

2009 BANCA FIDEURAM
ANNUAL REPORT



TIME FOR VALUE

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

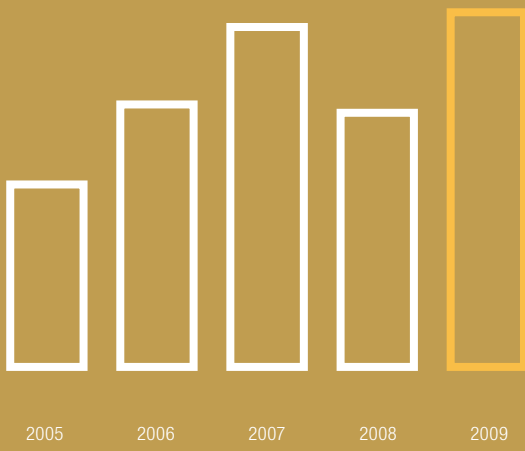
That is Banca Fideuram's Mission.

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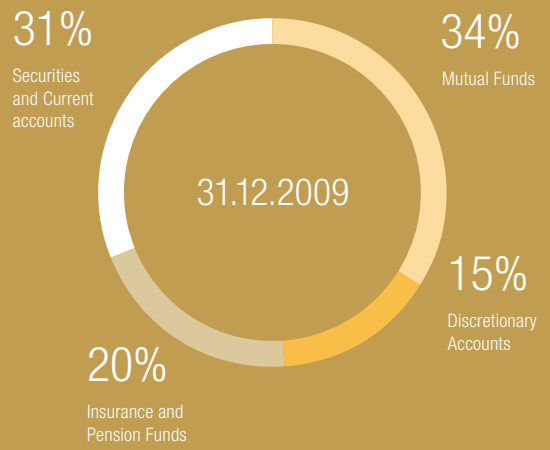
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4,292

67,801 €m



Personal Financial Advisers



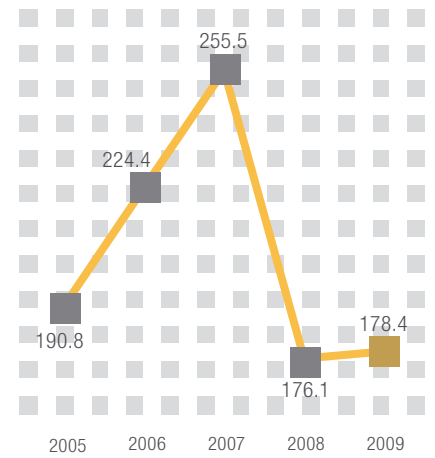
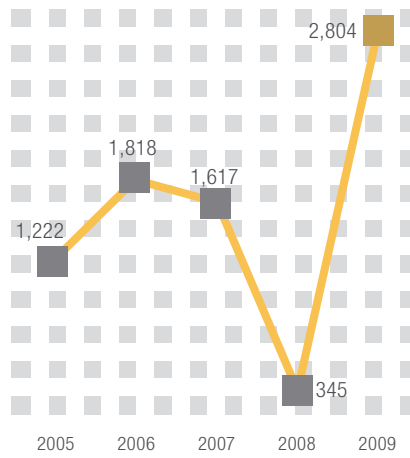
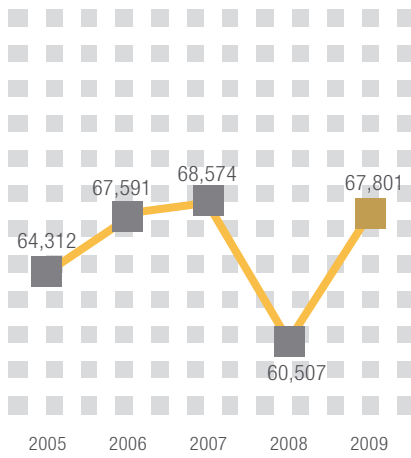
Analysis of Client Assets %

Highlights |

67,801 €m

2,804 €m

178.4 €m



Client Assets

Net inflows

Consolidated net profit

Client Assets

67,801

€m

Net commission income

441.5

€m



Personal Financial Advisers

4,292

Net inflows

2,804

€m

Highlights I

Shareholders' equity

764.3
€m

ROE

27.9%



Cost/Income Ratio

53.7%

Net profit

178.4
€m





BANCA FIDEURAM
AT A GLANCE

Key ratios

	2009	2008	2007	2006	2005
CUSTOMER FINANCIAL ASSETS					
Net inflows into managed assets (€m)	2,928	(3,850)	(892)	681	930
Total net inflows (€m)	2,804	345	1,617	1,818	1,222
Client Assets (€m)	67,801	60,507	68,574	67,591	64,312
OPERATING STRUCTURE					
Personal Financial Advisers (no.)	4,292	4,209	4,280	4,216	4,150
Employees	1,485	1,467	1,461	1,304	1,866
Personal Financial Advisers' offices (no.) (*)	384	382	351	350	348
Branches (no.)	97	97	97	94	91
CONSOLIDATED FINANCIAL RESULTS					
Consolidated net profit (€m)	178.4	176.1	255.5	224.4	190.8
Consolidated shareholders' equity (€m)	764.3	513.0	850.3	760.3	692.7
Basic consolidated net earnings per share (€)	0.182	0.180	0.231	0.232	0.198
Dividend (€)	0.104	0.098	0.210	0.209	0.170
PROFITABILITY RATIOS					
R.O.E. (%)	27.9	25.8	31.7	30.9	28.5
Cost / Income Ratio (%) (**)	53.7	52.7	47.4	49.6	47.8
Personal expenses / Operating income before net impairment (%) (**)	20.5	19.7	15.4	17.6	21.4
Net profit / Average Client Assets (%)	0.28	0.27	0.37	0.34	0.31
E.V.A. (€m)	144.8	128.9	202.0	182.2	153.9
Rating (Standard & Poor's)	Long term: A+	Short term: A-1	Outlook: Negative		

(*) Includes Offices in bank branches.

(**) Restated to take into account the changes to the reclassified income statement from 30 June 2008, so that straight comparisons can be made.

Managed assets environment

Assets (source Bank of Italy)

(€bn)

	2008	2007	2006	2005	2004
Household financial assets in Italy (HFA)	3,354	3,625	3,584	3,458	3,231
Managed assets (MA)	833	1,024	1,106	1,110	1,175
- Mutual funds	244	349	391	417	400
- Discretionary accounts	414	523	548	513	449
- Life insurance technical reserves (*)	339	362	371	355	313
- Pension funds (*)	41	39	37	35	31
- Adjustments	(205)	(249)	(241)	(210)	(18)
MS as % of HFA	25%	28%	31%	32%	36%

Flows (source Bank of Italy)

(€bn)

	2008	2007	2006	2005	2004
Household financial assets in Italy (HFA)	67	96	110	157	138
Managed assets (MA)	(75)	(137)	(9)	68	59
- Mutual funds	(80)	(51)	(39)	(4)	(15)
- Discretionary accounts	(88)	(24)	27	35	14
- Life insurance technical reserves (*)	(23)	(9)	16	42	41
- Pension funds (*)	1	4	3	4	2
- Adjustments	115	(57)	(16)	(9)	17
MS as % of HFA	n.s.	n.s.	n.s.	43%	43%

n.s.: not significant

(*) Life insurance and Pension funds of 2008 are estimated.

Board of Directors

Salvatore Maccarone	Chairman
Angelo Caloia	Deputy Chairman
Matteo Colafrancesco	Managing Director
Alessandro Barberis	Director
Caterina Bima	Director
Franca Cirri Fignagnani	Director
Oscar Giannoni	Director
Cesare Imbriani	Director
Piero Luongo	Director
Giampietro Nattino	Director
Giuseppe Russo	Director
Danilo Intreccialagli	Secretary of the Board of Directors

Internal Audit Committee

Cesare Imbriani	Chairman
Franca Cirri Fignagnani	Member
Giuseppe Russo	Member

Board of Auditors

Vincenzo Mezzacapo	Chairman
Carlo Angelini	Statutory Auditor
Lorenzo Ginisio	Statutory Auditor
Alessandro Cotto	Acting Auditor
Ruggero Ragazzoni	Acting Auditor

General Management

Matteo Colafrancesco	General Manager
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Senior Manager Responsible for the Preparation of the Company Accounts

