets held for trading	20,353	20,000
2. Financial assets valued at fair value	-	-
3. Financial assets available for sale	1,287,262	896,304
4. Financial assets held to maturity	-	-
5. Due from banks	1,556,132	742,269
6. Loans to customers	-	-
7. Tangible assets	-	-

5. Administration and trading on behalf of third parties

	31.12.2007
1. Trading in financial instruments on behalf of third parties	1,033,857
a) Purchases	531,233
1. Settled	529,557
2. Not settled	1,676
b) Sales	502,624
1. Settled	501,436
2. Not settled	1,188
2. Asset Management	526,307
a) Individual	526,307
b) Collective	-
3. Custody and administration of securities	
a) Third-party securities held on deposit as part of activities as a depository bank (excluding asset management)	20,267,264
1. Securities issued by companies included in the consolidation	-
2. Other securities	20,267,264
b) Other third-party securities held on deposit (excluding asset management): other	30,524,582
1. Securities issued by companies included in the consolidation	384,498
2. Other securities	30,140,084
c) Third-party securities deposited with third parties	39,401,854
d) Portfolio securities deposited with third parties	5,395,074
4. Other transactions	13,005,817

PART C

NOTES TO THE CONSOLIDATED INCOME STATEMENT

SECTION 1

INTEREST - ITEMS 10 AND 20

1.1 Interest income and similar revenues: analysis

	Performing financial assets		Impaired financial assets	Other assets	2007 Total	2006 Total
	Debt securities	Loans				
1. Financial assets held for trading	1,559	-	-	-	1,559	10,869
2. Financial assets valued at fair value	70	-	-	-	70	306
3. Financial assets available for sale	171,492	-	-	-	171,492	54,576
4. Financial assets held to maturity	182	-	-	-	182	133
5. Due from banks	52,110	137,428	-	-	189,538	118,640
6. Loans to customers	2,032	48,709	-	-	50,741	45,319
7. Hedging derivatives	X	X	X	-	-	-
8. Financial assets disposed of but not written off (*)	-	-	-	-	-	-
9. Other assets	X	X	X	356	356	483
Total	227,445	186,137	-	356	413,938	230,326

(*) Interest accrued on assets disposed of but not written off is summarised in the categories to which the assets themselves belong.

1.3 Interest income and similar revenues: other information

1.3.1 Interest income on financial assets denominated in foreign currencies

	2007	2006
On financial assets denominated in foreign currencies	9,095	12,373

1.4 Interest expense and similar charges: analysis

	Debts	Securities	Other liabilities	2007 Total	2006 Total
1. Due to banks	40,766	X	-	40,766	5,839
2. Due to customers	216,280	X	-	216,280	120,243
3. Debt securities in issue	X	16,380	-	16,380	12,250
4. Financial liabilities held for trading	-	-	-	-	-
5. Financial liabilities valued at fair value	-	-	-	-	-
6. Financial liabilities regarding assets disposed of but not written off (*)	-	-	-	-	-
7. Other liabilities	X	X	85	85	-
8. Hedging derivatives	X	X	8,540	8,540	13,056
Total	257,046	16,380	8,625	282,051	151,388

(*) Interest accrued on financial liabilities associated with assets disposed of but not written off is included in "Due to customers" or "Due to banks" according to the counterparties of the transactions.

1.5 Interest expense and similar charges: hedging gains and losses

	2007	2006
A. Hedging gains regarding:		
A.1 Micro-hedging of fair value of assets	83,960	23,109
A.2 Micro-hedging of fair value of liabilities	-	-
A.3 Macro-hedging of interest rate risk	-	-
A.4 Micro-hedging of financial flows of assets	-	-
A.5 Micro-hedging of financial flows of liabilities	-	-
A.6 Macro-hedging of financial flows	-	-
Total hedging gains (A)	83,960	23,109
B. Hedging losses regarding:		
B.1 Micro-hedging of fair value of assets	(92,500)	(36,165)
B.2 Micro-hedging of fair value of liabilities	-	-
B.3 Macro-hedging of interest rate risk	-	-
B.4 Micro-hedging of financial flows of assets	-	-
B.5 Micro-hedging of financial flows of liabilities	-	-
B.6 Macro-hedging of financial flows	-	-
Total hedging losses (B)	(92,500)	(36,165)
Net gains / losses (A-B)	(8,540)	(13,056)

1.6 Interest expense and similar charges: other informations

1.6.1 Interest expense on liabilities denominated in foreign currencies

	2007	2006
On liabilities denominated in foreign currencies	1,906	6,899

SECTION 2

COMMISSION INCOME AND EXPENSE - ITEMS 40 AND 50

2.1 Commission income: analysis

	2007	2006
a) Guarantees given	369	440
b) Credit derivatives	-	-
c) Management, brokerage and advisory services:	1,026,716	1,015,389
1. Trading in financial instruments	3,634	2,647
2. Currency trading	61	43
3. Asset Management	164,074	156,160
3.1 Individual	125,243	117,773
3.2 Collective	38,831	38,387
4. Custody and administration of securities	8,685	12,617
5. Depository bank	19,211	37,755
6. Placement of securities	23,942	20,789
7. Acceptance of instructions	18,761	21,787
8. Advisory services	6,830	4,140
9. Supply of third-party services	781,518	759,451
9.1 Asset Management:	562,188	552,910
9.1.1 Individual	12,876	15,539
9.1.2 Collective	549,312	537,371
9.2 Insurance products	214,332	201,324
9.3 Other products	4,998	5,217
d) Collection and payment services	6,106	5,960
e) Securitization servicing	-	-
f) Factoring services	-	-
g) Tax collection services	-	-
h) Other services	57,289	56,183
Total	1,090,480	1,077,972

2.2 Commission income: distribution channels for products and services

	2007	2006
a) Own branches:	-	-
1. Private banking	-	-
2. Placement of securities	-	-
3. Third-party products and services	-	-
b) Outside branch premises:	969,304	936,125
1. Private banking	164,074	156,160
2. Placement of securities	23,712	20,514
3. Third-party products and services	781,518	759,451
c) Other distribution channels:	230	275
1. Private banking	-	-
2. Placement of securities	230	275
3. Third-party products and services	-	-

2.3 Commission expense: analysis

	2007	2006
a) Guarantees received	-	-
b) Credit derivatives	-	-
c) Management and brokerage services:	485,756	449,089
1. Trading in financial instruments	597	357
2. Currency trading	86	31
3. Asset Management	13,023	16,591
3.1 Proprietary portfolio	13,023	16,591
3.2 Third-party portfolio	-	-
4. Custody and administration of securities	5,009	5,374
5. Placement of financial instruments	288	66
6. Sales of financial products, products and services through non-branch channels	466,753	426,670
d) Collection and payment services	3,152	3,266
e) Other services	26,185	26,210
Total	515,093	478,565

SECTION 3

DIVIDENDS AND SIMILAR INCOME - ITEM 70

3.1 Dividends and similar income: analysis

	2007		2006	
	Dividend income	Income from units in mutual funds	Dividend income	Income from units in mutual funds
A. Financial assets held for trading	-	-	-	-
B. Financial assets available for sale	-	-	1	-
C. Financial assets valued at fair value	-	-	-	-
D. Equity investments	1	X	-	X
Total	1	-	1	-

SECTION 4

NET GAINS OR LOSSES ON TRADING ACTIVITIES - ITEM 80

4.1 Net gains or losses on trading activities: analysis

	Gains	Trading profits	Losses	Trading losses	2007 Net gains or losses
1. Financial assets held for trading	47	747	(191)	(667)	(64)
1.1. Debt securities	45	724	(189)	(596)	(16)
1.2. Equities	-	11	-	(68)	(57)
1.3. Units in mutual funds	2	12	(2)	(3)	9
1.4. Loans	-	-	-	-	-
1.5. Other	-	-	-	-	-
2. Financial liabilities held for trading	-	-	-	-	-
2.1 Debt securities	-	-	-	-	-
2.2 Debts	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Other financial assets and liabilities: exchange rate differences	X	X	X	X	(4,831)
4. Derivatives	47	7,197	(183)	(859)	7,707
4.1 Financial derivatives:	47	7,197	(183)	(859)	7,707
- Debt derivatives and interest rate derivatives	47	7,197	(32)	(845)	6,367
- Equity derivatives and index derivatives	-	-	(151)	(14)	(165)
- Currencies and gold	X	X	X	X	1,505
- Other	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
Total	94	7,944	(374)	(1,526)	2,812

SECTION 5

NET GAINS OR LOSSES ON HEDGING ACTIVITIES - ITEM 90

5.1 Net gains or losses on hedging activities: analysis

	2007	2006
A. Gains on:		
A.1 Fair value hedge derivatives	99,402	17,470
A.2 Hedged financial assets (fair value)	11,732	35,994
A.3 Hedged financial liabilities (fair value)	-	-
A.4 Financial derivatives hedging financial flows	-	-
A.5 Assets and liabilities denominated in foreign currencies	-	-
Total gains on hedging activities (A)	111,134	53,464
B. Losses on:		
B.1 Fair value hedge derivatives	(11,723)	(36,065)
B.2 Hedged financial assets (fair value)	(99,135)	(17,341)
B.3 Hedged financial liabilities (fair value)	-	-
B.4 Financial derivatives hedging financial flows	-	-
B.5 Assets and liabilities denominated in foreign currencies	-	-
Total losses on hedging activities (B)	(110,858)	(53,406)
Net gains or losses on hedging activities (A-B)	276	58

SECTION 6

INCOME/LOSS FROM SALE AND REPURCHASE - ITEM 100

6.1 Income/loss from sale and repurchase: analysis

	2007			2006		
	Income	Losses	Net gains/ losses	Income	Losses	Net gains/ losses
Financial assets						
1. Due from banks	11,159	(1)	11,158	6,215	-	6,215
2. Loans to customers	43	(2,589)	(2,546)	-	-	-
3. Financial assets available for sale	4,959	(13,505)	(8,546)	571	(327)	244
3.1 Debt securities	4,693	(13,257)	(8,564)	571	(327)	244
3.2 Equities	-	-	-	-	-	-
3.3 Units in mutual funds	266	(248)	18	-	-	-
3.4 Loans	-	-	-	-	-	-
4. Financial assets held to maturity	-	-	-	-	-	-
Total assets	16,161	(16,095)	66	6,786	(327)	6,459
Financial liabilities						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Debt securities in issue	6	-	6	-	-	-
Total liabilities	6	-	6	-	-	-

SECTION 7

NET GAINS OR LOSSES ON FINANCIAL ASSETS VALUED AT FAIR VALUE - ITEM 110

7.1 Net gains or losses on financial assets/liabilities valued at fair value: analysis

	Gains	Gains on disposal	Losses	Gains on disposal	2007 Net gains or losses
1. Financial assets	1,073	567	(98)	(1)	1,541
1.1 Debt securities	1,073	519	(98)	(1)	1,493
1.2 Equities	-	-	-	-	-
1.3 Units in mutual funds	-	48	-	-	48
1.4 Loans	-	-	-	-	-
2. Financial liabilities	-	-	-	-	-
2.1 Debt securities	-	-	-	-	-
2.2 Due to banks	-	-	-	-	-
2.3 Due to customers	-	-	-	-	-
3. Financial assets and liabilities denominated in foreign currencies: exchange rate differences	X	X	X	X	-
4. Derivatives	-	-	-	-	-
4.1 Financial derivatives	-	-	-	-	-
- debt derivatives and interest rate derivatives	-	-	-	-	-
- equity derivatives and index derivatives	-	-	-	-	-
- currency derivatives and gold derivatives	X	X	X	X	-
- other	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
Total derivatives	-	-	-	-	-
Total	1,073	567	(98)	(1)	1,541

SECTION 8

NET ADJUSTMENTS/WRITE-BACKS FOR IMPAIRMENT LOSSES - ITEM 130

8.1 Net adjustments for impairment losses on loans: analysis

	Adjustments			Write-backs				2007 Total	2006 Total
	Specific		Portfolio	Specific		Portfolio			
	Write-offs	Other		Interest	Other write-backs	Interest	Other write-backs		
A. Due from banks	-	-	(20)	-	-	-	32	12	31
B. Loans to customers	-	(652)	-	524	1,959	-	-	1,831	529
Total	-	(652)	(20)	524	1,959	-	32	1,843	560

8.4 Net adjustments for impairment losses on other financial transactions: analysis

	Adjustments			Write-backs				2007 Total	2006 Total
	Specific		Portfolio	Specific		Portfolio			
	Write-offs	Other		Interest	Other write-backs	Interest	Other write-backs		
A. Guarantees issued	-	-	-	-	-	-	-	-	-
B. Credit derivatives	-	-	-	-	-	-	-	-	-
C. Commitments to grant finance	-	-	-	-	-	-	-	-	-
D. Other transactions	-	-	-	-	120	-	-	120	-
Total	-	-	-	-	120	-	-	120	-

SECTION 11

ADMINISTRATIVE COSTS - ITEM 180

11.1 Staff costs: analysis

	2007	2006
1) Employees	109,908	111,907
a) Wages and salaries	73,453	77,804
b) Social security contributions	17,456	19,637
c) Termination indemnities	433	457
d) Pension costs	2,261	2,649
e) Provision for employee termination indemnities	1,613	4,054
f) Provision for retirement benefits and similar obligations:	-	-
- defined contribution	-	-
- defined benefit	-	-
g) Payments to external supplementary pension funds:	3,502	306
- defined contribution	3,502	306
- defined benefit	-	-
h) Costs arising from payment agreements based on own equity instruments	-	-
i) Other employee benefits	11,190	7,000
2) Other staff	5,061	5,857
3) Directors	1,720	2,252
Total	116,689	120,016

11.2 Average number of employees by category

	2007
Employees:	1,234
a) Executives	51
b) Total Managers	664
- Middle management	291
c) Other employees	519
Other staff	28

11.4 Other employees benefits

The item includes early retirement incentives, seniority bonuses and annual/plan bonuses.

11.5 Other administrative costs: analysis

	2007	2006
IT costs	8,518	12,339
- Software maintenance and upgrades	3,659	4,911
- Maintenance and rental of electronic equipment	349	926
- Data transmission	1,077	3,522
- Rental of office equipment	770	1,007
- Telephone	2,956	2,236
- Recovery of IT costs	(293)	(263)
Property management costs	30,827	29,735
- Property rent	26,590	25,806
- Maintenance of rented property	520	375
- Maintenance of own property	187	73
- Security	581	494
- Cleaning	1,499	1,852
- Power	2,335	2,239
- Miscellaneous building costs	2,511	2,128
- Recovery of property management costs	(3,396)	(3,232)
General expenses	27,591	28,351
- Postage and telegraphic expenses	2,328	2,615
- Office supplies	1,809	1,820
- Transport and counting of valuables	535	506
- Couriers and transport	1,497	1,523
- Search and information services	4,164	3,784
- Other expenses	17,565	19,139
- Recovery of general expenses	(307)	(1,036)
Professional and insurance costs	16,669	22,035
- Professional fees	11,899	16,906
- Legal advice and court fees	4,096	4,363
- Bank and customer insurance premiums	703	797
- Recovery of professional and insurance costs	(29)	(31)
Promotional and advertising expenses	3,715	7,111
- Advertising and entertainment	3,715	7,111
Indirect personnel expenses	6,138	6,512
- Indirect personnel expenses	6,138	6,512
Services by third parties	129,509	95,568
- Expenses for services by third parties	548	4,826
- Expenses for outsourcing within the Group (*)	130,045	91,723
- Recovery of services by third parties	(1,084)	(981)
Total other administrative costs net of indirect taxes	222,967	201,651
Indirect taxes		
- Stamp duty	21,096	22,301
- Substitute tax (Italian Presidential Decree. 601/73)	53	60
- Local council property tax	223	220
- Other indirect taxes	2,761	2,475
- Recovery of indirect taxes	(21,610)	(21,395)
Total indirect taxes	2,523	3,661
Total other administrative expenses	225,490	205,312

(*) Includes the costs of the services outsourced from Eurizon Solutions S.p.A.