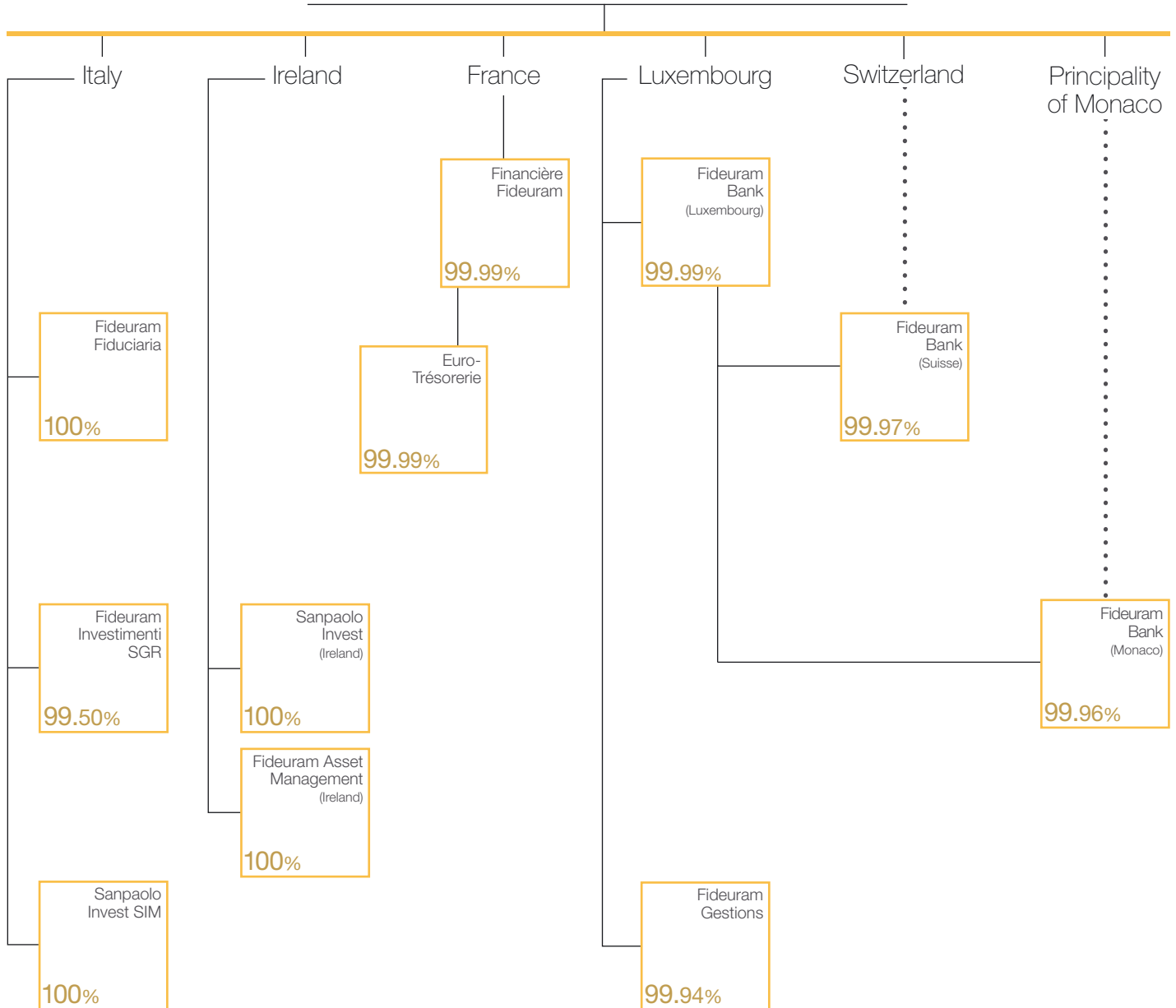
Paolo Bacciga

Independent Auditors

Reconta Ernst & Young S.p.A.



Banca FIDEURAM



Ownership:
— Direct
..... Indirect

TIME FOR VALUE

A year ago the question was if and when we would emerge from one of the most complex crises ever to have struck first the financial world and then the real economy.

Many economic pundits were forecasting scenarios of deep recession from which the world economies would only emerge after a long period of time, weakened considerably.

Our vision was rightly cautious, but we were at the same time convinced that no crisis, however severe, could have led to the deterioration of the financial system and world economies. During a time of crisis and uncertainty, the importance of our role was greater than ever - which is to maintain our customers' savings, often the fruit of years of sacrifice and careful management of their assets.

Today we can say that the "storm" has abated. Consumer confidence is rising and the growth forecasts for many countries are starting to enter positive territory, although the situation has still not stabilised completely and employment and production are under strong pressure.

What we have done

We have continued doing what we've always believed in, looking after our customers with close personal service, listening to their needs, understanding their requirements and advising them in their choices.

We have helped them overcome the fear and emotional responses that unexpected situations such as extraordinarily negative market trends can naturally cause, guiding them to make rational decisions thanks to our professional expertise. Customer relationships based on trust earned over time were once again a decisive factor.

“ We dedicated all the time our customers needed, because we value time ”

We strengthened and extended every area of our operations still further:

- In managed assets, we launched innovative products such as "formula funds", strengthened our asset management company's management team and sought out external partnerships offering special expertise.
- In non managed assets, we provided placements of short and medium-term bonds to cover customers' liquidity requirements.
- In lending we launched our first dedicated products.

Thanks to our organisational capabilities and speed of response we were able to exploit the opportunities that arose to the full. These included the "tax shield" (scudo fiscale) legislation, where we achieved exceptional results placing us amongst the top players in the market.



Our results exceeded all expectations:

- Banca Fideuram and Sanpaolo Invest achieved net inflows totalling €2.8bn.
- Client Assets increased to €67.8bn, returning to the levels at year-end 2007.
- Managed assets, our core business, accounted for almost 70% of total client assets.
- Net profit returned to growth at €178.4m, testifying to the strength of our model in even the most challenging market conditions.
- Return On Equity was 27.9% and our Consolidated Core Tier 1 Ratio was 13.1%, showing the solidity of our company.

These results were achieved thanks to the dedication of all our people - our Personal Financial Advisers, management team and staff - each of whom played their part in a team game where the winning factor is an unstinting commitment to providing our customers with the very best service.

Investing in growth and innovation

May and June in particular saw us launching our new SEI Advanced Advisory contract, a project to which we have committed the finest resources available in our Network and Headquarters, with an unprecedented investment that is already starting to pay off.

By the end of the year, almost 9,000 Banca Fideuram and Sanpaolo Invest customers had subscribed to SEI, with over €3.5bn client assets.

SEI enables us to offer customised investment solutions that are appropriate for every need and to monitor them over time.

We are once again forerunners and innovators in the Italian managed assets market, as we have always been for over 40 years. Something of which we and our customers are rightly proud.

Last year also saw us open prestigious branches dedicated to our Private Banking customers in Turin and Milan, served by professionals able to provide our Personal Financial Advisers with quality support for the advisory they provide.

We likewise developed our range of products and services with dedicated products offering greater customisation potential to every single customer.

Our Headquarters and Personal Financial Advisers benefited from the creation of a dedicated *Private Banking Service Line* that supports our Networks by developing *ad hoc* solutions, customised proposals and ancillary services especially for our Private Banking customers.

Private Banking achieved the highest segment growth, with significant increases both in the number of customers (+3,960 customers on 2008, equating to +23.2%) and in Client Assets (+€5.5bn on 2008 with total CA of €28.8bn).

Towards new horizons

The stock market is our rightful place as leaders in the Italian managed assets market, the fourth largest private bank in Italy and the sixth largest banking group for indirect inflows.

We are undisputed leaders in our sector with a market share of over 30%.

The secret to over 40 years' success lies in our determination, dedication and, above all, the passion which drives us every day. And it is indeed this which informs my firm conviction that we will achieve the ambitious goals we have set ourselves.

“Time for value”: we dedicate the time needed to create value for our customers and shareholders alike.

“We continued investing throughout 2009”

“We are ready for the challenges that the future holds in store”



Matteo Colafrancesco

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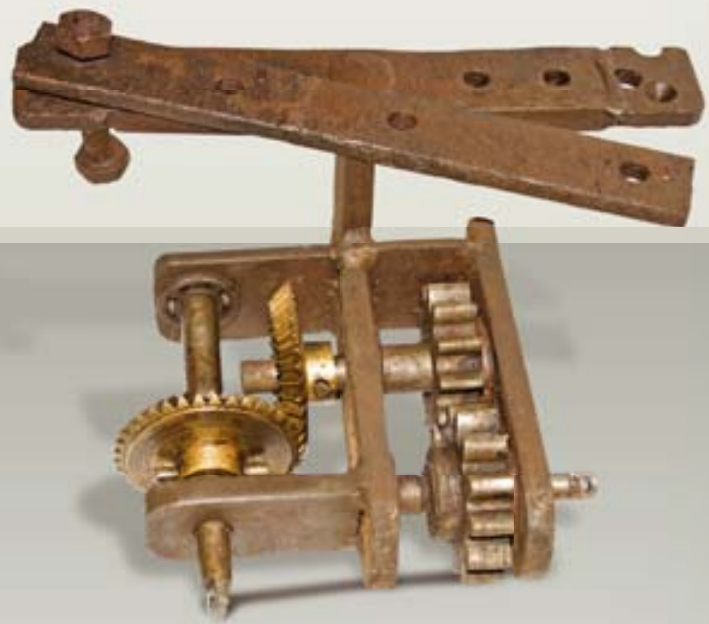
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DIRECTORS' REPORT

RECLASSIFIED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet

(Reclassified - €m)