SECTION 12

NET PROVISIONS FOR RISKS AND CHARGES - ITEM 190

12.1 Net provisions for risks and charges: analysis

	2007	2006
Legal disputes and claims from receivers	21,197	42,476
Contractual indemnities due to Private Bankers	5,421	3,936
Costs relating to the Private Banker Networks' Loyalty Schemes	15,801	14,593
Total	42,419	61,005

SECTION 13

NET ADJUSTMENTS/WRITE-BACKS OF TANGIBLE ASSETS - ITEM 200

13.1 Net adjustments to tangible assets: analysis

	Depreciation	Net adjustments for impairment losses	Write-backs	2007 Net adjustments
A. Tangible assets				
A.1 Owned	4,337	-	-	4,337
- Functional tangible assets	4,337	-	-	4,337
- Investment tangible assets	-	-	-	-
A.2 Purchased under finance lease arrangements	-	-	-	-
- Functional tangible assets	-	-	-	-
- Investment tangible assets	-	-	-	-
Total	4,337	-	-	4,337

SECTION 14

NET ADJUSTMENTS/WRITE-BACKS OF INTANGIBLE ASSETS - ITEM 210

14.1 Net adjustments to intangible assets: analysis

	Amortisation	Net adjustments for impairment losses	Write-backs	2007 Net adjustments
A. Intangible assets				
A.1 Owned	2,656	-	-	2,656
- Generated internally by the Bank	58	-	-	58
- Other	2,598	-	-	2,598
A.2 Purchased under finance lease arrangements	-	-	-	-
Total	2,656	-	-	2,656

SECTION 15

OTHER OPERATING INCOME AND EXPENSE - ITEM 220

15.1 Other operating expenses: analysis

	2007	2006
Brokerage expenses	731	231
Private Bankers - related expenses	2,933	5,747
Other expenses	2,650	3,667
Total	6,314	9,645

15.2 Other operating income: analysis

	2007	2006
Recovery of allowances for want of notice	1,055	668
Recovery of expenses	102	24
Brokerage income	86	59
Other income (*)	15,267	5,359
Total	16,510	6,110

(*) This item includes €11.5m revenue from the sale of subsidiary Fideuram Investimenti S.G.R.'s Open Pension Fund to EurizonVita.

SECTION 16

INCOME/LOSSES ON EQUITY INVESTMENTS - ITEM 240

16.1 Income/losses on equity investments: analysis

	2007	2006
1) Jointly-controlled entities		
A. Income	-	-
1. Revaluations	-	-
2. Gains from sales	-	-
3. Write-backs	-	-
4. Other increases	-	-
B. Expenses	-	-
1. Write-downs	-	-
2. Adjustments for impairment losses	-	-
3. Losses from sales	-	-
4. Other decreases	-	-
Net income/loss	-	-
2) Entities subject to considerable influence		
A. Income	-	81
1. Revaluations	-	81
2. Gains from sales	-	-
3. Write-backs	-	-
4. Other increases	-	-
B. Expenses	-	-
1. Write-downs	-	-
2. Adjustments for impairment losses	-	-
3. Losses from sales	-	-
4. Other decreases	-	-
Net income/loss	-	81
Total	-	81

SECTION 20

INCOME TAXES FOR THE YEAR ON CURRENT OPERATIONS - ITEM 290

20.1 Income taxes for the year on current operations: analysis

	2007	2006
1. Current taxes	(68,447)	(58,856)
2. Changes to current taxes for prior years	(6,163)	(2,094)
3. Reduction in current taxes for the year	1,690	-
4. Change in deferred tax assets	(6,455)	28,845
5. Change in deferred tax liabilities	2,376	(612)
6. Income taxes for the year	(76,999)	(32,717)

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

	2007
Taxable income	332,475
Standard tax rate applicable	38.25%
Theoretical tax burden	127,172
Tax impact with respect to:	
Different tax rates applying to foreign subsidiaries	(66,291)
Effect of reduction in tax rates for Italian companies as per law No. 244/07	13,684
IRAP regional business tax and minor effects	2,434
Actual tax burden	76,999

SECTION 21

INCOME/LOSS AFTER TAX ON GROUPS OF ASSETS HELD FOR SALE - ITEM 310

21.1 Income/loss after tax on groups of assets/liabilities held for sale: analysis

	2007	2006
GROUP OF ASSETS/LIABILITIES		
1. Income	-	29,487
2. Expenses	-	(35,194)
3. Net gains/losses on valuations of group of assets and associated liabilities	-	(44,100)
4. Income/losses on disposal	-	-
5. Taxes and levies	-	21,300
Income/loss	-	(28,507)

21.2 Breakdown of income taxes on groups of assets/liabilities held for sale

	2007	2006
1. Current tax	-	-
2. Change in deferred tax assets	-	21,300
3. Change in deferred tax liabilities	-	-
4. Income taxes for the year	-	21,300

SECTION 22

MINORITY INTERESTS IN NET INCOME/LOSS FOR THE YEAR - ITEM 330

22.1 Breakdown of item 330 "Minority interests in net income for the year"

	2007	2006
Minority interests in net income for the year	69	64

PART D SEGMENT REPORTING

A. PRIMARY FORMAT

Distribution by business sector

(€m)

	Managed Financial Savings	Insurance Savings	Banking and Other Services	2007 Total	2006 Total
BUSINESS SEGMENTATION					
Net interest income	-	-	131.9	131.9	78.9
<i>Commission income</i>	<i>678.5</i>	<i>303.5</i>	<i>108.5</i>	<i>1,090.5</i>	<i>1,078.0</i>
- entry	30.7	22.2	58.5	111.4	109.5
- recurring	647.8	281.3	50.0	979.1	968.5
- other	-	-	-	-	-
<i>Commission expense</i>	<i>(276.0)</i>	<i>(151.0)</i>	<i>(88.1)</i>	<i>(515.1)</i>	<i>(478.6)</i>
- entry	(17.0)	(11.4)	(16.9)	(45.3)	(47.1)
- recurring	(209.2)	(107.3)	(32.7)	(349.2)	(339.3)
- other	(49.8)	(32.3)	(38.5)	(120.6)	(92.2)
<i>Net Commission income</i>	<i>402.5</i>	<i>152.5</i>	<i>20.4</i>	<i>575.4</i>	<i>599.4</i>
- entry	13.7	10.8	41.6	66.1	62.4
- recurring	438.6	174.0	17.3	629.9	629.2
- other	(49.8)	(32.3)	(38.5)	(120.6)	(92.2)
Net gains or losses on financial assets and liabilities	-	-	4.7	4.7	8.6
Total income from financing activities	402.5	152.5	157.0	712.0	686.9
Operating costs	(174.3)	(33.7)	(141.2)	(349.2)	(337.4)
Other	(31.1)	(0.3)	1.2	(30.2)	(63.8)
Total income from current operations	197.1	118.5	17.0	332.6	285.7
Average AUM	36,891	14,657	16,922	68,470	65,429
AUM as at 31.12.2007	36,141	14,612	17,821	68,574	67,591
Key ratios					
Cost/Income Ratio	43.3%	22.1%	89.9%	49.0%	49.1%
Gross total income/Average AUM	0.53%	0.81%	0.10%	0.49%	0.44%
Net commission income/Average AUM	1.09%	1.04%	0.12%	0.84%	0.92%

B. SECONDARY FORMAT

The Banca Fideuram Group's revenues are principally generated by customers in Italy.

PART E

INFORMATION ON RISKS AND RELATED HEDGING POLICIES

1.1 CREDIT RISK

Qualitative information

General

The Banca Fideuram Group's lending activities support its core business of providing investment services to private customers. In line with group strategies, loans to customers mainly consist of short-term loans which are, moreover, supported by collateral or bank guarantees, to counterparties who are generally also customers of the Banca Fideuram Group's investment services.

Analysis of the item "Due from banks" shows that it predominantly comprised short-term interbank loans, mainly to leading banks in the Eurozone. The remainder of the loan portfolio consisted of unlisted bonds.

Loans to customers principally consisted of short-term loans, mostly current account overdrafts linked directly to the Banca Fideuram Group's private banking business. In order to limit the credit risk of loans to customers, the bank generally obtains collateral or bank guarantees, principally securities listed on regulated markets or products sold by the Banca Fideuram Group.

The Group therefore has a low overall exposure to credit risk. Indeed, at 31 December 2007, 83% of loans to customers were supported by collateral or bank guarantees.

Credit risk management policies

Organisational aspects

The Group's lending activities are governed by internal regulations that follow the guidelines parent company Intesa Sanpaolo issues its subsidiaries. These internal regulations specify the decision-making powers of those authorised to grant loans, doing so in detail for each individual type of risk and applicant category, while also specifying the organisational units responsible for managing credit risk and for managing the risks associated with impaired loans.

The offering and granting of level one loans is carried out in Banca Fideuram's area main branches, located in 7 different areas across Italy, whereas the granting of higher-level loans is handled by its central departments. Credit risk management is carried out by a central unit that is separate from those in charge of granting and managing loans.

Management, measurement and control systems

Credit risk management, measurement and control is carried out by constantly examining each individual relationship and critically analysing all the relevant indicators, as well as by periodically reviewing every position. The adequacy of any credit risk guarantees obtained is also verified systematically. Further checks are carried out by our central departments on both the nature and quality of the overall exposures. In addition, specific checks are carried out to limit the concentration of exposure within the Intesa Sanpaolo Group.

Credit risk mitigation techniques

The bank generally obtains collateral or bank guarantees to limit the credit risk of loans to customers. The main types of collateral obtained are financial instruments listed on regulated markets and products sold by the Banca Fideuram Group (funds, asset management and insurance policies) which meet previously specified liquidity requirements.

Corporate bonds are only accepted as collateral if the issuer or loan satisfies a minimum rating (by a leading rating agency). The value of the financial instruments obtained as collateral is discounted as a precautionary measure when calculating the credit limit to be granted, with a view to protecting the bank against any fluctuations in market value. The concentration of collateral in issuers is very low, excepting for funds and other products distributed by the Banca Fideuram Group. There were no obligations at the time this report was prepared capable of undermining the legal validity of the guarantees, which is moreover subject to periodic verification.

Impaired financial assets

The potential impairment of financial assets is subjected to detailed ongoing monitoring, examining positions due/overdue and carefully analysing all the other indicators available. The different types of anomalous loans, their management and the procedures for transferring performing positions to impaired assets are all governed by the bank's internal regulations, which also specify the company bodies empowered to authorise transfers between different classes of loans.

Non-performing loans net of write-downs account for a very small percentage of total loans (0.3% of loans to customers). Loss forecasts are formulated analytically for each individual position on the basis of all the relevant valuation factors (debtor assets, employment income and estimated recovery date etc.) The valuations are examined at regular intervals and revised if any new and significant events have occurred. The losses in value of performing loans and overdue loans are determined on a collective basis, adopting a historical/statistical approach which aims to estimate the impairment in value of the loans that is deemed to have effectively been incurred at the reference date without the amount yet being known at the time of valuation.

Quantitative information

A. Credit quality

A.1 Impaired and performing exposures: amounts, adjustments, changes, financial and geographical distribution

A.1.1 Distribution of financial assets by portfolio and credit quality (book values)

	Banking Group					Other companies		Total	
	Non-performing loans	Doubtful loans	Restructured loans	Overdue loans	Country risk	Other assets	Impaired		Other
1. Financial assets held for trading	-	-	-	-	-	44,975	-	-	44,975
2. Financial assets available for sale	-	-	-	-	-	4,212,656	-	-	4,212,656
3. Financial assets held to maturity	-	-	-	-	-	4,648	-	-	4,648
4. Due from banks	-	-	-	-	149	5,488,644	-	-	5,488,793
5. Loans to customers	2,797	-	-	2,049	-	892,578	-	-	897,424
6. Financial assets valued at fair value	-	-	-	-	-	166,454	-	-	166,454
7. Financial assets held for sale	-	-	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	-	-	80,801	-	-	80,801
Total as at 31.12.2007	2,797	-	-	2,049	149	10,890,756	-	-	10,895,751
Total as at 31.12.2006	2,572	-	-	2,402	179	9,338,462	-	-	9,343,615

A.1.2 Distribution of financial assets by portfolio and credit quality (gross and net values)

	Impaired assets				Other assets			Total (net exposure)
	Gross exposure	Specific adjustments	Portfolio adjustments	Net Exposure	Gross exposure	Portfolio adjustments	Net Exposure	
A. Banking group								
1. Financial assets held for trading	-	-	-	-	X	X	44,975	44,975
2. Financial assets available for sale	-	-	-	-	4,212,656	-	4,212,656	4,212,656
3. Financial assets held to maturity	-	-	-	-	4,648	-	4,648	4,648
4. Due from banks	-	-	-	-	5,488,857	(64)	5,488,793	5,488,793
5. Loans to customers	15,447	(10,383)	(218)	4,846	894,491	(1,913)	892,578	897,424
6. Financial assets valued at fair value	-	-	-	-	X	X	166,454	166,454
7. Financial assets held for sale	-	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	-	X	X	80,801	80,801
Total A	15,447	(10,383)	(218)	4,846	10,600,652	(1,977)	10,890,905	10,895,751
B. Other companies included in the consolidation								
1. Financial assets held for trading	-	-	-	-	X	X	-	-
2. Financial assets available for sale	-	-	-	-	-	-	-	-
3. Financial assets held to maturity	-	-	-	-	-	-	-	-
4. Due from banks	-	-	-	-	-	-	-	-
5. Loans to customers	-	-	-	-	-	-	-	-
6. Financial assets valued at fair value	-	-	-	-	X	X	-	-
7. Financial assets held for sale	-	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	-	X	X	-	-
Total B	-	-	-	-	-	-	-	-
Total as at 31.12.2007	15,447	(10,383)	(218)	4,846	10,600,652	(1,977)	10,890,905	10,895,751
Total as at 31.12.2006	17,386	(12,227)	(185)	4,974	9,106,972	(2,113)	9,338,641	9,343,615

A.1.3 Cash and off-balance-sheet exposures of due from banks gross and net values

	Gross exposure	Specific adjustments	Portfolio adjustments	Net exposure
A. Cash exposures				
A.1 Banking group				
a) Non-performing loans	-	-	-	-
b) Doubtful loans	-	-	-	-
c) Restructured loans	-	-	-	-
d) Overdue loans	-	-	-	-
e) Country risk	213	X	(64)	149
f) Other assets	6,882,244	X	-	6,882,244
Total A.1	6,882,457	-	(64)	6,882,393
A.2 Other companies				
a) Impaired	-	-	-	-
b) Other	-	X	-	-
Total A.2	-	-	-	-
Total A	6,882,457	-	(64)	6,882,393
B. Off-balance-sheet exposures				
B.1 Banking group				
a) Impaired	-	-	-	-
b) Other	224,673	X	-	224,673
Total B.1	224,673	-	-	224,673
B.2 Other companies				
a) Impaired	-	-	-	-
b) Other	-	X	-	-
Total B.2	-	-	-	-
Total B	224,673	-	-	224,673

A.1.4 Cash exposures of due from banks: changes in gross impaired exposures subject to country risk

	Non-performing loans	Doubtful loans	Restructured loans	Overdue loans	Country risk
A. Gross exposure at beginning of period	-	-	-	-	256
- Including: loans disposed of but not written off	-	-	-	-	-
B. Increases	-	-	-	-	67
B.1 Transfers from performing loans	-	-	-	-	-
B.2 Transfers from other categories of impaired exposures	-	-	-	-	-
B.3 Other increases	-	-	-	-	67
C. Decreases	-	-	-	-	110
C.1 Transfers to performing loans	-	-	-	-	-
C.2 Write-offs	-	-	-	-	-
C.3 Collections	-	-	-	-	110
C.4 Disposals	-	-	-	-	-
C.5 Transfers to other categories of impaired exposures	-	-	-	-	-
C.6 Other decreases	-	-	-	-	-
D. Gross exposure at end of period	-	-	-	-	213
- Including: loans disposed of but not written off	-	-	-	-	-

A.1.5 Cash exposures of due from banks: changes in total adjustments

	Non-performing loans	Doubtful loans	Restructured loans	Overdue loans	Country risk
A. Total adjustments at beginning of period	-	-	-	-	77
- Including: loans disposed of but not written off	-	-	-	-	-
B. Increases	-	-	-	-	20
B.1 Adjustments	-	-	-	-	20
B.2 Transfers from other categories of impaired exposures	-	-	-	-	-
B.3 Other increases	-	-	-	-	-
C. Decreases	-	-	-	-	33
C.1 Write-backs from period-end valuations	-	-	-	-	-
C.2 Write-backs on collections	-	-	-	-	32
C.3 Write-offs	-	-	-	-	-
C.4 Transfers to other categories of impaired exposures	-	-	-	-	-
C.5 Other decreases	-	-	-	-	1
D. Total adjustments at end of period	-	-	-	-	64
- Including: loans disposed of but not written off	-	-	-	-	-

A.1.6 Cash and off-balance-sheet exposures of loans to customers: gross and net values

	Gross exposure	Specific adjustments	Portfolio adjustments	Net exposure
A. Cash exposure				
A.1 Banking group				
a) Non-performing loans	13,180	(10,383)	-	2,797
b) Doubtful loans	-	-	-	-
c) Restructured loans	-	-	-	-
d) Overdue loans	2,267	-	(218)	2,049
e) Country risk	-	X	-	-
f) Other assets	3,918,675	X	(1,913)	3,916,762
Total A.1	3,934,122	(10,383)	(2,131)	3,921,608
A.2 Other companies				
a) Impaired	-	-	-	-
b) Other	-	X	-	-
Total A.2	-	-	-	-
Total A	3,934,122	(10,383)	(2,131)	3,921,608
B. Off-balance-sheet exposures				
B.1 Banking group				
a) Impaired	2,583	-	-	2,583
b) Other	108,095	X	-	108,095
Total B.1	110,678	-	-	110,678
B.2 Other companies				
a) Impaired	-	-	-	-
b) Other	-	X	-	-
Total B.2	-	-	-	-
Total B	110,678	-	-	110,678

A.1.7 Cash exposures of loans to customers changes in gross impaired exposures subject to country risk

	Non-performing loans	Doubtful loans	Restructured loans	Overdue loans	Country risk
A. Gross exposure at beginning of period	14,799	-	-	2,587	-
- Including: loans disposed of but not written off	-	-	-	-	-
B. Increases	2,342	-	-	2,155	-
B.1 Transfers from performing assets	88	-	-	2,155	-
B.2 Transfers from other categories of impaired exposures	460	-	-	-	-
B.3 Other increases	1,794	-	-	-	-
C. Decreases	3,961	-	-	2,475	-
C.1 Transfers to performing assets	-	-	-	2,015	-
C.2 Write-offs	536	-	-	-	-
C.3 Collections	771	-	-	-	-
C.4 Disposals	-	-	-	-	-
C.5 Transfers to other categories of impaired exposures	-	-	-	460	-
C.6 Other decreases	2,654	-	-	-	-
D. Gross exposure at end of period	13,180	-	-	2,267	-
- Including: loans disposed of but not written off	-	-	-	-	-

A.1.8 Cash exposures of loans to customers changes in total adjustments

	Non-performing loans	Doubtful loans	Restructured loans	Overdue loans	Country risk
A. Total adjustments at beginning of period	12,227	-	-	185	-
- Including: loans disposed of but not written off	-	-	-	-	-
B. Increases	3,781	-	-	33	-
B.1 Adjustments	652	-	-	-	-
B.2 Transfers from other categories of impaired exposures	-	-	-	-	-
B.3 Other increases	3,129	-	-	33	-
C. Decreases	5,625	-	-	-	-
C.1 Write-backs from period-end valuations	1,712	-	-	-	-
C.2 Write-backs on collections	771	-	-	-	-
C.3 Write-offs	536	-	-	-	-
C.4 Transfers to other categories of impaired exposures	-	-	-	-	-
C.5 Other decreases	2,606	-	-	-	-
D. Total adjustments at end of period	10,383	-	-	218	-
- Including: loans disposed of but not written off	-	-	-	-	-

A.2 Classification of exposures by external rating

A.2.1 Distribution of cash and off-balance-sheet exposures by external rating (book values)

	External rating class						No rating	Total
	AAA/AA-	A+/A-	BBB+/BBB-	BB+/BB-	B+/B-	Lower than B-		
A. Cash exposures	2,672,360	2,266,465	394,436	361	-	4,846	5,465,533	10,804,001
B. Derivatives	83,916	6,121	-	-	-	-	1,713	91,750
B.1 Financial derivatives	83,916	6,121	-	-	-	-	1,713	91,750
B.2 Credit derivatives	-	-	-	-	-	-	-	-
C. Guarantees issued	2,869	-	-	-	-	2,583	66,061	71,513
D. Commitments to grant finance	80,000	-	-	-	-	-	92,088	172,088
Total	2,839,145	2,272,586	394,436	361	-	7,429	5,625,395	11,139,352

A.3 Distribution of guaranteed exposures by type of guarantee

A.3.1 Cash exposures of guaranteed loans to banks and customers

	Value of exposure	Secured guarantees			Personal guarantees								Total	
		Buildings	Securities	Other assets	Credit derivatives				Endorsement credit					
					Governments	Other public entities	Banks	Other parties	Governments	Other public entities	Banks	Other parties		
1. Exposure of guaranteed loans to banks:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.1 Fully guaranteed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Partially guaranteed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Exposure of guaranteed loans to customers:	748,722	62,101	662,200	434	-	-	-	-	-	-	4,585	714	730,034	
2.1 Fully guaranteed	488,814	62,101	422,218	434	-	-	-	-	-	-	4,225	494	489,472	
2.2 Partially guaranteed	259,908	-	239,982	-	-	-	-	-	-	-	360	220	240,562	

A.3.2 Off-balance-sheet exposures of guaranteed loans to banks and customers

	Value of exposure	Secured guarantees			Personal guarantees								Total	
		Buildings	Securities	Other assets	Credit derivatives				Endorsement credit					
					Governments	Other public entities	Banks	Other parties	Governments	Other public entities	Banks	Other parties		
1. Exposure of guaranteed loans to banks:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.1 Fully guaranteed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Partially guaranteed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Exposure of guaranteed loans to customers:	60,851	65	56,592	-	-	-	-	-	-	-	-	2,926	59,583	
2.1 Fully guaranteed	55,263	65	52,271	-	-	-	-	-	-	-	-	2,926	55,262	
2.2 Partially guaranteed	5,588	-	4,321	-	-	-	-	-	-	-	-	-	4,321	

A.3.3 Cash exposures of impaired guaranteed loans to banks and customers

	Value of exposure	Amount guaranteed	Guarantees (fair value)							
			Secured guarantees			Credit derivatives				
			Buildings	Securities	Other assets	Governments and Central Banks	Other public entities	Banks	Financial institutions	Insurance companies
1. Exposure of guaranteed loans to banks:	-	-	-	-	-	-	-	-	-	-
over 150%	-	-	-	-	-	-	-	-	-	-
between 100% and 150%	-	-	-	-	-	-	-	-	-	-
between 50% and 100%	-	-	-	-	-	-	-	-	-	-
under 50%	-	-	-	-	-	-	-	-	-	-
2. Exposure of guaranteed loans to customers:	391	391	144	247	-	-	-	-	-	-
over 150%	144	144	144	-	-	-	-	-	-	-
between 100% and 150%	-	-	-	-	-	-	-	-	-	-
between 50% and 100%	-	-	-	-	-	-	-	-	-	-
under 50%	247	247	-	247	-	-	-	-	-	-

A.3.4 Off-balance-sheet exposures of impaired guaranteed loans to banks and customers

	Value of exposure	Amount guaranteed	Guarantees (fair value)							
			Secured guarantees			Credit derivatives				
			Buildings	Securities	Other assets	Governments and Central Banks	Other public entities	Banks	Financial institutions	Insurance companies
1. Exposure of guaranteed loans to banks:	-	-	-	-	-	-	-	-	-	-
over 150%	-	-	-	-	-	-	-	-	-	-
between 100% and 150%	-	-	-	-	-	-	-	-	-	-
between 50% and 100%	-	-	-	-	-	-	-	-	-	-
under 50%	-	-	-	-	-	-	-	-	-	-
2. Exposure of guaranteed loans to customers:	700	644	-	644	-	-	-	-	-	-
over 150%	-	-	-	-	-	-	-	-	-	-
between 100% and 150%	-	-	-	-	-	-	-	-	-	-
between 50% and 100%	700	644	-	644	-	-	-	-	-	-
under 50%	-	-	-	-	-	-	-	-	-	-

Guarantees (fair value)										Total	Excess fair value of guarantees
Personal guarantees											
Credit derivatives		Endorsement credit									
Non-financial companies	Other parties	Governments and Central Banks	Other public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other parties			
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	391	409
-	-	-	-	-	-	-	-	-	-	144	409
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	247	-

Guarantees (fair value)										Total	Excess fair value of guarantees
Personal guarantees											
Credit derivatives		Endorsement credit									
Non-financial companies	Other parties	Governments and Central Banks	Other public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other parties			
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	644	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	644	-
-	-	-	-	-	-	-	-	-	-	-	-

B. Distribution and concentration of loans

B.1 Distribution of cash and off-balance-sheet exposures of loans to customers by sector

	Governments and Central Banks				Other public entities				Financial institutions			
	Gross exposure	Specific adjustments	Portfolio adjustments	Net exposure	Gross exposure	Specific adjustments	Portfolio adjustments	Net exposure	Gross exposure	Specific adjustments	Portfolio adjustments	Net exposure
A. Cash exposures												
A.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-	-	-
A.2 Doubtful loans	-	-	-	-	-	-	-	-	-	-	-	-
A.3 Restructured loans	-	-	-	-	-	-	-	-	-	-	-	-
A.4 Overdue loans	-	-	-	-	-	-	-	-	391	-	(38)	353
A.5 Other exposures	1,542,877	X	-	1,542,877	1,155	X	-	1,155	281,969	X	-	281,969
Total A	1,542,877	-	-	1,542,877	1,155	-	-	1,155	282,360	-	(38)	282,322
B. Off-balance-sheet exposures												
B.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-	-	-
B.2 Doubtful loans	-	-	-	-	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-	-	-	-
B.4 Other exposures	11,593	X	-	11,593	-	X	-	-	25,356	X	-	25,356
Total B	11,593	-	-	11,593	-	-	-	-	25,356	-	-	25,356
Total as at 31.12.2007	1,554,470	-	-	1,554,470	1,155	-	-	1,155	307,716	-	(38)	307,678
Total as at 31.12.2006	1,311,025	(2,496)	-	1,308,529	2,567	-	-	2,567	344,732	-	(1,185)	343,547

B.2 Distribution of loans to non-financial companies

A) Other service - sale	92,875
B) Construction and public works	35,814
C) Commerce	24,673
D) Textile, footwear and clothing	9,016
E) Agriculture, forestry and fishing	4,313
F) Other sectors	18,965

Insurance companies				Non-financial companies				Other parties			
Gross exposure	Specific adjustments	Portfolio adjustments	Net exposure	Gross exposure	Specific adjustments	Portfolio adjustments	Net exposure	Gross exposure	Specific adjustments	Portfolio adjustments	Net exposure
-	-	-	-	3,028	(2,687)	-	341	10,152	(7,696)	-	2,456
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	14	-	(1)	13	1,862	-	(179)	1,683
362,878	X	-	362,878	330,167	X	(420)	329,747	1,399,629	X	(1,493)	1,398,136
362,878	-	-	362,878	333,209	(2,687)	(421)	330,101	1,411,643	(7,696)	(1,672)	1,402,275
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	1,883	-	-	1,883	-	-	-	-
-	-	-	-	597	-	-	597	103	-	-	103
645	X	-	645	40,908	X	-	40,908	29,593	X	-	29,593
645	-	-	645	43,388	-	-	43,388	29,696	-	-	29,696
363,523	-	-	363,523	376,597	(2,687)	(421)	373,489	1,441,339	(7,696)	(1,672)	1,431,971
203,154	-	-	203,154	671,098	(2,760)	(202)	668,136	734,272	(6,971)	(834)	726,467

B.3 Geographical distribution of cash and off-balance-sheet exposures of loans to customers (book value)