	31.12.2009	31.12.2008	change	
			amount	%
ASSETS				
Cash and cash equivalents	77.2	29.1	48.1	+165.3
Financial assets (other than loans and financial assets held to maturity)	3,133.7	2,894.2	239.5	+8.3
Financial assets held to maturity	605.5	609.8	(4.3)	-0.7
Due from banks	3,698.9	4,462.4	(763.5)	-17.1
Loans to customers	2,014.8	1,852.2	162.6	+8.8
Hedging derivatives	0.2	-	0.2	n.s.
Investments in associates	0.2	0.1	0.1	+100.0
Property and equipment	31.5	31.8	(0.3)	-0.9
Intangible assets	27.1	26.6	0.5	+1.9
Tax assets	161.3	148.4	12.9	+8.7
Other assets	572.9	510.4	62.5	+12.2
TOTAL ASSETS	10,323.3	10,565.0	(241.7)	-2.3
LIABILITIES AND SHAREHOLDERS' EQUITY				
Due to banks	607.8	452.9	154.9	+34.2
Due to customers	7,736.6	8,262.5	(525.9)	-6.4
Debt on issue	-	202.4	(202.4)	-100.0
Financial liabilities held for trading	39.5	82.9	(43.4)	-52.4
Hedging derivatives	276.0	307.4	(31.4)	-10.2
Tax liabilities	66.3	31.0	35.3	+113.9
Other liabilities	522.1	463.8	58.3	+12.6
Provisions for risks and charges	310.5	248.9	61.6	+24.7
Minority interest	0.2	0.2	-	-
Equity holders from Parent Company	764.3	513.0	251.3	+49.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	10,323.3	10,565.0	(241.7)	-2.3

n.s.: not significant

Consolidated Income Statement

(Reclassified - €m)

	2009	2008	change	
			amount	%
Net interest income	157.6	158.2	(0.6)	-0.4
Net profit (loss) on financial assets and liabilities	15.3	(10.2)	25.5	n.s.
Net commission income	441.5	468.4	(26.9)	-5.7
OPERATING INCOME BEFORE NET IMPAIRMENT	614.4	616.4	(2.0)	-0.3
Net impairment of financial assets	(0.1)	(3.5)	3.4	-97.1
OPERATING INCOME	614.3	612.9	1.4	+0.2
Personnel expenses	(125.9)	(121.6)	(4.3)	+3.5
Other administrative expenses	(184.2)	(189.9)	5.7	-3.0
Depreciation and amortization	(17.8)	(15.6)	(2.2)	+14.1
OPERATING EXPENSES	(327.9)	(327.1)	(0.8)	+0.2
Net provisions for risks and charges	(43.1)	(45.3)	2.2	-4.9
Gain from disposal of investments	-	0.3	(0.3)	-100.0
Other income (expense)	(3.4)	4.4	(7.8)	n.s.
PROFIT BEFORE TAX	239.9	245.2	(5.3)	-2.2
Income taxes (*)	(57.7)	(56.5)	(1.2)	+2.1
Non-recurring expenses net of tax (*)	(3.7)	(12.5)	8.8	-70.4
Minority interest	(0.1)	(0.1)	-	-
NET PROFIT	178.4	176.1	2.3	+1.3

(*) 2008 restated on a like-for-like basis (see Reconciliation of reclassified income statement and consolidated income statement in the schedules).

n.s.: not significant

MAIN RESULTS AND STRATEGIES

THE ECONOMIC SCENARIO

The contraction in global economic activity in the closing months of 2008 continued into early 2009, but the containment of the financial sector crisis and strong economic policy response both on the monetary and fiscal fronts helped stabilise the economies of the advanced economies and consolidate the nascent recoveries in the emerging economies during the Spring.

In the **U.S.A.**, the contraction in GDP eased significantly in the second quarter, when there was a strong recovery in business and consumer confidence. Growth returned to positive figures in the third quarter, thanks in part to a recovery in consumer spending which benefited from incentives supporting the motor sector as part of an extensive tax stimulus package launched by the new administration at the beginning of the year. Important support also came from a recovery in the residential building sector following four years of grave crisis, and in the last part of the year growth in addition benefited from the end of the drastic stock reduction process that had impacted prior quarters. Unemployment rose to 10% towards the end of the year compared to approximately 7% at the end of 2008, while inflation fell significantly during the year and was negative between March and October. The Federal Reserve, which had cut interest rates to zero at the end of 2008, embarked on a massive programme of buying securitised mortgages and government agency debt securities, which was extended to Treasury Bonds from March.

The **Eurozone** saw a substantial decline in economic activity at the beginning of the year, which was particularly serious for countries such

as Germany and Italy, which are more dependent on exports. During the Spring, the economy stabilised and returned to growth in Germany and France. GDP growth returned to positive territory in the third quarter of the year thanks to the favourable impact of consumer spending incentives and an exports recovery which led to a strong recovery in industrial production and helped stabilise the economic recovery in the last quarter of the year. Unemployment increased in 2009, albeit not as much as in the U.S.A., with companies preferring to make sharp cuts in working hours rather than to reduce the number of employees, availing themselves of government tax incentives. Inflation fell significantly and was negative between June and October. Faced with this extremely weak economic scenario, the European Central Bank continued cutting interest rates in the first part of the year, while however deciding not to follow the policy of buying assets and government bonds adopted by the Federal Reserve and Bank of England, instead pursuing a policy centred on providing substantial liquidity to the banking system.

In **Asia** and above all China, there were already signs of recovery at the beginning of the year. The Chinese economy benefited from the substantial fiscal stimulus plan decided by the authorities last November, which led to an unprecedented increase in available liquidity and a considerable acceleration in infrastructure investments that enabled GDP to grow notwithstanding weaker exports. The Japanese economy also started climbing out of a deep recession from the second quarter thanks to a recovery in exports and the impact of the fiscal stimulus package adopted in the Spring. The crisis has however pushed the economy back into deflation, highlighting its structural weakness.

On the financial markets, the end of the most acute phase of the crisis and improved growth prospects resulted in decidedly strong risk asset performance. Following weak performance early in the year that took stock markets in the U.S.A. and Europe to new lows in March, they performed particularly strongly in subsequent months, enabling the S&P 500 in the U.S.A. to end the year up 23% and the DJ-Stoxx 600 in Europe to grow 28%. The stock markets in a large number of emerging markets performed even more strongly. Credit spreads, which had widened considerably at the peak of the crisis, subsequently narrowed considerably. Long-term interest rates rose sharply in the first half

Share markets performance



Source: Bloomberg DJ STOXX 600 S&P 500

Bond markets performance

(10-year government bond yields)



Source: Bloomberg USA Eurozone

(from 2% to approximately 4% in the U.S.A. and from 3% to 3.75% in the Eurozone for ten-year government bond yields) and then remained largely stable in the U.S.A. while falling in the Eurozone in the second half of the year. The central banks' policies contributed to this trend, with the Federal Reserve and Bank of England embarking on massive programmes to purchase debt securities, while the European Central Bank substantially increased the liquidity it pumped into the system with the introduction of 12-month auctions from the middle of the year.

OVERVIEW OF CONSOLIDATED RESULTS

The Banca Fideuram Group ended 2009 with **consolidated net profit** of €178.4m, up €2.3m (+1.3%) on 2008 (€176.1m). **R.O.E.** was 27.9% (25.8% in 2008).

Analysing the main income statement items shows that the increase in income with respect to the previous financial year was due to increased operating income (+€1.4m) together with reduced provisions (-€2.2m) and one-off costs (-€8.8m), which were only partially offset by increased operating expenses (+€0.8m) and other expense (+€7.8m).

The Group's **Cost/Income ratio** was 53.7% (52.7% in 2008).

At 31 December 2009, the **number of Personal Financial Advisers** in the Fideuram and Sanpaolo Invest Networks totalled 4,292 compared with 4,209 at 31 December 2008.

Total staff came to 1,485 employees at that date, compared with 1,467 at 31 December 2008.

Bank branches and **Personal Financial Advisers' offices** totalled 97 and 384 respectively, with Sanpaolo Invest SIM accounting for 186 of the latter.

Total customer numbers were approximately 626,000 at 31 December 2009, compared with 639,000 at 31 December 2008. Analysing this decrease by customer segment shows that it was entirely composed of marginal customers in the Mass Market segment, with all other customer segments (Private Banking and Affluent) showing growth (+14,000 on December 2008).

The number of customers subscribed to our online services came to approximately 224,000, an increase of 15,000 on 31 December 2008.

GROUP COMPETITIVE POSITION

Banca Fideuram is a leader in the development, management and distribution of financial products and services for private individuals in Italy, benefiting from over 40 years' experience in the sector. The Group's activities are focused on providing financial advisory services and the development, management and distribution of financial, insurance and banking products and services. These financial advisory services see the Group assisting its customers with the informed management of their assets, based on a detailed analysis of their real needs and risk profile. This support is provided by experienced Personal Financial Advisers in our Personal Financial Adviser Networks, enabling the Group to build and consolidate confidential relationships of trust with our customers over time.