	Italy		Other European countries		America		Asia		Rest of the world	
	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure
A. Cash exposures										
A.1 Non-performing loans	11,899	2,550	1,281	247	-	-	-	-	-	-
A.2 Doubtful loans	-	-	-	-	-	-	-	-	-	-
A.3 Restructured loans	-	-	-	-	-	-	-	-	-	-
A.4 Overdue loans	2,267	2,049	-	-	-	-	-	-	-	-
A.5 Other exposures	2,636,719	2,634,806	1,178,960	1,178,960	93,259	93,259	500	500	9,237	9,237
Total A	2,650,885	2,639,405	1,180,241	1,179,207	93,259	93,259	500	500	9,237	9,237
B. Off-balance-sheet exposures										
B.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-
B.2 Doubtful loans	1,883	1,883	-	-	-	-	-	-	-	-
B.3 Other impaired assets	700	700	-	-	-	-	-	-	-	-
B.4 Other exposures	78,691	78,691	29,396	29,396	8	8	-	-	-	-
Total B	81,274	81,274	29,396	29,396	8	8	-	-	-	-
Total as at 31.12.2007	2,732,159	2,720,679	1,209,637	1,208,603	93,267	93,267	500	500	9,237	9,237
Total as at 31.12.2006	2,655,190	2,644,212	557,540	556,566	11,375	11,375	-	-	42,743	40,247

B.4 Geographical distribution of cash and off-balance-sheet exposures of due from banks

	Italy		Other European countries		America		Asia		Rest of the world	
	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure
A. Cash exposures										
A.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-
A.2 Doubtful loans	-	-	-	-	-	-	-	-	-	-
A.3 Restructured loans	-	-	-	-	-	-	-	-	-	-
A.4 Overdue loans	-	-	-	-	-	-	-	-	-	-
A.5 Other exposures	2,485,442	2,485,442	3,457,168	3,457,168	493,398	493,398	445,522	445,458	927	927
Total A	2,485,442	2,485,442	3,457,168	3,457,168	493,398	493,398	445,522	445,458	927	927
B. Off-balance-sheet exposures										
B.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-
B.2 Doubtful loans	-	-	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-	-
B.4 Other exposures	31,943	31,943	190,798	190,798	1,932	1,932	-	-	-	-
Total B	31,943	31,943	190,798	190,798	1,932	1,932	-	-	-	-
Total as at 31.12.2007	2,517,385	2,517,385	3,647,966	3,647,966	495,330	495,330	445,522	445,458	927	927
Total as at 31.12.2006	1,883,388	1,883,388	3,553,269	3,553,269	353,942	353,942	496,703	496,651	113,394	113,370

C. Securitisation and sale of asset transactions

C.1 Securitisation transactions

Quantitative information

C.1.1 Exposures from securitisation transactions broken down by type of underlying asset

	Cash exposures					
	Senior		Mezzanine		Junior	
	Gross exposure	Net Exposure	Gross exposure	Net Exposure	Gross exposure	Net Exposure
A. Own underlying assets:	-	-	-	-	-	-
a) Impaired	-	-	-	-	-	-
b) Other	-	-	-	-	-	-
B. Third-party underlying assets:	249,849	249,749	-	-	-	-
a) Impaired	-	-	-	-	-	-
b) Other	249,849	249,749	-	-	-	-

C.1.3 Exposures from principal securitisation transactions of “third parties” broken down by type of asset securitised and type of exposure

	Cash exposures					
	Senior		Mezzanine		Junior	
	Book value	Adjustments/write-backs	Book value	Adjustments/write-backs	Book value	Adjustments/write-backs
1. BBVA Consumo 1						
Consumer loans	49,085	-	-	-	-	-
2. TDA 24						
Residential mortgage	7,496	-	-	-	-	-
3. Santander Hipotecario 1						
Residential mortgage	41,173	-	-	-	-	-
4. Entry Funding 1						
Loans to small and medium enterprises	13,149	-	-	-	-	-
5. Patrimonio Uno						
Real-estate funds	10,367	-	-	-	-	-
6. Capital Mortgage						
Residential mortgage	44,737	-	-	-	-	-
7. Cordusio						
Residential mortgage	26,525	-	-	-	-	-
8. AYT Cajas						
Residential mortgage	12,661	(100)	-	-	-	-
9. Intesa Sec. 3						
Residential mortgage	44,556	-	-	-	-	-

Guarantees issued						Lines of credit					
Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
Gross exposure	Net Exposure	Gross exposure	Net Exposure	Gross exposure	Net Exposure	Gross exposure	Net Exposure	Gross exposure	Net Exposure	Gross exposure	Net Exposure
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-

Guarantees issued						Lines of credit					
Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
Book value	Adjustments/write-backs	Book value	Adjustments/write-backs	Book value	Adjustments/write-backs	Book value	Adjustments/write-backs	Book value	Adjustments/write-backs	Book value	Adjustments/write-backs
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-

C.1.4 Exposures from securitisations broken down by portfolio of financial assets and type of exposure

	Held for trading	Valued at fair value	Available for sale	Held to maturity	Loans
1. Cash exposures	-	-	249,749	-	-
- Senior	-	-	249,749	-	-
- Mezzanine	-	-	-	-	-
- Junior	-	-	-	-	-
2. Off-balance-sheet exposures	-	-	-	-	-
- Senior	-	-	-	-	-
- Mezzanine	-	-	-	-	-
- Junior	-	-	-	-	-

C.2 Disposal transactions

C.2.1 Assets disposed of but not written off

	Financial assets held for trading			Financial assets valued at fair value			Financial assets available for sale		
	A	B	C	A	B	C	A	B	C
A. Cash assets	-	-	-	-	-	-	2,992,688	-	-
1. Debt securities	-	-	-	-	-	-	2,992,688	-	-
2. Equities	-	-	-	-	-	-	-	-	-
3. Units in mutual funds	-	-	-	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-	-	-	-
5. Impaired assets	-	-	-	-	-	-	-	-	-
B. Derivatives	-	-	-	X	X	X	X	X	X
Total at 31.12.2007	-	-	-	-	-	-	2,992,688	-	-
Total at 31.12.2006	-	-	-	-	-	-	370,628	-	-

Legend:

A = Financial assets disposed of recognised in full (book value)

B = Financial assets disposed of and partially recognised (book value)

C = Financial assets disposed of and partially recognised (full value)

C.2.2 Financial liabilities regarding financial assets disposed of but not written off

	Financial assets held for trading	Financial assets valued at fair value	Financial assets available for sale	Financial assets held to maturity	Due from banks
1. Due to customers	-	-	1,301,380	-	1,558,998
a) regarding assets recognised in full	-	-	1,301,380	-	1,558,998
b) regarding assets partially recognised	-	-	-	-	-
1. Due to banks	-	-	353,081	-	-
a) regarding assets recognised in full	-	-	353,081	-	-
b) regarding assets partially recognised	-	-	-	-	-
Total at 31.12.2007	-	-	1,654,461	-	1,558,998
Total at 31.12.2006	-	-	378,620	-	751,461

31.12.2007	31.12.2006
Total	Total
249,749	251,082
249,749	251,082
-	-
-	-
-	-
-	-
-	-
-	-

Financial assets held to maturity			Due from banks			Loans to customers			Total	
A	B	C	A	B	C	A	B	C	31.12.2007	31.12.2006
-	-	-	1,556,132	-	-	-	-	-	4,548,820	1,120,615
-	-	-	1,556,132	-	-	-	-	-	4,548,820	1,120,615
X	X	X	X	X	X	X	X	X	-	-
X	X	X	X	X	X	X	X	X	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
X	X	X	X	X	X	X	X	X	-	-
-	-	-	1,556,132	-	-	-	-	-	4,548,820	-
-	-	-	749,987	-	-	-	-	-	-	1,120,615

Loans to customers	Total
-	2,860,378
-	2,860,378
-	-
-	353,081
-	353,081
-	-
-	3,213,459
-	1,130,081

1.2 MARKET RISK

Qualitative information

Banca Fideuram has formulated the risk and capital consumption policies of the bank and its subsidiaries in accordance with the guidelines issued by parent company Intesa Sanpaolo, and plays a central role in managing market risk. The business segments and companies in the Banca Fideuram Group that generate market risk operate independently within clearly-defined and closely-governed limits.

The management of the Group's structural liquidity, resulting from liquidity from customer deposits and historically marginal investment, was developed and consolidated both through operational reorganisation, with the centralisation of liquidity in Banca Fideuram - which acts as treasury manager for the Banca Fideuram Group - and the implementation of financial investment strategies governed by our Investment Policy.

This Investment Policy, which applies to both the trading book and bank portfolio, specifies limits for managing the financial risk of the portfolios as part of a framework for optimising profitability and maintaining financial solidity.

The Policy splits investments in securities into two main portfolios, a liquidity portfolio and an investment portfolio. The Liquidity Portfolio has a minimum size which is calculated by applying volatility modelling techniques to the inflows and by its nature involves low-risk positions that offer immediate liquidity. The Investment Portfolio varies in size in relation to the structure of the bank's inflows, investments and shareholders' equity minus the Liquidity Portfolio. The asset composition of the investment portfolio is governed by limits with respect to rating (for asset type and investment duration), currency area, geographical area, sector concentration and counterparty. Market risk and stop loss limits are likewise specified. The Risk Management Unit is responsible for independently monitoring that the limits specified in the Investment Policy are respected, and for measuring market risk.

The trading book is small and tailored to suit the requirements of retail customer transactions.

The interest rate risk of the trading book is measured in relation to its fair value and expressed in terms of shift sensitivity. The shift

sensitivity quantifies the change in the fair value of the financial portfolio resulting from adverse movements of the risk factors with an upwards instant shock of 100 basis points in interest rates and had a negative value of -€105,000 at the end of December.

Price risk is monitored with respect to Value at Risk (VaR), which is the maximum amount that the portfolio can lose over the subsequent ten working days in 99% of cases, calculated in relation to volatility and the historical correlations (of the last 500 working days) between the individual risk factors, namely the short, medium and long-term interest rates, credit spreads, exchange rates and share prices for each investment.

The VaR of the trading book was approximately €120,000 at the end of December, which was in line with the average values for all four quarters in the year, as shown in the table below, which details both its main components.

Positions in derivatives that were not held for hedging interest rate risk mainly related to foreign exchange transactions.

Where the bank portfolio is concerned, market risk mainly regards the management of the investments in securities governed by our Investment Policy.

The risk of this portfolio is measured by calculating the Value at Risk. The Value at Risk is the maximum potential amount that the portfolio could lose over the subsequent ten working days with a confidence interval of 99%, and is calculated for the investment portfolio in relation to volatility and the historical correlations between the individual risk factors. The VaR was negative at the end of December, amounting to -€14m.

The Group's total exposure to interest rate risk is monitored using Asset and Liability Management (ALM) techniques to determine the shift sensitivity and net interest income.

The shift sensitivity, which measures the change in fair value of the bank portfolio resulting from an upward parallel movement of 100 basis points in the interest rate curve, includes the risk generated by demand loans to bank customers and other assets and liabilities items of the bank portfolio in its calculations. The shift sensitivity was negative at the end of December, amounting to -€1.2m.

The bank's Asset and Liability Management (ALM) also measures the sensitivity of net interest income, calculated as the impact of a 100 basis-point upward parallel interest rate shock on net interest income over a twelve-month time horizon. ALM totalled €11m at the end of December.

VaR by risk factor

(€m)

	Q1	Q2	Q3	Q4
VaR from exchange rate fluctuations	0.18	0.17	0.13	0.16
VaR of trading book	0.01	0.01	0.01	0.02

The Group used derivatives to hedge interest rate risk, following a strategy that involved buying swaps linked to the individual fixed-coupon bonds in the portfolio. This strategy made our securities holdings less sensitive to interest rate risk. The increase in the duration of the investments, immunised by extensive hedging, enabled the Group to neutralise the negative impact of falling bond prices.

The unhedged fixed-rate component of the portfolio is minimal, while the potential risk of the loan issuer spread widening has not been hedged in order to maintain current and anticipated returns.

Moreover, analysis of the securities holdings reveals high loan quality, with over 23% of the investments regarding securities with triple and double A ratings, 63% regarding securities with an A rating and the remainder of the portfolio consisting almost entirely of investment grade securities. Italian government debt securities were rated A+.

1.2.3 PRICE RISK - REGULATORY TRADING BOOK

Quantitative information

1. Regulatory trading book: cash exposures in equities and mutual funds

	Book value	
	Listed	Unlisted
A. Equities	-	-
A.1 Shares	-	-
A.2 Innovative capital instruments	-	-
A.3 Other equities	-	-
B. Mutual funds	97	26
B.1 Italian	-	-
- Harmonised open-end funds	-	-
- Non-harmonised open-end funds	-	-
- Closed-end funds	-	-
- Reserved funds	-	-
- Speculative	-	-
B.2 Other EU countries	97	26
- Harmonised	97	26
- Non-harmonised open-end funds	-	-
- Non-harmonised closed-end funds	-	-
B.3 Non-EU countries	-	-
- Open-end funds	-	-
- Closed-end funds	-	-
Total	97	26

1.2.4 PRICE RISK - BANK PORTFOLIO

Quantitative information

1. Bank portfolio: cash exposures in equities and mutual funds

	Book value	
	Listed	Unlisted
A. Equities	-	61
A.1 Shares	-	61
A.2 Innovative capital instruments	-	-
A.3 Other equities	-	-
B. Mutual funds	42,567	961
B.1 Italian	-	-
- Harmonised open-end funds	-	-
- Non-harmonised open-end funds	-	-
- Closed-end funds	-	-
- Reserved funds	-	-
- Speculative	-	-
B.2 Other EU countries	42,567	961
- Harmonised	35,811	961
- Non-harmonised open-end funds	-	-
- Non-harmonised closed-end funds	6,756	-
B.3 Non-EU countries	-	-
- Open-end funds	-	-
- Closed-end funds	-	-
Total	42,567	1,022

1.2.5 EXCHANGE RATE RISK

Quantitative information

1. Distribution by currency of denomination of assets and liabilities and derivatives

	Currency					
	US dollar	Yen	Swiss franc	Sterling	Australian dollar	Other currencies
A. Financial assets	220,440	8,067	5,701	60,034	743	6,872
A.1 Debt securities	-	-	-	-	-	20
A.2 Equities	-	-	-	-	-	-
A.3 Loans to banks	219,895	1,899	4,313	60,034	743	4,097
A.4 Loans to customers	545	6,168	1,388	-	-	2,755
A.5 Other financial assets	-	-	-	-	-	-
B. Other assets	1,103	28	127	28,362	-	367
C. Financial liabilities	379,567	25,904	5,800	44,210	22,839	35,586
C.1 Due to banks	99,913	82	62	28,493	252	4,791
C.2 Due to customers	277,403	25,822	5,659	15,713	22,587	30,795
C.3 Debt securities	-	-	-	-	-	-
C.4 Other financial liabilities	2,251	-	79	4	-	-
D. Financial derivatives	1,857,236	189,650	28,656	137,381	20,729	57,944
- Options	9,914	-	-	-	-	-
+ Long positions	4,379	-	-	-	-	-
+ Short positions	5,535	-	-	-	-	-
- Other	1,847,322	189,650	28,656	137,381	20,729	57,944
+ Long positions	988,522	103,556	25,645	46,082	20,419	42,237
+ Short positions	858,800	86,094	3,011	91,299	310	15,707
Total assets	1,214,444	111,651	31,473	134,478	21,162	49,476
Total liabilities	1,243,902	111,998	8,811	135,509	23,149	51,293
Balance (+/-)	(29,458)	(347)	22,662	(1,031)	(1,987)	(1,817)