The core strengths distinguishing the Group can be summarised as follows:

- A distinctive model centred on the professional relationships between our Personal Financial Advisers and customers ("Network Bank" model), supported by a complete offering of Group products and services, together with a network of 97 dedicated bank branches located throughout Italy which make a decisive contribution to customer loyalty.
- An integrated Group of companies inside Italy and abroad which enable us to offer an extensive spectrum of products, services and expertise. This international integration, which is based on a strategy of specialisation that allocates each company its own professional competencies, makes it possible to provide a wide range of products in order to anticipate and respond promptly to market opportunities.
- Advisory-based service model. The professional relationship between each Personal Financial Adviser and customer consists in a financial advisory service governed by a specific contract. This service is delivered in two ways:
 - Base Advisory: provided free of charge to all customers and consisting in personalised advisory regarding the customer's investments.
 - SEI Advanced Advisory: provided on the basis of a dedicated contract and subject to the payment of commission, this advanced advisory consists in identifying the customer's individual requirements classified by "area of need", in analysing their overall position and risk/return profile, identifying the investment strategies and solutions for each individual area of need and monitoring them over time.
- Customer segmentation with a focus on Private Banking. Sharp focus on high-end customers (over 40% of CA regard Private Banking customers, a figure that is continually growing¹), a segment with high growth prospects in the Italian Market. A dedicated service model using ad hoc organisational management ("Private Banking Service Line") and dedicated products and services.

1. Private Banking customers: customers with financial client assets of over €500,000.

- An open architecture model that offers third-party products alongside and to complement our Group products, satisfying even the most sophisticated needs through partnerships with leading third-party fund houses.
- Two well-known brands, Banca Fideuram and Sanpaolo Invest, with consolidated reputations of longstanding on the Italian market both with our customers and Personal Financial Advisers.
- High profitability (the highest R.O.E. on the market) leveraging the economies of scale of having the highest average client assets per Personal Financial Adviser in Italy (over €15m per Personal Financial Adviser, which is more than double the market average) and the economies of scope resulting from a consolidated market presence based on over 40 years of experience in the sector.

The Group has a leading position for client assets in its reference market (Asset Gathering) with a 29.5% market share at 31 December 2009 (€68bn). In addition, the Group was ranked first in Italy in 2009 for managed net inflows (€2.9bn, Source: Assoreti) and second for Total Net Inflows (€2.8bn, Source: Assoreti). The table below shows the distribution of CA in 2009.

Distribution of CA by main Personal Financial Advisers Networks in 2009

(€bn)

Company	CA	% of total CA
Banca Fideuram Group	67.7	29.5%
Banca Mediolanum	32.8	14.3%
Finecobank	26.9	11.7%
Allianz Bank Financial Advisors	22.5	9.8%
Banca Generali Group	22.2	9.7%
Azimut	14.9	6.5%
Finanza & Futuro Banca	8.1	3.5%
Others	34.7	15.0%
Total	229.8	100.0%

Source: Assoreti

Banca Fideuram is one of the top banks for client assets in the Italian private banking market, with a 6% market share at 30 June 2009.

Banca Fideuram is in third place in the Italian asset management market, with a total of €33bn under management in Group mutual funds and an 8% market share at 31 December 2009.

Asset Management Market in 2009

(€bn)

Company	Client Assets in mutual funds	% of total Client Assets in mutual funds
Eurizon Capital	80.3	18.4%
Pioneer Investments - Unicredit Group	67.3	15.5%
Banca Fideuram	33.3	7.6%
UBI Banca Group	21.2	4.9%
Bipiemme Group	18.1	4.2%
Arca	17.7	4.1%
Mediolanum Group	16.4	3.8%
Prima	15.8	3.6%
BNP Paribas Group	15.1	3.5%
Azimut Group	13.5	3.1%
Others	136.6	31.3%
Total	435.3	100.0%

Source: Assogestioni

OPERATING RESULTS

ASSETS AND INFLOWS

Client assets totalled €67.8bn at 31 December 2009, up €7.3bn (+12.1%) on the figure at 31 December 2008, helped both by the assets' strong performance and net inflows of €2.8bn, acquired almost entirely in the last quarter of the year, largely as an effect of article 13-bis of Italian Decree Law No. 78/2009 (also known as the "scudo fiscale ter" or "third tax shield"), issued to promote the regularisation and consequent repatriation of financial assets held by Italians outside Italy. The integration of the Banca CR Firenze Network in Sanpaolo Invest SIM contributed approximately €0.4bn to these positive net inflows.

Client Assets

(€m)

	31.12.2009	31.12.2008	change amount	%
Mutual funds	23,210	18,085	5,125	28.3
Discretionary accounts	10,373	9,639	734	7.6
Life insurance	13,038	12,354	684	5.5
<i>including: Eurizon Vita unit linked</i>	9,987	9,506	481	5.1
Pension funds	413	215	198	92.1
Total managed assets	47,034	40,293	6,741	16.7
Total non managed assets	20,767	20,214	553	2.7
<i>including: Securities</i>	15,478	15,774	(296)	-1.9
Total CA	67,801	60,507	7,294	12.1

Analysis of these items shows that managed assets, which achieved significant growth thanks above all to mutual funds, totalled €47bn compared with €40.3bn in the previous financial year (+16.7%). Managed assets, which accounted for 69.4% of total client assets compared with 66.6% at the end of 2008, showed a solid recovery notwithstanding the fact that the assets acquired as a consequence of the "tax shield" were still principally recorded under non-discretionary savings.

Non managed assets were also up from 31 December 2008 at €20.8bn (+2.7%).

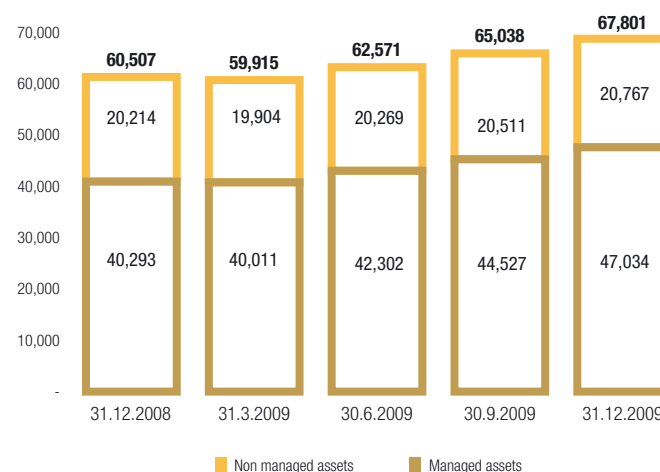
These results indicate that we are in a process which sees customers shifting their asset allocation to managed assets products in order to benefit from the opportunities offered by the recovery in the financial markets. This interpretation was supported by the fact that in December shares had risen to an average of 22.4% of client assets with recurring fees (mutual funds, discretionary accounts and unit linked policies), up from 22.2% at the end of the third quarter of the year, although still significantly below the averages of over 30% achieved in the years prior to the crisis.

At the end of December 2009, shares had risen to an average of 24.6% of client assets with recurring fees.

The graphs show the quarterly trend for client assets in relation to **type of inflow** and **sales network**.

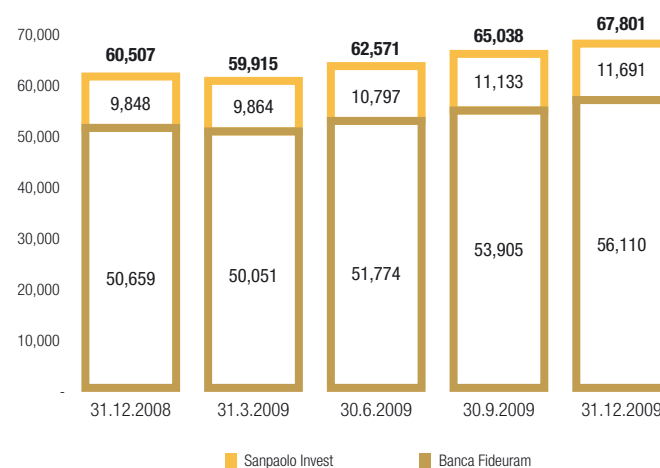
Client Assets - by type of inflows

(€m)



Client Assets - by sales network

(€m)



Total net inflows came to €2.8bn in 2009, up sharply (+€2.5bn) on the result for the previous financial year (€345m), highlighting how effectively the Group acted to attract the savings of customers who decided to avail themselves of the opportunity to repatriate their financial assets held outside Italy. Article 13-bis of Italian Decree Law No. 78/2009 offered natural persons holding financial and other assets outside Italy the option of regularising any breaches of the law without this being stated as provided for in their tax declaration, by regularising or repatriating said assets and submitting a tax declaration restricted to

financial advisers between 15 September and 15 December 2009. The Group launched appropriate organisational activities and training for its head office staff and the Personal Financial Advisers in both Networks to this end. Dedicated conferences and meetings were also organised around the country, which were attended by 1,500 professionals and customers, who thus received superior advisory and operational support. The capital repatriated or regularised totalled approximately €3.5bn and the new net inflows totalled €2.4bn (including approximately €2.1bn already recorded in the year). This result placed the Group among the very top performers of all financial institutions involved. The original deadline for the tax shield option of 15 December 2009 has been extended until 30 April 2010 and it is therefore probable that net inflows will continue to benefit from further flows of savings from outside Italy in the first part of the next financial year.

Analysis of these items shows that net inflows into managed assets totalled €2.9bn compared with an outflow of €3.9bn in the previous financial year, with strong performance in the mutual fund and discretionary accounts sector in particular. Conversely, there was a net outflow of €124m from non-discretionary savings compared with a net inflow of €4.2bn at 31 December 2008, which was impacted strongly by customers tactically shifting the allocation of their assets from managed assets products to repurchase agreements, bonds and current accounts.