1.2.6 DERIVATIVES

A. Financial derivatives

A.1 Regulatory trading book: period-end notional and average values

	Debt securities and interest rate derivatives		Equity derivatives and index derivatives		Currency derivatives and gold derivatives		Other instruments		31.12.2007 Total		31.12.2006 Total	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
1. Forward rate agreements	-	-	-	-	-	-	-	-	-	-	-	-
2. Interest rate swaps	-	-	-	-	-	-	-	-	-	-	-	-
3. Domestic currency swaps	-	-	-	-	-	-	-	-	-	-	-	-
4. Currency interest rate swaps	-	-	-	-	-	-	-	-	-	-	-	-
5. Basis Swaps	-	-	-	-	-	-	-	-	-	-	-	-
6. Equity index Swaps	-	-	-	-	-	-	-	-	-	-	-	-
7. CPI Swaps	-	-	-	-	-	-	-	-	-	-	-	-
8. Futures	-	-	-	-	-	-	-	-	-	-	-	-
9. Cap options	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-	-	-	-	-	-	-
- Issued	-	-	-	-	-	-	-	-	-	-	-	-
10. Floor options	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-	-	-	-	-	-	-
- Issued	-	-	-	-	-	-	-	-	-	-	-	-
11. Other options	-	-	-	-	-	-	-	-	-	-	-	12,604
- Purchased	-	-	-	-	-	-	-	-	-	-	-	8,604
- Plain vanilla	-	-	-	-	-	-	-	-	-	-	-	8,604
- Exotic	-	-	-	-	-	-	-	-	-	-	-	-
- Issued	-	-	-	-	-	-	-	-	-	-	-	4,000
- Plain vanilla	-	-	-	-	-	-	-	-	-	-	-	4,000
- Exotic	-	-	-	-	-	-	-	-	-	-	-	-
12. Forward contracts	357,239	1,189,901	35,024	-	-	2,091,737	-	-	392,263	3,281,638	63,596	4,435,349
- Purchases	11,662	30,759	35,012	-	-	1,029,496	-	-	46,674	1,060,255	-	1,685,048
- Sales	345,577	1,159,142	12	-	-	859,031	-	-	345,589	2,018,173	63,596	2,376,903
- Cross-currency	-	-	-	-	-	203,210	-	-	-	203,210	-	373,398
13. Other derivative contracts	-	-	-	-	-	-	-	-	-	-	-	-
Total	357,239	1,189,901	35,024	-	-	2,091,737	-	-	392,263	3,281,638	63,596	4,447,953
Average value	210,418	1,104,178	17,512	-	-	2,048,910	-	-	227,930	3,153,088	31,798	2,471,186

A.2 Bank portfolio: period-end notional and average values

A.2.1 Hedging

	Debt securities and interest rate derivatives		Equity derivatives and index derivatives		Currency derivatives and gold derivatives		Other instruments		31.12.2007 Total		31.12.2006 Total	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
1. Forward rate agreements	-	-	-	-	-	-	-	-	-	-	-	-
2. Interest rate swaps	-	3,387,909	-	-	-	-	-	-	-	3,387,909	-	1,551,490
3. Domestic currency Swaps	-	-	-	-	-	-	-	-	-	-	-	-
4. Currency interest rate swaps	-	-	-	-	-	-	-	-	-	-	-	-
5. Basis Swaps	-	117,000	-	-	-	-	-	-	-	117,000	-	-
6. Equity index Swaps	-	-	-	-	-	-	-	-	-	-	-	-
7. CPI Swaps	-	-	-	-	-	-	-	-	-	-	-	-
8. Futures	-	-	-	-	-	-	-	-	-	-	-	-
9. Cap options	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-	-	-	-	-	-	-
- Issued	-	-	-	-	-	-	-	-	-	-	-	-
10. Floor options	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-	-	-	-	-	-	-
- Issued	-	-	-	-	-	-	-	-	-	-	-	-
11. Other options	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-	-	-	-	-	-	-
- Plain vanilla	-	-	-	-	-	-	-	-	-	-	-	-
- Exotic	-	-	-	-	-	-	-	-	-	-	-	-
- Issued	-	-	-	-	-	-	-	-	-	-	-	-
- Plain vanilla	-	-	-	-	-	-	-	-	-	-	-	-
- Exotic	-	-	-	-	-	-	-	-	-	-	-	-
12. Forward contracts	-	-	-	-	-	-	-	-	-	-	-	-
- Purchases	-	-	-	-	-	-	-	-	-	-	-	-
- Sales	-	-	-	-	-	-	-	-	-	-	-	-
- Cross-currency	-	-	-	-	-	-	-	-	-	-	-	-
13. Other derivative contracts	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	3,504,909	-	-	-	-	-	-	-	3,504,909	-	1,551,490
Average value	-	2,632,867	-	-	-	-	-	-	-	2,632,867	-	775,745

A.3 Financial derivatives: purchase and sale of underlying instruments

	Debt securities and interest rate derivatives		Equity derivatives and index derivatives		Currency derivatives and gold derivatives		Other instruments		31.12.2007 Total		31.12.2006 Total	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
A. Regulatory trading book:	357,239	1,189,901	35,024	-	-	2,091,737	-	-	392,263	3,281,638	63,596	4,447,953
1. Transactions with exchange of capital	357,239	1,189,901	35,024	-	-	2,091,737	-	-	392,263	3,281,638	63,596	4,396,102
- Purchases	11,662	30,759	35,012	-	-	1,029,496	-	-	46,674	1,060,255	-	1,688,124
- Sales	345,577	1,159,142	12	-	-	859,031	-	-	345,589	2,018,173	63,596	2,334,580
- Cross-currency	-	-	-	-	-	203,210	-	-	-	203,210	-	373,398
2. Transactions without exchange of capital	-	-	-	-	-	-	-	-	-	-	-	51,851
- Purchases	-	-	-	-	-	-	-	-	-	-	-	923
- Sales	-	-	-	-	-	-	-	-	-	-	-	50,928
- Cross-currency	-	-	-	-	-	-	-	-	-	-	-	-
B. Bank portfolio:	-	3,387,909	-	-	-	-	-	-	-	3,387,909	-	1,551,490
B.1 Hedging	-	3,387,909	-	-	-	-	-	-	-	3,387,909	-	1,551,490
1. Transactions with exchange of capital	-	-	-	-	-	-	-	-	-	-	-	-
- Purchases	-	-	-	-	-	-	-	-	-	-	-	-
- Sales	-	-	-	-	-	-	-	-	-	-	-	-
- Cross-currency	-	-	-	-	-	-	-	-	-	-	-	-
2. Transactions without exchange of capital	-	3,387,909	-	-	-	-	-	-	-	3,387,909	-	1,551,490
- Purchases	-	-	-	-	-	-	-	-	-	-	-	-
- Sales	-	3,387,909	-	-	-	-	-	-	-	3,387,909	-	1,551,490
- Cross-currency	-	-	-	-	-	-	-	-	-	-	-	-
B.2 Other derivatives	-	-	-	-	-	-	-	-	-	-	-	-
1. Transactions with exchange of capital	-	-	-	-	-	-	-	-	-	-	-	-
- Purchases	-	-	-	-	-	-	-	-	-	-	-	-
- Sales	-	-	-	-	-	-	-	-	-	-	-	-
- Cross-currency	-	-	-	-	-	-	-	-	-	-	-	-
2. Transactions without exchange of capital	-	-	-	-	-	-	-	-	-	-	-	-
- Purchases	-	-	-	-	-	-	-	-	-	-	-	-
- Sales	-	-	-	-	-	-	-	-	-	-	-	-
- Cross-currency	-	-	-	-	-	-	-	-	-	-	-	-

A.4 Over the counter financial derivatives: positive fair value - counterparty risk

	Debt securities and interest rate derivatives			Equity derivatives and index derivatives			Currency derivatives and gold derivatives			Other instruments			Other underlying instruments	
	Gross non-cleared	Gross cleared	Future exposure	Gross non-cleared	Gross cleared	Future exposure	Gross non-cleared	Gross cleared	Future exposure	Gross non-cleared	Gross cleared	Future exposure	Cleared	Future exposure
A. Regulatory trading book:														
A.1 Governments and Central Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.2 Public entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.3 Banks	-	-	-	-	-	-	9,589	-	7,101	-	-	-	-	-
A.4 Financial institutions	-	-	-	-	-	-	220	-	744	-	-	-	-	-
A.5 Insurance companies	59	-	-	-	-	-	586	-	520	-	-	-	-	-
A.6 Non-financial companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.7 Other parties	177	-	-	-	-	-	318	-	150	-	-	-	-	-
Total (A)	236	-	-	-	-	-	10,713	-	8,515	-	-	-	-	-
Total at 31.12.2006	84	-	-	150	-	38	8,869	-	2,067	-	-	-	-	-
B. Bank portfolio:														
B.1 Governments and Central Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.2 Public entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.3 Banks	78,953	-	34,484	-	-	-	-	-	-	-	-	-	-	-
B.4 Financial institutions	1,848	-	975	-	-	-	-	-	-	-	-	-	-	-
B.5 Insurance companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.6 Non-financial companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.7 Other parties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (B)	80,801	-	35,459	-	-	-	-	-	-	-	-	-	-	-
Total at 31.12.2006	10,886	-	6,607	-	-	-	-	-	-	-	-	-	-	-

A.5 Over the counter financial derivatives: negative fair value - financial risk

	Debt securities and interest rate derivatives			Equity derivatives and index derivatives			Currency derivatives and gold derivatives			Other instruments			Other underlying instruments	
	Gross non-cleared	Gross cleared	Future exposure	Gross non-cleared	Gross cleared	Future exposure	Gross non-cleared	Gross cleared	Future exposure	Gross non-cleared	Gross cleared	Future exposure	Cleared	Future exposure
A. Regulatory trading book:														
A.1 Governments and Central Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.2 Public entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.3 Banks	-	-	-	-	-	-	4,913	-	1,796	-	-	-	-	-
A.4 Financial institutions	-	-	-	-	-	-	5,181	-	10,524	-	-	-	-	-
A.5 Insurance companies	156	-	-	-	-	-	164	-	146	-	-	-	-	-
A.6 Non-financial companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.7 Other parties	98	-	-	-	-	-	147	-	62	-	-	-	-	-
Total (A)	254	-	-	-	-	-	10,405	-	12,528	-	-	-	-	-
Total at 31.12.2006	275	-	-	-	-	1	15,380	-	2,014	-	-	-	-	-
B. Bank portfolio:														
B.1 Governments and Central Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.2 Public entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.3 Banks	34,900	-	7,350	-	-	-	-	-	-	-	-	-	-	-
B.4 Financial institutions	580	-	300	-	-	-	-	-	-	-	-	-	-	-
B.5 Insurance companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.6 Non-financial companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.7 Other parties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (B)	35,480	-	7,650	-	-	-	-	-	-	-	-	-	-	-
Total at 31.12.2006	42,593	-	11,075	-	-	-	-	-	-	-	-	-	-	-

A.6 Residual life of over-the-counter financial derivatives: notional values

	Up to 1 year	Between 1 and 5 years	Over 5 years	Total
A. Regulatory trading book:				
A.1 Debt derivatives and interest rate derivatives	3,670,201	3,700	-	3,673,901
A.2 Equity derivatives and index derivatives	1,547,140	-	-	1,547,140
A.3 Currency derivatives and gold derivatives	35,024	-	-	35,024
A.4 Financial derivatives on other instruments	2,088,037	3,700	-	2,091,737
	-	-	-	-
B. Bank portfolio:	611,000	30,000	2,863,909	3,504,909
B.1 Debt derivatives and interest rate derivatives	611,000	30,000	2,863,909	3,504,909
B.2 Equity derivatives and index derivatives	-	-	-	-
B.3 Currency derivatives and gold derivatives	-	-	-	-
B.4 Financial derivatives on other instruments	-	-	-	-
Total at 31.12.2007	4,281,201	33,700	2,863,909	7,178,810
Total at 31.12.2006	4,870,584	16,965	1,175,490	6,063,039

1.3 LIQUIDITY RISK

Qualitative information

Analysis of the Banca Fideuram Group's financial instruments shows low overall exposure to liquidity risk. A breakdown of the loan portfolio reveals that it in fact mainly comprised short-term loans on the interbank market (with 65% of the item "due from banks" being current accounts and deposits with leading Eurozone banks) and short-term loans to customers (with 87% of loans to customers being demand loans linked directly to our private banking business). The bond portfolio consisted almost entirely of bonds with medium-to-high

investment grade ratings, mainly issued by Eurozone countries and leading financial institutions. The Group's fixed-rate exposure was extremely low.

In addition, a Liquidity Portfolio was established within the bond portfolio. This Liquidity Portfolio has a specified size and by its nature involves low-risk positions. On the liabilities side, the inflows were into current accounts, repurchase agreements, customer deposits and bond issues.