Net inflows

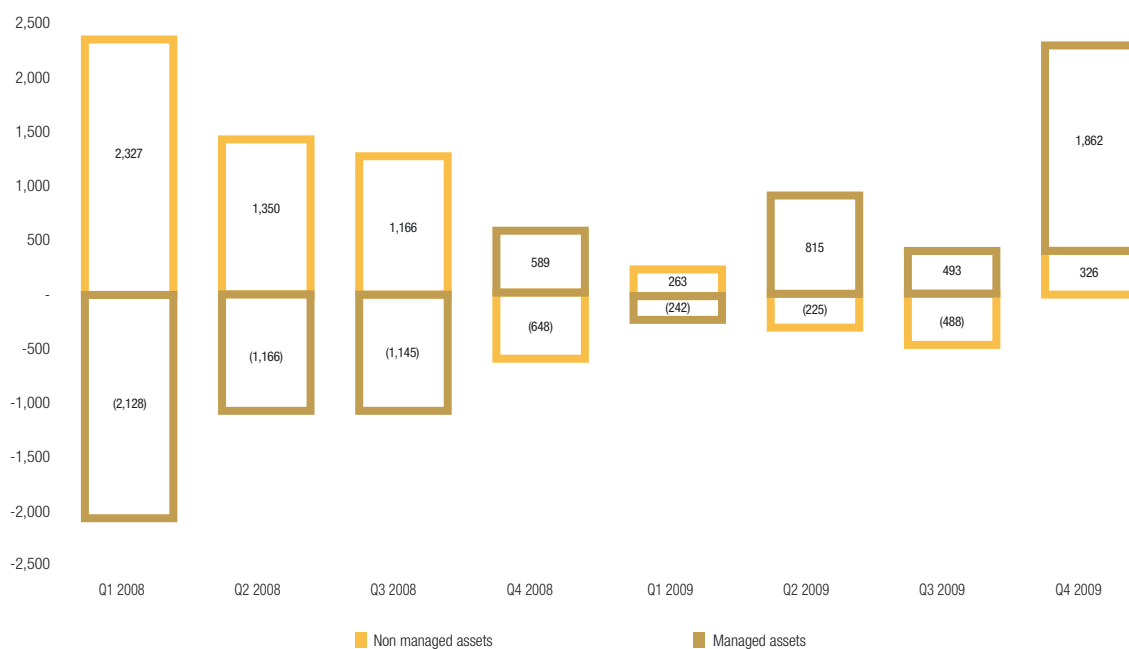
(€m)

	2009	2008	change	
			amount	%
Mutual funds	2,997	610	2,387	n.s.
Discretionary accounts	30	(3,792)	3,822	n.s.
Life insurance	(137)	(684)	547	-80.0
<i>including: Eurizon Vita unit linked</i>	<i>(416)</i>	<i>(531)</i>	<i>115</i>	<i>-21.7</i>
Pension funds	38	16	22	137.5
Total managed assets	2,928	(3,850)	6,778	n.s.
Total non managed assets	(124)	4,195	(4,319)	n.s.
<i>including: Securities</i>	<i>(1,065)</i>	<i>3,486</i>	<i>(4,551)</i>	<i>n.s.</i>
Total net inflows	2,804	345	2,459	n.s.

n.s.: not significant

Net inflows

(€m)



FINANCIAL RESULTS

ANALYSIS OF THE INCOME STATEMENT

Consolidated net profit totalled €178.4m in 2009, up €2.3m on the previous financial year (€176.1m) as follows:

(€m)	2009	2008	change amount	%
Net interest income	157.6	158.2	(0.6)	-0.4
Net profit (loss) on financial assets and liabilities	15.3	(10.2)	25.5	n.s.
Net commission income	441.5	468.4	(26.9)	-5.7
OPERATING INCOME BEFORE NET IMPAIRMENT	614.4	616.4	(2.0)	-0.3
Net impairment of financial assets	(0.1)	(3.5)	3.4	-97.1
OPERATING INCOME	614.3	612.9	1.4	0.2
Personnel expenses	(125.9)	(121.6)	(4.3)	3.5
Other administrative expenses	(184.2)	(189.9)	5.7	-3.0
Depreciation and amortization	(17.8)	(15.6)	(2.2)	14.1
OPERATING EXPENSES	(327.9)	(327.1)	(0.8)	0.2
Net provisions for risks and charges	(43.1)	(45.3)	2.2	-4.9
Gain from disposal of investments	-	0.3	(0.3)	-100.0
Other income (expense)	(3.4)	4.4	(7.8)	n.s.
PROFIT BEFORE TAX	239.9	245.2	(5.3)	-2.2
Income taxes (*)	(57.7)	(56.5)	(1.2)	2.1
Non-recurring expenses net of interest tax (*)	(3.7)	(12.5)	8.8	-70.4
Minority interest	(0.1)	(0.1)	-	-
NET PROFIT	178.4	176.1	2.3	1.3

(*) 2008 restated on a like-for-like basis (see Reconciliation of reclassified income statement and consolidated income statement in the schedules).

n.s.: not significant

Quarterly Consolidated Income Statement

(Reclassified - €m)

	2009				2008				
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1 Restated (*)	Average
Net interest income	33.0	39.2	42.1	43.3	40.8	38.0	42.7	36.7	39.6
Net profit (loss) on financial assets and liabilities	5.0	0.6	(2.1)	11.8	(18.4)	6.7	1.3	0.2	(2.6)
Net commission income	134.4	106.9	102.8	97.4	96.0	114.2	137.5	120.7	117.1
OPERATING INCOME BEFORE NET IMPAIRMENT	172.4	146.7	142.8	152.5	118.4	158.9	181.5	157.6	154.1
Net impairment of financial assets	(0.5)	0.2	(0.1)	0.3	(0.5)	(2.9)	(0.2)	0.1	(0.9)
OPERATING INCOME	171.9	146.9	142.7	152.8	117.9	156.0	181.3	157.7	153.2
Personnel expenses	(32.2)	(32.1)	(31.4)	(30.2)	(26.6)	(32.6)	(30.6)	(31.8)	(30.4)
Other administrative expenses	(46.9)	(48.0)	(44.5)	(44.8)	(49.0)	(46.3)	(46.9)	(47.7)	(47.5)
Depreciation and amortization	(4.8)	(4.4)	(4.6)	(4.0)	(4.1)	(3.9)	(3.7)	(3.9)	(3.9)
OPERATING EXPENSES	(83.9)	(84.5)	(80.5)	(79.0)	(79.7)	(82.8)	(81.2)	(83.4)	(81.8)
Net provisions for risks and charges	(13.6)	(9.7)	(9.1)	(10.7)	(15.3)	(12.0)	(10.1)	(7.9)	(11.3)
Gain from disposal of investments	-	-	-	-	-	-	-	0.3	0.1
Other income (expense)	(4.1)	(0.3)	0.6	0.4	(0.8)	2.8	(0.5)	2.9	1.1
PROFIT BEFORE TAX	70.3	52.4	53.7	63.5	22.1	64.0	89.5	69.6	61.3
Income taxes (*)	(20.6)	(10.6)	(12.4)	(14.1)	(2.4)	(17.1)	(23.0)	(14.0)	(14.1)
Non-recurring expenses net of tax (*)	(1.8)	(1.2)	(0.2)	(0.5)	(0.3)	(10.3)	(1.9)	-	(3.2)
Minority interest	(0.1)	-	-	-	(0.1)	-	-	-	-
NET PROFIT	47.8	40.6	41.1	48.9	19.3	36.6	64.6	55.6	44.0

(*) Restated to take into account the changes to the reclassified income statement so that straight comparisons can be made.

(**) Q4 2008 restated on a like-for-like basis (see Reconciliation of reclassified income statement and consolidated income statement in the schedules).

Operating income totalled €614.3m, up €1.4m (+0.2%) on the €612.9m achieved in 2008. The positive performance of this item was a result of growth in net profit on financial assets and liabilities (+€25.5m) and lower write-downs of loans (-€3.4m), partially offset by a decline in net commission income (-€26.9m).

Net interest income came to €157.6m, which was substantially the same as the total of €158.2m in 2008 (-€0.6m). Although market rates fell sharply, it was possible to maintain net interest income by adopting an asset management strategy that took the expansionary monetary policies being pursued into account. By increasing our position in fixed rate securities we were in fact able to increase the differential with respect to the cost of the inflows, which offset the contraction in loans under repurchase agreements. As a result of this strategy we were, moreover, also able to maintain high net interest income in the first three quarters and limit the impact on net interest income in the last quarter of the year notwithstanding the particularly sharp decline in market rates in the early months of 2009. Net interest income in the fourth quarter was down 15.8% on the third quarter and 19.1% on the fourth quarter of the previous year.

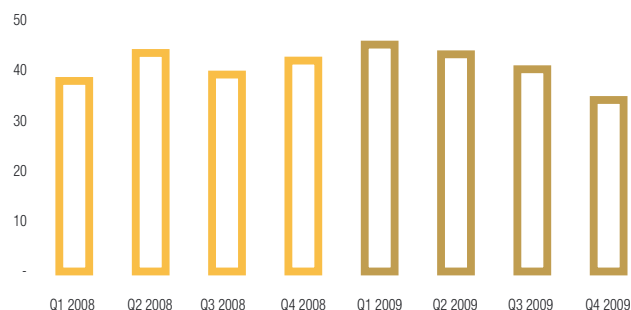
Net interest income

(€m)

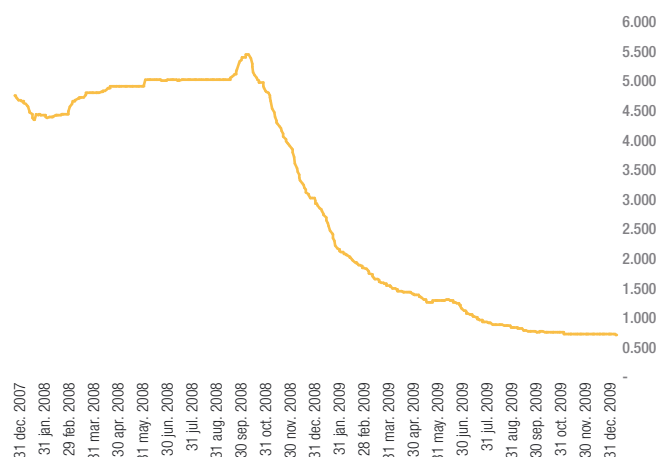
	2009	2008	change	
			amount	%
Interest expense on due to customers	(64.7)	(278.6)	213.9	-76.8
Interest expense on due to banks and on debt on issue	(9.2)	(47.3)	38.1	-80.5
Interest income on debt securities	200.4	311.9	(111.5)	-35.7
Interest income on loans to customers	71.7	166.8	(95.1)	-57.0
Interest expense on hedging derivatives	(40.9)	5.2	(46.1)	n.s.
Other net interest income	0.3	0.2	0.1	50.0
Total	157.6	158.2	(0.6)	-0.4

Quarterly net interest income

(€m)



Euribor 3 months rate (2008-2009)



Source: Bloomberg

Net profit (loss) on financial assets and liabilities

(€m)

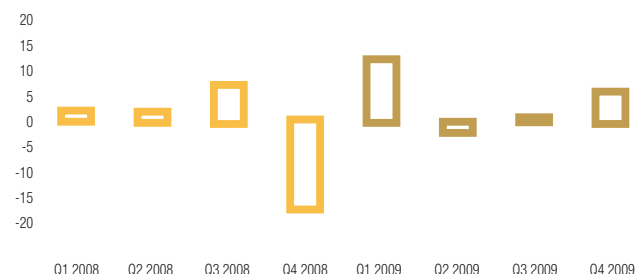
	2009	2008	change	
			amount	%
Net profit (loss) on sale of loans and financial assets available for sales	(3.1)	3.2	(6.3)	n.s.
Net profit (loss) on trading activities	17.3	(16.5)	33.8	n.s.
Net profit (loss) on hedging derivatives	1.1	3.1	(2.0)	-64,5
Total	15.3	(10.2)	25.5	n.s.

Net profit on financial assets and liabilities came to €15.3m, up €25.5m on the previous financial year mainly as a result of net profit on trading activities that included net profit of €9.8m in the first quarter of the year on the early termination of a number of derivative contracts entered into at the end of 2008 in order to increase the Group's fixed rate exposure and other income on securities. The negative figure for 2008 was on the other hand caused by the termination of certain hedging derivatives used to increase the Group's fixed rate exposure

with the prospect of a cut in market interest rates. This item was partially offset by loss on the sale of available-for-sale bonds.

Quarterly net profit (loss) on financial assets and liabilities

(€m)



Net commission income

(€m)

	2009	2008	change	
			amount	%
Commission income	844.1	892.0	(47.9)	-5.4
Commission expense	402.6	423.6	(21.0)	-5.0
Net commission income	441.5	468.4	(26.9)	-5.7

Net commission income came to €441.5m, down €26.9m (-5.7%) on the previous financial year due to a fall in the profitability of total average client assets, which declined principally as result of customers shifting their savings to bond and money market products. The decline in net commission income ended in the first quarter of 2009, after which it returned to steady growth for the remainder of the year.

Net recurring fees

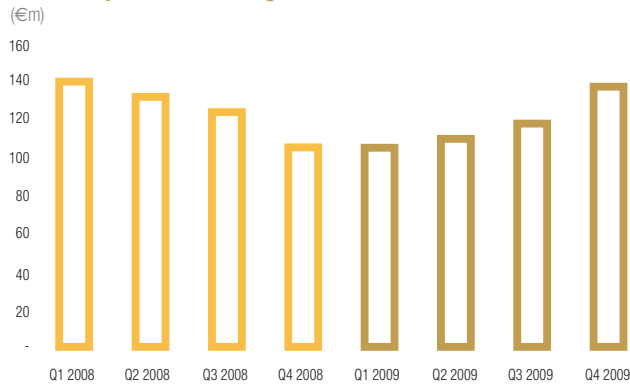
(€m)

	Q1	Q2	Q3	Q4	Total
2008	136.3	129.4	120.7	103.4	489.8
Change	(33.7)	(21.3)	(6.3)	30.8	(30.5)

Net recurring fees totalled €459.3m, down €30.5m (-6.2%) on 2008, largely as a result of a decline in average client assets with recurring fees (mutual funds, discretionary accounts and unit-linked policies), which fell from €41bn at 31 December 2008 to €39.8bn at the end of 2009 (-2.9%), and as a result of customers tactically shifting their asset allocation to lower profitability products for a good part of the year. The downward trend for net recurring fees last year reversed in the second half of the year, rising steadily to particularly strong growth in the fourth quarter (+17.3% on the third). This positive fourth quarter result, which included €5m asset management over-performance commission, was due to a steady recovery in average client assets sustained by net inflows and a positive performance effect, together with customers gradually reallocating their managed assets to products with less

conservative risk profiles to benefit from the recovery in the financial markets. The positive effects of these phenomena on commission income will emerge fully during 2010.

Quarterly net recurring fees



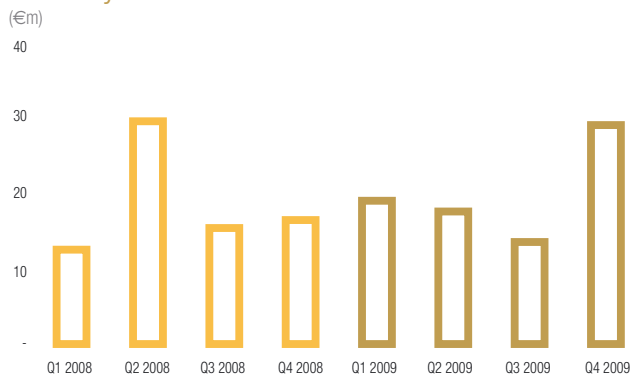
Net front-end fees

(€m)

	Q1	Q2	Q3	Q4	Total
2009	18.0	16.6	12.5	27.8	74.9
2008	11.6	28.4	14.3	15.6	69.9
Change	6.4	(11.8)	(1.8)	12.2	5.0

Net front-end fees came to €74.9m, an increase of €5m (+7.2%) on 2008 as a result of strong performance in the sale of mutual funds. Bond placements saw the Networks continuing to promote the bond loans issued by Banca IMI and Intesa Sanpaolo, with 14 placements in the year (six in the fourth quarter), acquiring €1.7bn gross inflows. Six Intesa Sanpaolo and Banca IMI bond loans were placed in 2008 for a total of €3.5bn gross inflows.

Quarterly net front-end fees



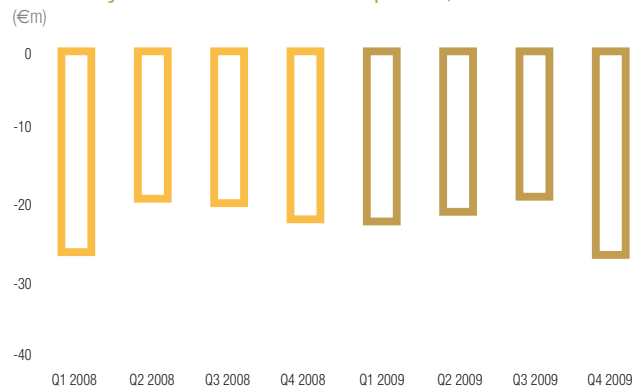
Other commission expense, net: incentives and other

(€m)

	Q1	Q2	Q3	Q4	Total
2009	(23.2)	(21.9)	(20.0)	(27.6)	(92.7)
2008	(27.2)	(20.3)	(20.8)	(23.0)	(91.3)
Change	4.0	(1.6)	0.8	(4.6)	(1.4)

Commission expense for incentives and other amounted to €92.7m, up €1.4m on the figure for 2008 (€91.3m) due to higher incentive payments to and provisions set aside for the Personal Financial Adviser Networks in the period.

Quarterly other commission expense, net



Net impairment of financial assets totalled €0.1m, a €3.4m improvement on last year, when it included a €1.3m write-down of the Group's Lehman Brothers exposure, which was classified as a non-performing loan in the third quarter of 2008.