Quantitative information

1. Distribution of financial assets and liabilities by remaining contractual term

(euro)

	Demand deposits	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 month and 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years
Cash assets	567,681	905,183	387,655	667,142	1,099,216	410,214	424,985	2,780,396	3,254,708
A.1 Government securities	-	-	-	-	-	8,397	125	485,755	1,048,599
A.2 Listed debt securities	-	-	-	-	-	3,273	19,120	939,146	1,999,386
A.3 Other debt securities	140,131	-	-	-	-	5,029	152,141	1,317,555	157,514
A.4 Units in mutual funds	28,171	-	-	-	-	-	-	-	10,582
A.5 Loans	399,379	905,183	387,655	667,142	1,099,216	393,515	253,599	37,940	38,627
- Banks	346,928	424,714	326,628	615,455	947,270	388,939	245,758	-	-
- Customers	52,451	480,469	61,027	51,687	151,946	4,576	7,841	37,940	38,627
Cash liabilities	5,250,113	354,305	935,193	843,982	1,715,354	17,806	151,178	201,559	-
B.1 Deposits	5,249,796	93,012	350,899	174,222	15,712	1,187	-	-	-
- Banks	4,333	93,012	350,899	36,215	-	-	-	-	-
- Customers	5,245,463	-	-	138,007	15,712	1,187	-	-	-
B.2 Debt securities	-	-	-	-	-	-	151,076	201,559	-
B.3 Other liabilities	317	261,293	584,294	669,760	1,699,642	16,619	102	-	-
Off-balance-sheet transactions	605,074	458,726	236,411	443,450	1,592,631	639,703	5,214	3,699	-
C.1 Financial derivatives with exchange of capital	333,418	358,726	236,411	443,450	1,592,631	471,238	5,214	3,699	-
- Long positions	108,876	226,750	195,232	349,063	1,214,432	272,301	99	1,847	-
- Short positions	224,542	131,976	41,179	94,387	378,199	198,937	5,115	1,852	-
C.2 Deposits and loans receivable	100,000	100,000	-	-	-	-	-	-	-
- Long positions	100,000	-	-	-	-	-	-	-	-
- Short positions	-	100,000	-	-	-	-	-	-	-
C.3 Commitments to grant finance	171,656	-	-	-	-	168,465	-	-	-
- Long positions	3,191	-	-	-	-	168,465	-	-	-
- Short positions	168,465	-	-	-	-	-	-	-	-

(US Dollar)

	Demand deposits	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 month and 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years
Cash assets	37,373	33,965	10,941	142,653	-	407	-	-	-
A.1 Government securities	-	-	-	-	-	-	-	-	-
A.2 Listed debt securities	-	-	-	-	-	-	-	-	-
A.3 Other debt securities	-	-	-	-	-	-	-	-	-
A.4 Units in mutual funds	4,898	-	-	-	-	-	-	-	-
A.5 Loans	32,475	33,965	10,941	142,653	-	407	-	-	-
- Banks	32,336	33,965	10,941	142,653	-	-	-	-	-
- Customers	139	-	-	-	-	407	-	-	-
Cash liabilities	320,606	33,965	-	15,425	1,881	592	4,762	-	-
B.1 Deposits	320,606	33,965	-	15,425	1,881	592	4,762	-	-
- Banks	61,100	33,965	-	-	-	-	4,762	-	-
- Customers	259,506	-	-	15,425	1,881	592	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	442,598	155,206	98,287	93,884	758,419	293,441	5,072	3,364	-
C.1 Financial derivatives with exchange of capital	442,353	155,206	98,287	93,884	758,419	293,441	5,072	3,364	-
- Long positions	247,255	91,355	66,253	51,356	374,312	155,712	4,977	1,685	-
- Short positions	195,098	63,851	32,034	42,528	384,107	137,729	95	1,679	-
C.2 Deposits and loans receivable	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-
C.3 Commitments to grant finance	245	-	-	-	-	-	-	-	-
- Long positions	245	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-

(Yen)

	Demand deposits	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 month and 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years
Cash assets	5,635	-	-	1,213	-	689	461	70	-
A.1 Government securities	-	-	-	-	-	-	-	-	-
A.2 Listed debt securities	-	-	-	-	-	-	-	-	-
A.3 Other debt securities	-	-	-	-	-	-	-	-	-
A.4 Units in mutual funds	-	-	-	-	-	-	-	-	-
A.5 Loans	5,635	-	-	1,213	-	689	461	70	-
- Banks	686	-	-	1,213	-	-	-	-	-
- Customers	4,949	-	-	-	-	689	461	70	-
Cash liabilities	22,797	-	-	103	2,931	-	-	-	-
B.1 Deposits	22,797	-	-	103	2,931	-	-	-	-
- Banks	9	-	-	-	-	-	-	-	-
- Customers	22,788	-	-	103	2,931	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	-	54,149	12,131	75,138	2,976	43,659	20	-	-
C.1 Financial derivatives with exchange of capital	-	54,149	12,131	75,138	2,976	43,659	20	-	-
- Long positions	-	50,642	12,126	16,435	2,885	21,480	20	-	-
- Short positions	-	3,507	5	58,703	91	22,179	-	-	-
C.2 Deposits and loans receivable	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-
C.3 Commitments to grant finance	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-

(Swiss Franc)

	Demand deposits	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 month and 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years
Cash assets	4,322	-	-	-	300	645	370	64	-
A.1 Government securities	-	-	-	-	-	-	-	-	-
A.2 Listed debt securities	-	-	-	-	-	-	-	-	-
A.3 Other debt securities	-	-	-	-	-	-	-	-	-
A.4 Units in mutual funds	-	-	-	-	-	-	-	-	-
A.5 Loans	4,322	-	-	-	300	645	370	64	-
- Banks	4,313	-	-	-	-	-	-	-	-
- Customers	9	-	-	-	300	645	370	64	-
Cash liabilities	495	-	-	-	-	-	-	-	-
B.1 Deposits	495	-	-	-	-	-	-	-	-
- Banks	-	-	-	-	-	-	-	-	-
- Customers	495	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	22,291	48	-	4,283	-	-	-	-	-
C.1 Financial derivatives with exchange of capital	22,240	48	-	4,283	-	-	-	-	-
- Long positions	22,240	29	-	3,376	-	-	-	-	-
- Short positions	-	19	-	907	-	-	-	-	-
C.2 Deposits and loans receivable	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-
C.3 Commitments to grant finance	51	-	-	-	-	-	-	-	-
- Long positions	51	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-

(Sterling)

	Demand deposits	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 month and 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years
Cash assets	2,328	-	-	-	-	57,706	-	-	-
A.1 Government securities	-	-	-	-	-	-	-	-	-
A.2 Listed debt securities	-	-	-	-	-	-	-	-	-
A.3 Other debt securities	-	-	-	-	-	-	-	-	-
A.4 Units in mutual funds	-	-	-	-	-	-	-	-	-
A.5 Loans	2,328	-	-	-	-	57,706	-	-	-
- Banks	2,328	-	-	-	-	57,706	-	-	-
- Customers	-	-	-	-	-	-	-	-	-
Cash liabilities	40,741	-	-	3,135	236	-	-	-	-
B.1 Deposits	40,741	-	-	3,135	236	-	-	-	-
- Banks	28,399	-	-	-	-	-	-	-	-
- Customers	12,342	-	-	3,135	236	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	38,655	2,493	353	2,626	-	91,667	-	-	-
C.1 Financial derivatives with exchange of capital	38,606	2,493	353	2,626	-	91,667	-	-	-
- Long positions	25,636	1,414	95	2,626	-	16,311	-	-	-
- Short positions	12,970	1,079	258	-	-	75,356	-	-	-
C.2 Deposits and loans receivable	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-
C.3 Commitments to grant finance	49	-	-	-	-	-	-	-	-
- Long positions	49	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-

(Other currencies)

	Demand deposits	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 month and 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years
Cash assets	7,598	-	-	-	-	-	-	20	-
A.1 Government securities	-	-	-	-	-	-	-	-	-
A.2 Listed debt securities	-	-	-	-	-	-	-	20	-
A.3 Other debt securities	-	-	-	-	-	-	-	-	-
A.4 Units in mutual funds	-	-	-	-	-	-	-	-	-
A.5 Loans	7,598	-	-	-	-	-	-	-	-
- Banks	4,841	-	-	-	-	-	-	-	-
- Customers	2,757	-	-	-	-	-	-	-	-
Cash liabilities	61,040	3,652	-	316	-	-	-	-	-
B.1 Deposits	61,040	3,652	-	316	-	-	-	-	-
- Banks	154	3,652	-	-	-	-	-	-	-
- Customers	60,886	-	-	316	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	49,817	22,997	59	4,866	7	48	22	-	-
C.1 Financial derivatives with exchange of capital	49,136	22,403	59	4,866	7	48	22	-	-
- Long positions	39,109	19,281	-	4,238	4	24	-	-	-
- Short positions	10,027	3,122	59	628	3	24	22	-	-
C.2 Deposits and loans receivable	594	594	-	-	-	-	-	-	-
- Long positions	594	-	-	-	-	-	-	-	-
- Short positions	-	594	-	-	-	-	-	-	-
C.3 Commitments to grant finance	87	-	-	-	-	-	-	-	-
- Long positions	87	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-

2. Distribution of financial liabilities by segment

	Governments and Central Banks	Other public entities	Financial institutions	Insurance companies	Non financial institutions	Other parties
1. Due to customers	621	113,946	1,388,984	960,392	272,292	5,923,714
2. Debt securities in issue	-	-	-	-	-	352,635
3. Financial liabilities held for trading	-	-	5,025	320	-	401
4. Financial liabilities valued at fair value	-	-	-	-	-	-
Total at 31.12.2007	621	113,946	1,394,009	960,712	272,292	6,276,750
Total at 31.12.2006	43,991	663	1,724,789	1,113,497	168,449	4,990,496

3. Geographical distribution of financial liabilities

	Italy	Other European countries	America	Asia	Rest of the world
1. Due to customers	7,360,043	1,298,118	585	8	1,195
2. Due to banks	563,282	369,131	37,062	108	-
3. Debt securities in issue	352,635	-	-	-	-
4. Financial liabilities held for trading	5,608	2,277	2,774	-	-
5. Financial liabilities valued at fair value	-	-	-	-	-
Total at 31.12.2007	8,281,568	1,696,526	40,421	116	1,195
Total at 31.12.2006	6,740,462	1,423,221	983	187	103,013

1.4 OPERATIONAL RISK

Qualitative information

Operational risk is defined as the risk of loss arising from inadequate or dysfunctioning internal processes, human resources or systems, or from external events. Operational risk includes legal risk, which is to say the risk of loss arising from failure to comply with laws or regulations, from contractual or extra-contractual responsibilities or other disputes, but does not include strategic risk or reputational risk.

Organisational structure

The Intesa Sanpaolo Group has drawn up Group regulations and organisational processes for measuring, managing and monitoring operational risk.

These specify in particular that the parent company is responsible for designing, implementing and supervising the methodological and organisational framework and for measuring risk profiles, verifying the effectiveness of risk mitigation measures and reporting to company senior management. In accordance with current regulations, the individual companies in the Intesa Sanpaolo Group, including those in the Banca Fideuram Group, have been involved and assigned responsibilities for identifying, valuing, managing and mitigating risk, identifying the internal units responsible for their related Operational Risk Management processes. Banca Fideuram has developed its own system of governance for the operational risk management process, within which the Board of Directors is responsible for strategic supervision and ensuring the smooth operation, efficiency and effectiveness of the operational risk management system over time. The Board of Directors examines the annual report of the Internal Audit Department and evaluates whether the requirements for determining the capital requirement have been respected.

The Internal Audit Committee is responsible for monitoring the suitability of the operational risk management and control system and ascertaining whether it complies with the related regulatory requirements. The Managing Director is responsible for ensuring the suitability and effectiveness over time of the risk management and monitoring systems and the procedures used for determining the capital requirement. The Internal Audit Department is responsible for periodically auditing the operational risk management system and self-assessment process as well as the information provided to the Company Bodies. The Operational Risk Committee is a consultative body which analyses the reports on the Group's operational risk profile and if necessary proposes any action required to prevent or mitigate operational risk. The Decentralised Operational Risk Management (ORM) Unit is responsible for structuring and maintaining the body of activities provided for by the operational risk management system (loss data collection, self-diagnosis, etc.). The other companies in the Group have also developed appropriate operational risk management governance systems in accordance with the parent company's guidelines.

Internal Model

The Group's internal model has been designed to combine all the different sources of information seamlessly, irrespective of whether quantitative information (internal and external historical loss data)

or qualitative information (scenario and operating context analyses) is concerned. The quantitative part is based on an analysis of the historical data regarding internal events (monitored by decentred units, verified appropriately by the central department and managed by a dedicated data processing system) and external events (through participation in joint initiatives such as the Italian Operational Loss Database run by the Italian Banking Association and the Operational Riskdata eXchange Association), applying actuarial techniques that involve the separate study of the frequency and impact of the events and the subsequent creation, following appropriate Monte Carlo techniques, of the annual loss distribution and consequently of the related risk measurements.

The qualitative part is focused on the prospective valuation of the risk profile of each unit, and is based on the structured and organised collection of subjective estimates which are provided directly by Management with the aim of valuing the potential financial impact of particularly severe operational risk events. These valuations, which are obtained using statistical and actuarial techniques, calculate an unexpected loss which is subsequently adjusted in relation to the result obtained from the analysis of historical loss data. The capital at risk is therefore considered to be the minimum amount at Group level, net of insurance coverage in place, that would be required to meet the maximum potential loss that could be incurred. The capital at risk is estimated using a Loss Distribution Approach (a statistical model based on actuarial methods which is used for calculating the Value at Risk of operational losses), that is applied both to the quantitative data and to the scenario analysis results over a one-year time horizon, with a confidence interval of 99.96% (the regulatory requirement is 99.90%). The methodology also involves applying a correction factor obtained from qualitative risk analyses of the operating context in order to take the effectiveness of the internal controls in the various different organisational units into account.

Risk transfer

The Banca Fideuram Group follows a traditional operational risk transfer policy (insurance) in line with the guidelines of its parent company, aiming to mitigate the impact of any unexpected losses and thereby contribute to reducing the capital at risk.

Data and Reporting

Operational risk monitoring is carried out using an integrated reporting system that provides management with the information required to manage and/or mitigate the risks assumed. The quantitative data obtained are analysed by a dedicated Operational Risk Management Unit. The reports present the main operational risk events in the reference period, an analysis of the exposure to risk over time and a comparison with the losses estimated in the previous year's Scenario Analysis.

Quantitative information is managed internally and analysed using a proprietary operational risk event classification system that complies with the classification framework specified by the Supervisory Authorities.

- Internal Fraud: Events arising from intentional acts that involve at least one internal party in the Group (who acts for their own personal advantage, including non-financial advantage) and which involve damages (pecuniary losses) to the Group itself. Breach of

contract and extra-contractual offences are both included in the definition. Diversity/discrimination events are expressly excluded.

- **External Fraud:** Events arising from intentional acts exclusively by parties who cannot be described as inside the Group, generally perpetrated with the purpose of obtaining personal advantage.
- **Staff relations and safety at work:** Events arising from relations with employees or due to areas/equipment that fail to comply with use instructions or health and safety regulations, or due to the payment of personal injury claims, or to diversity/discrimination events. Includes liabilities incurred as a result of personal accidents which occur in Group offices or using Group equipment or vehicles.
- **Customers, Products and Operating Practices:** Events arising from failures to meet professional obligations to customers, the improper or negligent supply of products and services to customers (including fiduciary and suitable information requirements), or events arising from the nature or characteristics of products/models/contracts, or from breaches of public safety regulations or non-sector regulations. Events linked to specific errors in the management of customer accounts and the settlement of securities. The negligent action could be in the design of a product that is non-compliant (due to defects or errors in the regulatory model) or which has not received authorisation.
- **Disasters and similar events:** Events arising from natural causes and/or human acts (including vandalism) or disasters causing damage to resources (tangible or intangible assets, people, etc.) and/or the interruption of services. Includes events that are not covered by other categories (such as improper acts by third-party companies that damage the Group).
- **Technological systems and public utility services:** Events arising from supply failures, poor performance or shutdowns affecting utilities (electricity etc.) or information providers and technological systems. Includes events related to malfunctions, logic or structural defects in hardware or software and dropped telecommunications connections.
- **Process execution, delivery and management:** Events arising from unintentional errors in the management of operating and support activities, including relations with non-customer counterparties, commercial counterparties, manufacturers and suppliers.

Training

A wide range of training sessions were delivered during the year for staff actively involved in the operational risk management and mitigation process in the Banca Fideuram Group to provide continuous support for the risk management process.

Legal risk

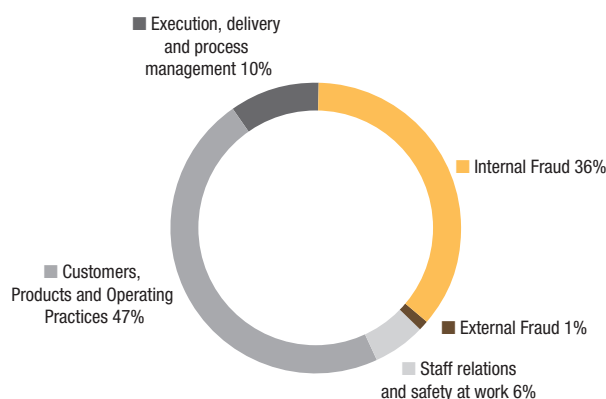
A description of all significant pending law suits is provided in Part B Section 12 of this report, "Information on the Balance Sheet - Provisions for Risks and Charges", and in the "Additional Information" section of the Directors' Report.

Quantitative information

Information on the sources of operational risk events can be found in the analysis of operational losses by type of event provided below, which adopts the above-mentioned classification framework.

The companies in the Banca Fideuram Group continued their work on improving the processes and checks in place to mitigate risk and limit losses, and participated fully in every initiative launched by the parent company.

Analysis of operational losses by type of event (%)



The above analysis is for operational risk events which led to actual losses being incurred and/or for which specific provisions were set aside that totalled €500 or more, initially recognised in the 2007 financial year.

PART H

TRANSACTIONS WITH RELATED PARTIES

Information on the remuneration of Directors, Statutory Auditors and other senior managers with strategic responsibilities

The table below shows the total remuneration accrued in 2007 by Directors, Statutory Auditors and other senior managers with strategic responsibilities in the Group.

Form of remuneration	31.12.2007
(All figures in thousands of euros)	
Short-term benefits (*)	7,456
Post-employment benefits (**)	1,212
Other long-term benefits	-
Employment termination indemnity (***)	6,300
Payment in shares	-
Other remuneration	-
Total remuneration	14,968

(*) Short-term benefits: include the remuneration of the Directors and Statutory Auditors as payroll costs and the gross annual remuneration of General Management.

(**) Post-employment benefits: include the company contribution to the pension funds and the provision for employment termination indemnities calculated in accordance with the law.

(***) Employment termination indemnity: includes the indemnities paid to members of General Management for early termination of their employment.

TRANSACTIONS WITH RELATED PARTIES

Following the merger of the Eurizon Financial Group S.p.A. and Intesa Sanpaolo S.p.A., Banca Fideuram was brought under the full ownership and direct control of Intesa Sanpaolo on 31 December 2007.

On 8 November 2007, Banca Fideuram's Board of Directors approved the "Banca Fideuram Group Regulations governing the management of transactions with related parties" (referred to as the "Regulations" hereinafter), drawn up in accordance with the obligations assumed by the Board in implementing Intesa Sanpaolo's Regulations governing the management of transactions with related parties.

The Regulations specify that the most important cases are to be decided by the Board of Directors, having consulted the Internal Audit Committee, which is also involved:

- in all transactions for which the opinion of independent experts is required, taking into account the size, special financial or structural characteristics of the transaction and/or nature of the related party,
- in all cases where the Managing Director considers it necessary or appropriate to consult the Committee for its opinion, taking into account the results of the investigations carried out by the relevant company units.

In addition, the Regulations specify the procedures to be followed for transactions with related parties of the bank and extends the same investigative, information and decision-making obligations to Banca Fideuram's subsidiaries (which subsequently adopted the Regulations and compiled a list of their own related parties).

On 4 April 2007, having exercised the squeeze-out entitlement provided for by article 111 of Italian Legislative Decree No. 58/98, Eurizon Financial Group acquired the 12,655,273 own shares held by Banca Fideuram in addition to all the remaining outstanding shares in Banca Fideuram, becoming the bank's sole shareholder. On 19 June 2007, Intesa Sanpaolo's Board of Management reviewed the entire Eurizon project and decided to permanently suspend the project to list the Eurizon Financial Group on the stock exchange and instead to relist Banca Fideuram.

On 12 July 2007, the Banca Fideuram Board of Directors decided that, partly in the light of the intervening developments in the restructuring of the Wargny Group, the bank would not exercise the put option on the Financière Fideuram shares held, granted by Banca Finnat Euramerica at the time of acquisition on 15 December 2005, considering that this would not be in the best interest of effective financial management or corporate governance.

On 31 August 2007, the transaction was completed for the sale of Banque Privée Fideuram Wargny S.A.'s private banking division and institutional brokerage division and of the shares in Fideuram Wargny Gestion S.A. to the French group Viel & Cie. The sale was conducted in accordance with the procedures and financial specifications decided by the Bank's Board of Directors on 11 May 2007. The completion of the transaction involved the payment of indemnities totalling approximately €60m to employees and to the Viel & Cie Group which had previously been set aside in full in the 2005 and 2006 financial statements. Following the sale of these divisions, the equity investment in Banque Privée Fideuram (current name of the company in accordance with the Viel & Cie agreements) is again being consolidated on a line-by-line basis and recognised in Financière Fideuram's separate financial statements for a total value of €9.7m.

At its meetings of 28 February and 19 March 2007, the Banca Fideuram Group's Board of Directors approved the bank's part of the organisational programme for centralising a number of the specialist departments of the various different Group companies in Eurizon Financial Group. This centralisation came to an end with effect from 1 October 2007, following the strategic decision to discontinue Eurizon Financial Group's management and coordination activities with respect to Banca Fideuram and its subsidiaries and to transfer this role to Intesa Sanpaolo; developments of which the Banca Fideuram Board of Directors took note at its meeting of 12 October 2007. The outsourcing contracts between Banca Fideuram and Eurizon Financial Group were consequently terminated.

The sale of Banca Fideuram's holding in Universo Servizi S.p.A. (now Eurizon Solutions S.p.A.) to the Eurizon Financial Group was completed on 30 July 2007, amounting to 4.76% of share capital. The sale price of €2.4m was based on an independent advisor's fairness opinion of the value of the holding at the reference date 31 March 2007.

On 20 December 2007, Banca Fideuram signed the purchase contract for the company division of Eurizon Solutions S.p.A. responsible for managing the Private Banker front end and back end systems, and the banking, treasury and banking product processing systems, as well as for maintaining the marketing management monitoring system, the financial and insurance product processing audit system, and the operational risk management and monitoring system. The sale price of €2.5m was based on an independent advisor's fairness opinion of the value of the division at the reference date 30 September 2007. Subsidiary Fideuram Investimenti signed the purchase contract for the Eurizon Solutions division responsible for managing the front office systems on the same date. The sale price of €1.4m was likewise based on an independent advisor's fairness opinion, also issued on 30 September 2007.

On 20 December 2007, subsidiary Fideuram Investimenti transferred its Open Pension Fund division to Eurizon Vita as part of the process for rationalising the Intesa Sanpaolo Group's pension products. The sale price of €11.2m was based on an independent advisor's fairness opinion of the value of the division at 31 March 2007.

Neither Banca Fideuram nor any of the other companies included in the consolidation bought shares in the bank, its immediate parent company or overall parent company Intesa Sanpaolo during 2007, either directly or through trust companies or third parties. The 12,655,273 own shares held at 31.12.2006 were sold on 4 April 2007 to parent company Eurizon Financial Group subsequent to the latter exercising the squeeze-out entitlement provided for in article 111 of the Italian Finance Consolidation Act. The transaction was for a par value of €5 per share (calculated in accordance with the Finance Consolidation Act by an expert appointed by the Presiding Judge of the Court of Rome), with Banca Fideuram being paid a total of €63.3m.

The bank did not engage in any atypical and/or unusual transactions with other group companies, related parties or third parties in 2007. During the financial year, "ordinary" routine transactions (which were neither atypical nor unusual), were entered into with related parties, as regulated and defined by current regulations. These transactions were based on mutually-beneficial economic valuations and conducted under arm's-length conditions in accordance with the law and the Regulations issued by our parent company, Intesa Sanpaolo, and - following their

approval - the Banca Fideuram Group Regulations governing the management of transactions with related parties.

Lastly, Banca Fideuram's relations with its subsidiaries, as well as its relations with Intesa Sanpaolo and the latter's subsidiaries, may be considered to form part of the bank's ordinary operations. Banca Fideuram uses the brokerage services above all of its associate company Banca IMI for buying and selling securities, as well as those of Banca Finnat Euramerica. These transactions are conducted under arm's-length conditions. There were no insider transactions during the period with individuals performing director-level, management or auditing functions at Banca Fideuram, Eurizon Financial Group S.p.A. or

parent company Intesa Sanpaolo, or any other companies in the banking group of that name.

The Italian companies in the Banca Fideuram Group and parent company Intesa Sanpaolo again decided to avail themselves of the "istituto del consolidato fiscale nazionale" tax consolidation regime introduced by Italian Legislative Decree No. 344/2003, in this case for the 2007-2009 three-year period. This tax consolidation regime, which is governed by special regulations, provides for the aggregation of the taxable income of all the Group companies involved and a single payment of IRES corporate income tax by the overall parent company in its role as "consolidating company".

Relationships with group companies

	Assets	Liabilities	Guarantees and commitments	Income	Expenses
Overall parent company:					
Intesa Sanpaolo S.p.A.	1,264,310	74,110	516	36,605	33,584
Companies subject to considerable influence:					
Consorzio Studi e Ricerche Fiscali	-	230	-	-	11
Companies controlled by immediate parent company:					
Banca IMI S.p.A.	714	238,397	-	25,570	17,227
Banca OPI S.p.A.	6	-	-	-	-
Cassa di Risparmio di Forlì e della Romagna S.p.A.	33	-	-	33	-
Cassa di Risparmio di Padova e Rovigo S.p.A.	22	-	-	80	-
Cassa di Risparmio di Venezia S.p.A.	6	-	-	25	-
Cassa di Risparmio in Bologna S.p.A.	51	-	-	185	-
Eurizon Alternative Investments SGR S.p.A.	3,380	-	-	6,600	-
Eurizon Capital S.A.	482	-	-	1,967	188
Eurizon Capital SGR S.p.A.	2,297	12	-	9,519	-
Eurizon Life Ltd	2,672	35,805	-	6,100	497
Eurizon Tutela S.p.A.	26	680	-	1,002	25
Eurizon Vita S.p.A.	202,690	488,379	-	161,191	12,680
Cassa di Risparmio del Friuli Venezia Giulia S.p.A.	20	-	-	69	-
Inter Europa Bank S.A.	23	-	-	-	-
Banca dell'Adriatico S.p.A.	61	-	-	199	-
Banco di Napoli S.p.A.	109	70	-	406	200
Sanpaolo IMI Insurance Broker S.p.A.	-	-	-	-	453
Sanpaolo Bank (International) S.A.	915,745	526	-	44,261	4
Intesa Sanpaolo Bank Ireland Plc	191,094	-	-	5,779	-
Sanpaolo Leasint S.p.A.	11	-	-	158	-
Eurizon Solutions S.p.A.	8,610	6,618	-	4,678	105,662

PART I

PAYMENT AGREEMENTS BASED ON OWN EQUITY INSTRUMENTS

A. Qualitative information

1. Payment agreements based on own equity instruments

The Banca Fideuram Board of Directors approved a stock option plan for the 2005-2007 three-year period for the Group's Private Bankers at its meeting of 16 March 2005, the main elements in which are as follows:

- The plan assigns stock options in the Bank's own shares in the ratio of one share per option. Our estimates led the number of own shares earmarked for the 2005-2007 plan to be set at approximately 5-6 million.
- The exercise price of the options for the 2005-2007 plan has been set at €4.074 for all participants.
- The number of options assigned to each participant has been linked to the three-year monetary bonus provided for in the 2005-2007 bonus scheme. In particular, the number of options assigned has been calculated so that when multiplied by the exercise price the total comes to 35% of the value of the bonus.
- All participants shall be entitled to exercise their stock options between 1.6.2008 and 23.12.2008 upon condition that they have:
 - met the individual three-year target required to receive their cash bonus.
 - are in the network upon the exercise date of the options.

- There are no provisions for loans or other facilities to be made available for participants to buy the shares.

On 26 July 2006, the Board of Directors of Banca Fideuram voted to extend the 2005-2007 plan to 2008, delegating the Managing Director to redefine the terms of the stock option plan.

As explained in this and prior reports of the bank, Banca Fideuram has not been listed on the stock exchange since 24 January 2007, and is now, following the merger of immediate parent company Eurizon Financial Group and overall parent company Intesa Sanpaolo, wholly owned and controlled by the latter.

On 27 July 2007, the Eurizon Financial Group's Board of Directors agreed to sell Banca Fideuram any shares required under the terms of the latter's stock option plan, and this undertaking was subsequently transferred to parent company Intesa Sanpaolo following the merger with Eurizon.

In view of the current status of Banca Fideuram as an unlisted company, the bank will consider revising the terms of the stock option plan during the first half of 2008, before the exercise date of any options, bearing in mind the recent strategic developments in the Intesa Sanpaolo Group, including the decision to relist Banca Fideuram.

B. Quantitative information

1. Changes in the year

	31.12.2007			31.12.2006		
	Number of options	Average price	Average maturity	Number of options	Average price	Average maturity
A. Opening balance	5,626,203	4.074	June-December 2008	5,626,203	4.074	June-December 2008
B. Increases	112,629	-	X	-	-	X
B.1 New issues	-	-	X	-	-	X
B.2 Other increases	112,629	-	X	-	-	X
C. Decreases	-	-	X	-	-	X
C.1 Cancelled	-	-	X	-	-	X
C.2 Exercised	-	-	X	-	-	X
C.3 Expired	-	-	X	-	-	X
C.4. Other decreases	-	-	X	-	-	X
D. Closing balance	5,738,832	4.074	June-December 2008	5,626,203	4.074	June-December 2008
E. Options exercisable at end of financial year	-	-	X	-	-	X



Indipendent
Auditors' Report

INDEPENDENT AUDITORS' REPORT
(Translation from the original Italian text)

To the Shareholder of
Banca Fideuram S.p.A.

1. We have audited the consolidated financial statements of Banca Fideuram S.p.A. and its subsidiaries (the "Banca Fideuram Group") as of and for the year ended December 31, 2007, comprising the balance sheet, the statement of income, changes in shareholders' equity and cash flows and the related explanatory notes. These financial statements are the responsibility of the Banca Fideuram S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in Italy. In accordance with such standards we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such consolidated financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated March 26, 2007.

3. In our opinion, the consolidated financial statements of Banca Fideuram Group at December 31, 2007 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union; accordingly, they present clearly and give a true and fair view of the financial position, results of operations, changes in shareholders' equity and cash flows of the Banca Fideuram Group for the year then ended.

Rome, March 25, 2008

Reconta Ernst & Young S.p.A.
Signed by: Alberto M. Pisani, Partner

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



Glossary

Advisor

Financial advisor who assists companies involved in corporate finance transactions. Their tasks include providing consultancy services and preparing valuations.

Affluent customers

High-income customers.

ALM (Asset & Liability Management)

Body of techniques that allow a bank to provide integrated financial statement asset and liability management, typically used for measuring interest rate risk.