Operating expenses

(€m)

	2009	2008	change amount	change %
Personnel expenses	125.9	121.6	4.3	3.5
Other administrative expenses	184.2	189.9	(5.7)	-3.0
Depreciation and amortization	17.8	15.6	2.2	14.1
Total	327.9	327.1	0.8	0.2

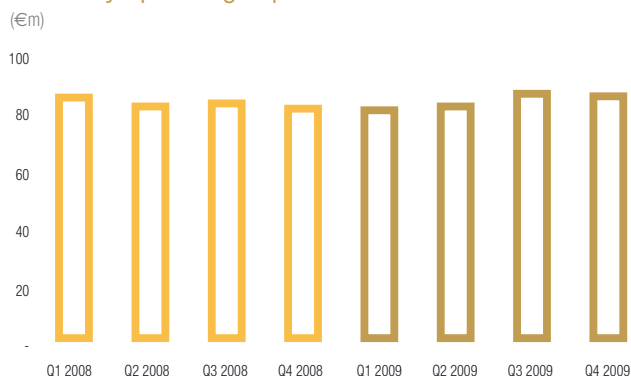
Operating expenses totalled €327.9m, up €0.8m (+0.2%) on 2008 (€327.1m).

Personnel expenses, including the costs resulting from the return of the user assistance and banking back office staff previously allocated to Intesa Sanpaolo to support the related services provided as outsourcer, totalled €125.9m, up €4.3m (+3.5%) on the figure for 2008. Comparing the figures on a like-for-like basis, which is to say net of the return of these staff, personnel expenses fell by approximately €0.6m as a result of the staff efficiency measures implemented in the previous financial year and initiatives to contain the variable components of remuneration.

Other administrative expenses totalled €184.2m, down €5.7m (-3%) on the figure for last year (€189.9m). Comparing the figures on a like-for-like basis, which is to say net of the return of these staff to the Group, other administrative expenses were down approximately €0.8m, largely due to lower professional services and advertising and marketing costs.

Depreciation and amortization totalled €17.8m, up €2.2m (+14.1%) on 2008 as a result of new software investments.

Quarterly operating expenses



Net provisions for risks and charges

(€m)

	2009	2008	change	
			amount	%
Personal Financial Advisers' termination indemnities and incentives	5.7	6.6	(0.9)	-13.6
Litigation, securities in default and claims	16.6	16.8	(0.2)	-1.2
Network Loyalty Schemes	19.6	21.9	(2.3)	-10.5
Other provisions	1.2	-	1.2	n.s.
Total	43.1	45.3	(2.2)	-4.9

Net provisions for risks and charges came to €43.1m, down €2.2m from €45.3m in the previous financial year. This included provisions of €5.7m for contractual indemnity payments due to Personal Financial Advisers (€6.6m in 2008) and provisions of €16.6m to cover litigation and claims and the risks connected with securities in default traded in prior years (€16.8m in the previous financial year). A total of €19.6m provisions were set aside for the Personal Financial Adviser Networks' Loyalty Schemes in the year compared with €21.9m in 2008 (-€2.3m). The item Other provisions regards estimated ATM fraud costs in the year.

Other income (expense) is a residual item for miscellaneous income and costs which cannot be recognised in other items of the income statement. This item was negative to the tune of €3.4m in 2009, largely as a result of compensation payments to customers. The positive figure of €4.4m in the previous year included as a major component income from the conclusion of disputes and the favourable outcome of transactions with customers.

Income taxes, for which €57.7m were set aside, were up €1.2m on the previous financial year. The tax rate was 24%, up slightly from 23% in 2008.

Non-recurring expenses net of tax totalled €3.7m, and consisted of income and expense related to extraordinary operations. The 2009 total comprised €2.1m costs incurred for the integration of the Banca CR Firenze Personal Financial Adviser Network in subsidiary Sanpaolo Invest SIM, €3.5m use of excess surplus funds and €5.1m financial effects of the provision covering the entire estimated costs of settling a tax dispute with the Italian Tax Authority regarding the Personal Financial Adviser Network Loyalty Schemes, net of the utilisation of excess surplus provisions for taxation. At 31 December 2008, this item totalled €12.5m and mainly comprised staff leaving costs and other administrative expenses connected with the 2008-2011 industrial plan.

ASSET AND LIABILITY MANAGEMENT

The main balance sheet items are analysed in the tables below, comparing the results with the corresponding figures at 31 December 2008.

(€m)	31.12.2009	31.12.2008	amount	change	%
ASSETS					
Financial assets	3,739.4	3,504.0	235.4		6.7
Due from banks	3,698.9	4,462.4	(763.5)		-17.1
Loans to customers	2,014.8	1,852.2	162.6		8.8
Investments in associates	0.2	0.1	0.1		100.0
Property, equipment and intangible assets	58.6	58.4	0.2		0.3
Other assets	811.4	687.9	123.5		18.0
TOTAL ASSETS	10,323.3	10,565.0	(241.7)		-2.3
LIABILITIES AND SHAREHOLDERS' EQUITY					
Due to banks	607.8	452.9	154.9		34.2
Due to customers	7,736.6	8,262.5	(525.9)		-6.4
Financial liabilities	315.5	592.7	(277.2)		-46.8
Other liabilities	588.4	494.8	93.6		18.9
Provisions for risks and charges	310.5	248.9	61.6		24.7
Minority interest	0.2	0.2	-		-
Equity holders from Parent Company	764.3	513.0	251.3		49.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	10,323.3	10,565.0	(241.7)		-2.3

Quarterly Consolidated Balance Sheets

(Reclassified - €m)

	31.12.2009	30.09.2009	30.06.2009	31.03.2009	31.12.2008	30.09.2008	30.06.2008	31.03.2008
ASSETS								
Financial assets	3,739.4	3,682.8	3,765.5	3,376.3	3,504.0	3,644.6	4,268.2	4,449.6
Due from banks	3,698.9	2,504.1	3,060.1	3,125.1	4,462.4	4,963.1	5,364.1	6,266.4
Loans to customers	2,014.8	1,899.4	1,894.6	1,808.4	1,852.2	1,646.9	998.1	1,108.4
Investments in associates	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1
Property, equipment and intangible assets	58.6	56.9	59.1	60.1	58.4	56.1	56.2	60.4
Other assets	811.4	653.0	665.5	824.2	687.9	734.1	793.0	795.5
TOTAL ASSETS	10,323.3	8,796.4	9,445.0	9,194.2	10,565.0	11,044.9	11,479.7	12,680.4
LIABILITIES AND SHAREHOLDERS' EQUITY								
Due to banks	607.8	268.0	409.1	363.0	452.9	536.8	596.9	911.5
Due to customers	7,736.6	6,483.0	6,812.5	6,879.7	8,262.5	8,350.9	8,696.9	9,422.2
Financial liabilities	315.5	509.6	847.6	561.8	592.7	515.7	439.9	543.1
Other liabilities	588.4	557.6	549.3	606.0	494.8	752.9	842.3	731.7
Provisions for risks and charges	310.5	286.9	269.9	256.8	248.9	231.5	212.5	224.6
Minority interest	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Equity holders from Parent Company	764.3	691.1	556.4	526.7	513.0	656.9	691.0	847.1
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	10,323.3	8,796.4	9,445.0	9,194.2	10,565.0	11,044.9	11,479.7	12,680.4

Group financial assets held for treasury and investment purposes totalled €3.7bn, up €235.4m on the figure at the end of 2008 (+6.7%).

Financial assets

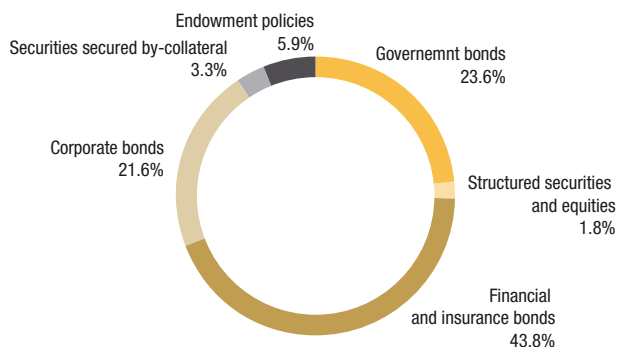
(€m)

	31.12.2009	31.12.2008	change	
			amount	%
Financial assets held for trading	56.7	96.7	(40.0)	-41.4
Financial assets designated at fair value	218.7	184.0	34.7	18.9
Financial assets available for sale	2,858.3	2,613.5	244.8	9.4
Financial assets held to maturity	605.5	609.8	(4.3)	-0.7
Hedging derivatives	0.2	-	0.2	n.s.
Total	3,739.4	3,504.0	235.4	6.7

n.s.: not significant

The increase was mainly due to fair value gains on financial assets available-for-sale (+€244.8m), which were only partially reduced by a fall in financial assets held for trading, which were down €40m on 2008 due to sales of securities and fair value losses on derivatives. It should be noted that the Group portfolio has no exposure to the American subprime mortgage market and likewise has no exposure to any vehicle companies not included in the consolidation.