Asset allocation

Procedure adopted by an asset manager that consists in distributing a portfolio across a variety of financial instruments in different investment markets.

Asset gathering

The activity of collecting savings.

Asset Management

The activity of managing and administering assets on behalf of customers.

Assets Under Management

These assets comprise:

- Managed savings, which include mutual funds and pension funds, private banking and life insurance technical reserves.
- Non-discretionary savings, which include securities deposited (net of units in Group funds), accident insurance technical reserves and current account overdrafts.

Audit

The body of activities for checking company processes and accounting, carried out both by internal departments (internal audit) and by independent auditing companies (external audit).

Bancassurance

The offer of insurance products through a bank's branch network.

Banking book

The portion of a bank's securities holdings that is not held for trading purposes.

Banking direct inflows

Deposits by and bonds issued by banks.

Basel II Accord

The common name for the New Capital Accord which came into effect on 1 January 2007.

The Accord is based on three "pillars":

1. Minimum Capital Requirement: 8% of risk-weighted assets.
2. Supervision by the Central Banks, who have been given greater discretion in evaluating capital requirements and are able to impose higher coverage than the minimum requirements.
3. Market discipline and transparency of information provided to the public on capital levels, risks and their management.

Benchmark

Financial parameter or indicator or financial instrument with characteristics that brokers consider sufficiently representative to be adopted as a reference for understanding whether a financial instrument with similar characteristics has performed better or worse than the benchmark over a given period.

Bond

Security issued by a legal person who contracts a loan for a given amount and date, undertaking to pay the purchaser a return and to repay the amount upon maturity.

Bp (basis point)

Unit of measurement for interest rate spread or changes in interest rates, equal to one hundredth of a percentage point. Example: If rates rise from 9.65% to 9.80%, they have risen by 15 basis points.

Branches

The bank's area branches.

Commissione Nazionale per le Società e la Borsa (CONSOB)

The Italian National Commission for Listed Companies and the Stock Exchange, an independent administrative body which acts to protect investors' interests and to ensure the effective operation, transparency and growth of the Italian securities market.

Community Directives

European Union legal acts directed at member states, which are obliged to achieve the objectives specified in the directives and in their turn issue implementation legislation for application within each individual state.

Core Capital

Comprises the paid-in capital plus the reserves minus own shares, intangible assets and losses in prior years and/or the current year.

Corporate governance

The body of rules and regulations that govern the life of a company, in particular with respect to the transparency of its documents and company minutes, and to the completeness of the information it provides the market.

Cost/Income Ratio:

The ratio of administrative costs and net adjustments to tangible and intangible assets, on the one hand, to total income from financing activities on the other (including other revenues, net).

Counterparty risk

The risk of a potential loss due to a counterparty failing to meet their contractual obligations.

Country risk

Set of economic, financial and political factors that may make it difficult to obtain the repayment of debts contracted by trusted foreign clients irrespective of their individual solvency.

Credit risk

The risk that a change in the credit rating of a trusted counterparty with whom a bank has an exposure could generate a corresponding change in value of the credit position.

Default

The situation in which it is impossible for a party to meet their contracted financial obligations.

Derivative

Generic term for a type of financial instrument, the price/return of which is based on the price/return of other assets known as underlying assets, which can be financial instruments, indices, interest rates, currencies or raw materials.

Doubtful loan

Loan to a party that is in a situation which is objectively one of temporary difficulty that they are likely to overcome in an appropriate period of time.

Duration

Applied to bonds, the average time it takes an investor to get their money (principal and interest). An indicator of the interest rate risk to which a bond or a bond portfolio is subject. In its most frequent configuration it is calculated as the weighted average of the due dates for payment of principal and interest on a bond.

ECB (European Central Bank)

European community institution responsible for managing monetary policy in the Eurozone with the objective of maintaining price stability. The main governing bodies of the ECB are the Governing Council, Executive Board and General Council.

Embedded Value

The value of the Group's adjusted shareholders' equity plus the value of its business portfolio at the valuation date.

Endorsement credit

Operation through which a bank or finance company undertakes to bear or guarantee a customer's debt to a third-party.

EPS (Earnings per Share)

Ratio of net income for the year to the number of shares at period end.

Euribor

Reference interbank rate used in European Union countries. Calculated as the weighted average of the interest rates at which the major banks operating in the European Union grant loans. Calculated daily and used as a parameter for setting the variable interest rates on loans.

European Commission

Executive body of the European Union responsible for the implementation of European Laws (Directives, Regulations and Decisions), and the financial statements and programmes of the European Parliament and Council. Has power of legislative initiative and negotiates international agreements, mainly regarding commerce and cooperation. The President and members of the European Commission are appointed by the member states following the prior approval of the European Parliament.

European Community regulations

Regulations that are directly applicable and compulsory in all member states of the European Union without any national transposition legislation being required.

European Union (EU)

Currently made up of 27 members, the European Union is governed by five institutions: the European Parliament, the European Council, the European Commission, the Court of Justice and the Court of Auditors.

Eurozone

The geographical area covered by the member states of the European Union that have adopted the euro.

E.V.A. (Economic Value Added):

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

Exchange rate risk

The risk that the fair value or future financial flows of a financial instrument will fluctuate as a result of exchange rate fluctuations.

E-banking

The use of an electronic network (Internet or similar) that allows customers to carry out a vast range of banking and financial transactions online.

E-learning

The distance training of personnel using computer aids.

Fair value

The purchase price for which an asset can be traded or a liability settled in a free transaction between informed and free parties.

Federal Reserve

The Federal Reserve (Bank) or just FED is the Central bank of the United States.

GDP (Gross Domestic Product)

The total value of the end goods and services produced by a country in a given period of time using its own home market input. When calculated at current prices, it is known as nominal GDP, and when calculated at constant prices (base-year prices), it is known as real GDP.

Goodwill

The goodwill paid for the acquisition of an equity investment, equal to the difference between the purchase price and the corresponding portion of shareholders' equity for the part that cannot be attributed to the separable assets of the company purchased.

Gross inflows

Total subscriptions gross of disinvestments.

Holding Company

A financial company that has controlling interests in several companies.

IAS/IFRS

The international accounting standards issued by the International Accounting Standards Board (IASB), adopted by the countries of the European Union from 2005 for companies listed on the stock exchange.

IASB (International Accounting Standards Board)

The international body that issues the IAS/IFRS international accounting standards.

IFRIC (International Financial Reporting Interpretations Committee)

The IASB committee that issues the official interpretations of the IAS/IFRS international accounting standards.

Impairment

A financial asset is considered to be "impaired" when the book value of the asset is higher than its estimated recoverable value.

Index linked policy

A life insurance policy where the benefit upon maturity depends on the performance of a reference parameter that can be a share price index, a basket of securities or other indicator.

Indirect inflows

Securities and other instruments not issued by a depositary bank but received by it in custody, under management or in relation to the management of personal estates.

Inflation

General growth in prices affecting all products.

Information system

The system of machines, personnel and procedures used to manage important information for a company. The part of this system which is managed using information technology is generally called the information technology (IT) system.

Insurance consultants

Trainee Private Bankers.

Interbank deposit market (e-MID)

Electronic market for trading in interbank deposits operated by the company e-MID S.p.A..

Interest rate risk

The financial risk to which a bank is exposed as a result of a fluctuation in interest rates, which can be measured in terms of potential changes in future net interest income or in the current value of shareholders' equity (seen as the difference between the current value of interest-bearing assets and interest-bearing liabilities).

Investment grade

Term used for high-quality bonds that have received a medium-to-high rating.

Liquidity

The potential of an investment to be converted into cash quickly and without hitch.

Liquidity risk

The risk of an entity encountering difficulties in obtaining the funds to meet the obligations resulting from financial instruments.

Market Capitalisation

A company's value on the stock market: the sum of the market price of its different classes of shares, multiplied by the number of shares issued.

Market making

A financial activity carried out by specialist brokers with the aim of ensuring the liquidity and depth of the market, both through their continuous presence and through their function as a competitive guide for determining prices.

Market risk

The risk of losses on balance-sheet and off-balance-sheet positions that could result from unfavourable fluctuations in market prices. The variables that constitute the different types of risks forming market risk are: interest rates (interest rate risk), market prices (price risk) and exchange rates (exchange rate risk).

Mutual funds

Independent assets in the form of a diversified portfolio of financial assets divided up into units belonging to a large number of holders and managed by a special management company.

NAV (Net Asset Value)

The value of net assets. This is the book value plus the fair value of the assets so that a current valuation can be obtained.

Net inflows

Total subscriptions minus disinvestments.

Non-performing loan

Loan to a party that is insolvent or in a substantially equivalent situation.

Official reserves

The official reserves held by central banks consist of universally-accepted means of payment, mainly dollars and gold, on which they can draw to finance the import of essential goods in the event of a crisis or to intervene on the foreign exchange market to support their own currency.

Operational risk

The risk of loss arising from inadequate or dysfunctional internal processes, human resources or systems, or from external events. This definition includes legal risk.

Option

The entitlement but not the obligation to buy (call option) or sell (put option) a financial instrument at a predetermined price by or on a given future date.

OTC (over the counter)

Transactions entered into directly by the parties without using a regulated market.

Overdue loan

Loans to parties who have loans that are overdue/past due by more than 180 days at period end.

Par value

The face value of a security that an issuer undertakes to repay, used for calculating coupon values.

Patti chiari

A project formed by a consortium of Italian banks to offer certified, simple, modern tools that enable customers to make a better choice of financial products by ensuring clarity, ease of understanding and ease of comparison.

Pension funds

Bodies/management companies (in certain cases with the status of a legal entity) which pay out supplementary pension benefits.

Performing loan

Loans to parties that did not present any specific insolvency risks at period end.

Price risk

The risk that the fair value or future financial flows of a financial instrument might fluctuate following fluctuations in market prices (other than fluctuations caused by interest rate risk or exchange-rate risk), irrespective of whether the fluctuations are caused by factors specific to the individual instrument or its issuer, or whether they are due to factors that influence every similar financial instrument traded on the market.

Private Bankers

Professionals registered in the Italian National Register of Financial Advisers, including insurance consultants.

Private banking

Financial services for private customers to provide the global management of their financial requirements.

Public Purchase Offer (PPO)

Transaction by which a substantial number of shares in a listed company is purchased in order to acquire control of said company. The Italian National Commission for Listed Companies and the Stock Exchange (CONSOB) has set the maximum ownership limit for any controlling shareholder at 30%, above which it is obligatory to launch a PPO for the remaining shares on the market.

Rating

An assessment of the quality of a company or of the debt securities it issues on the basis of the financial soundness of the company and of its prospects. This assessment is carried out by specialist agencies.

Recession

Commonly used to mean an extended decline in GDP. In economics, means negative GDP growth for at least two consecutive quarters.

Regulatory Capital

The capital of banks valid for the purposes of compliance with the supervisory regulations, made up of the total of "Core Capital" and "Supplementary Capital", minus - following specific detailed procedures - equity investments and other interests in banks and/or financial institutions.

Restructured loan

Loan in which a pool of banks (or a single-lender bank) grants a deferment of a debt and renegotiates the loan at interest rates that are below market rates.

Retail

A customer sector that principally comprises private individuals, professionals, retailers and the owners of small enterprises.

Return

The total profit on an investment expressed as a percentage of the capital invested.

Risk factors

The factors that give rise to a risk for a financial instrument or portfolio (e.g. exchange rates, interest rates etc.).

Risk Management

The acquisition, measurement, valuation and global management of the various different types of risk and their respective hedging.

ROE (Return on equity)

The ratio of consolidated net income to average shareholders' equity.

Securitisation

Sale of immovable property or other financial assets to a special purpose vehicle which converts them into bonds, with the proceeds immediately being made available to the company which sold the assets.

Segment reporting

The reporting of financial results by business segment and geographical area.

Settlement risk

The risk, arising in securities transactions, of the counterparty not fulfilling their obligation to deliver the securities or pay the amount owed after maturity.

Social Report

A Social Report is the publication a company uses to disseminate information to stakeholders on the social and environmental activities it has carried out, enabling them to evaluate their consistency and effectiveness.

Solvency ratio

Calculated as the ratio of Regulatory Capital to risk-weighted assets. Indicates the extent to which a bank's capital covers its risk-weighted assets.

Spin off

This is when part of the assets of a company are separated from it to form a new legal entity.

Stakeholder

Parties who for various reasons interact with the activities of a company, being involved in its results, influencing its performance, and evaluating its economic, social and environmental impact.

Stock exchange price

The value of a security in official trading.

Stock options

Option contracts which grant the entitlement to purchase shares in a company within a predetermined time and at a predetermined price. They are used as a form of supplementary remuneration in bonus and loyalty schemes.

Strike price

The exercise price of an option.

Structured security

A security comprising a “fixed” component which is similar to a normal bond and a “derivative” component which is similar to an option, linked to the performance of an external factor.

Subprime

A subprime mortgage is, by definition, a mortgage granted to a party who would not have been able to obtain a more favourable rate on the credit market. Subprime debtors typically have a low credit rating and credit histories of defaults, attachments, bankruptcy and late payment. Because subprime debtors are considered to be at a high risk of insolvency, subprime mortgages typically have less favourable conditions than other types of lending. These conditions include higher interest rates, fees and premiums.

Supplementary Capital

Comprises the revaluation reserves, subordinated liabilities and other positive components, minus net losses on securities and other negative components.

Technical form

Contractual procedure stipulated for a given inflow or investment ratio.

Trading book

The portion of a bank’s securities holdings that is held for trading purposes.

Unit-linked policies

Life insurance policies where the benefits are linked to the value of investment funds. A policy may provide a capital guarantee or guaranteed minimum return.

Underlying instrument

Financial instrument that determines the value of a derivative instrument or structured security.

Unemployment rate

The percentage of workers, or rather of the workforce, which is not able to find a job.

VaR

Criterion for measuring market risk which follows a probabilistic approach, quantifying the risk in relation to the maximum loss that may be expected with a certain probability, on the basis of historical price fluctuations, with respect to a single position or an entire portfolio of securities for a specific time horizon.

Volatility

Statistical indicator for measuring the price fluctuation of a financial instrument with respect to its average price in a given period. The greater the volatility of a financial instrument, the riskier it is.

Write-down

The writing down or depreciation of assets items in financial statements.

Write-back

Restoring (writing back) the value of assets items that were written down in prior financial years.

Rome, Piazzale Douhet,
Registered Office



Milan, Porta Romana,
Permanent Office



Turin, Corso Stati Uniti,
Banca Fideuram Private Bankers' Office



Turin, Corso Re Umberto,
Sanpaolo Invest Private Bankers' Office

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Graphic Design and Editing by
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English Language version by
Michael Benis BA MITI





Banca Fideuram SpA
Registered Office in Rome
Piazzale Giulio Douhet, 31 - 00143 Rome
Tel. 06 59021 - Fax 06 59022634

Permanent Secondary Office in Milan
Corso di Porta Romana, 16 - 20122 Milan
Tel. 02 85181 - Fax 02 85185235

www.fideuram.it