Financial assets at 31 December 2009



Financial liabilities

(€m)

	31.12.2009	31.12.2008	change	
			amount	%
Debt on issue	-	202.4	(202.4)	-100.0
Financial liabilities held for trading	39.5	82.9	(43.4)	-52.4
Hedging derivatives	276.0	307.4	(31.4)	-10.2
Total	315.5	592.7	(277.2)	-46.8

Financial liabilities, which consisted entirely of derivatives at year-end, totalled €315.5m, €277.2m less (-46.8%) than the figure at 31 December 2008 as the result of a bond loan that matured in the year and fair value gains on the derivative contracts in the portfolio.

Due from banks

(€m)

	31.12.2009	31.12.2008	change	
			amount	%
Due from Central Banks	456.7	79.2	377.5	n.s.
Current accounts and demand deposits	496.3	400.4	95.9	24.0
Term deposits	1,690.4	1,965.0	(274,6)	-14.0
Debt securities	1,055.5	2,017.8	(962,3)	-47.7
Total	3,698.9	4,462.4	(763,5)	-17.1

Due from banks came to €3.7bn, down €0.8bn (-17.1%) from the figure at the end of 2008 as a result of a decline in lending on the interbank market and a fall in debt securities, reflecting a decrease in customer deposits (-€0.5bn) which led to reduced treasury activities.

Due to banks

(€m)

	31.12.2009	31.12.2008	change	
			amount	%
Current accounts and demand deposits	560.7	364.1	196.6	54.0
Term deposits	47.1	42.9	4.2	9.8
Repurchase agreements	-	45.9	(45.9)	-100.0
Total	607.8	452.9	154.9	34.2

Due to banks totalled €607.8m, up €154.9m (+34.2%) on the 2008 financial year due to increased inflows into current accounts and term deposits.

The Group continued to be a net lender on the interbank market, with net interbank deposits of €3.1bn at 31 December 2009 (€3.7bn deposits and €0.6m liabilities), down 22.9% from €4bn at 31 December 2008 (€4.5bn deposits and €0.5bn liabilities).

Loans to customers

(€m)

	31.12.2009	31.12.2008	change	
			amount	%
Current accounts	793.2	727.5	65.7	9.0
Repurchase agreements	109.4	-	109.4	n.s.
Loans	71.5	61.9	9.6	15.5
Other	110.7	62.5	48.2	77.1
Debt securities	923.4	995.5	(72.1)	-7.2
Impaired assets	6.6	4.8	1.8	37.5
Total	2,014.8	1,852.2	162.6	8.8

Loans to customers came to €2bn, up €162.6m on 31 December 2008 (+8.8%) due mainly to increased overdrafts and reverse repurchase agreements with institutional customers, which were only partially offset by reduced debt securities.

Net problem loans, including loans receivable/overdue by more than 180 days, totalled €6.6m at the end of December 2009, up €1.8m (+37.5%) on 31 December 2008, as follows:

- Non-performing loans came to €2.7m, down 6.9% from €2.9m at 31.12.2008. The ratio of non-performing loans to loans to customers was 0.1%.
- Doubtful loans amounted to €3.1m, up from €0.8m at 31.12.2008 largely as result of “objective” doubtful loans (loans overdue by more than 270 days) regarding low-risk clients rather than positions with temporary financial difficulties.
- Loans receivable/overdue by more than 180 days totalled €0.8m, down from €1.1m at 31 December 2008 (-27.3%).

Due to customers

(€m)

	31.12.2009	31.12.2008	change	
			amount	%
Current accounts and demand deposits	7,338.7	5,916.4	1,422.3	24.0
Term deposits	84.4	276.1	(191.7)	-69.4
Repurchase agreements	313.5	2,070.0	(1,756.5)	-84.9
Total	7,736.6	8,262.5	(525.9)	-6.4

Due to customers came to €7.7bn, down €0.5bn from the figure at 31 December 2008 (-6.4%) due to a decrease in direct inflows into repurchase agreements and term deposits in the year, which were only partially offset by increased current account deposits. The decrease in direct inflows was linked to customers subscribing to a large sum of bonds issued by Banca IMI and Intesa Sanpaolo, recorded under indirect inflows.

The provisions for risks and charges at 31 December 2009 were up €61.6m (+24.7%) on the corresponding figure at the end of 2008, principally as a result of provisions for the Personal Financial Adviser Networks’ contractual indemnity payments and Loyalty Schemes as well as provisions for litigation, as shown below.

Provisions for risks and charges

(€m)

	31.12.2009	31.12.2008	change	
			amount	%
Litigation, securities in default and claims	109.7	86.6	23.1	26.7
Provision for restructuring plan and other	15.6	21.5	(5.9)	-27.4
Personal Financial Advisers’ termination indemnities and incentives	56.4	51.2	5.2	10.2
Network Loyalty Schemes	128.8	89.6	39.2	43.8
Total	310.5	248.9	61.6	24.7

The provisions for the Personal Financial Adviser Network Loyalty Schemes (€128.8m) were up €39.2m on the previous financial year and included gains of approximately €21.5m on the insurance policies taken out under the Schemes.

The provisions for litigation, securities in default and claims totalled €109.7m at 31 December 2009, up €23.1m (+26.7%) on the figure at 31 December 2008. This was principally due to a specific provision regarding the estimated costs that the Group could incur to settle the dispute with the Italian Inland Revenue regarding the tax deductibility of the Personal Financial Adviser Networks’ Loyalty Schemes, referred to in the section of the income statement regarding non-recurring expenses and commented on in greater detail in the notes to the financial statements.

SHAREHOLDERS' EQUITY

Group shareholders' equity including net profit for the year totalled €764.3m at 31 December 2009, having changed as follows:

Changes in Group Shareholder's Equity

(€m)

	2009	2008
Opening shareholders' equity	513.0	850.3
Dividends distribution	(96.1)	(205.9)
Change in financial assets available for sale	160.2	(305.0)
Change in stock option reserve	-	(2.8)
Integration of CRF	(6.6)	-
Transfer of depositary bank business	16.5	-
Exchange rates differences and others	(1.1)	0.3
Net profit	178.4	176.1
Closing shareholders' equity	764.3	513.0

The €160.2m increase in financial assets available for sale was principally due to a decrease in the negative reserve generated by fair value increases in securities holdings during the year.

The negative reserve for financial assets available for sale totalled €169.9m at the end of December and amongst other items included:

- €9.5m regarding losses on securities that were reclassified as financial assets held to maturity during the first quarter of 2008.
- €38.9m regarding losses on securities that were reclassified as Loans & Receivables in the third quarter of 2008 following the Group's decision to avail itself of the option provided for by the amendment to IAS 39 in the Annex to Regulation No. 1004/2008 issued by the European Commission on 15 October 2008.

These reserves are being amortised to profit or loss over the residual life of the respective securities in accordance with IAS 39 paragraph 54.

The €6.6m decrease regarded the net amounts paid for the acquisition of the Banca CR Firenze Personal Financial Adviser Network in the second quarter of the year. In accordance with the Group policy regarding business combinations under common control, which provides for the continuous recognition of such transactions in the accounts, the difference between the amounts paid to Banca CR Firenze (economic value determined by an independent expert) and the net book values of the assets transferred was recognised, being deducted from the reserves after tax.

The €16.5m increase was due to the amounts received for the transfer of Banca Fideuram's depositary bank business to Intesa Sanpaolo Servizi Transazionali S.p.A., a company which is wholly owned by Intesa Sanpaolo. As a business combination transaction, the difference between the amounts received and the net book values of the assets transferred was likewise recognised, being added to the reserves after tax.

The Group did not hold any treasury shares at 31 December 2009. Neither Banca Fideuram nor any of the other companies included in the consolidation bought shares in the bank or its parent company Intesa Sanpaolo during 2009, either directly or through trust companies or third parties.

Reconciliation of parent company and Group shareholders' equity and net profit

(€m)

	31.12.2009	
	Shareholders' equity	including: Net profit
Parent company shareholders' equity	694.2	128.0
Net profit of subsidiaries consolidated line-by-line	138.4	138.4
Change in consolidation reserve	(2.4)	-
Dividend income from Group companies	-	(154.5)
Write-back of intra-group goodwill	(8.8)	-
Write-back of intercompany securities sales	71.8	67.4
Valuation of subsidiaries' available-for-sale financial assets	(128.7)	-
Other differences	(0.2)	(0.9)
Group shareholders' equity	764.3	178.4

Committed to providing comprehensive information, the Group voluntarily calculates its consolidated regulatory and total capital requirements. At 31 December 2009, our Tier 1 Ratio was 13.1% and our Total Capital Ratio 13.6%.

SEGMENT REPORTING

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

The table below shows the Group's financial results, transaction data and key indicators by Business Segment. These Segments are analysed using data that show their contribution to Group income after consolidation adjustments.

Business segmentation at 31 december 2009

(€m)

	Managed Financial assets	Life Insurance assets	Banking services and other	Total for Banca Fideuram Group
Net interest income	-	-	157.6	157.6
Net profit (loss) on financial assets and liabilities	-	-	15.3	15.3
Net commission income	278.3	125.6	37.6	441.5
Operating income before net impairment	278.3	125.6	210.5	614.4
Operating expenses	(172.1)	(29.4)	(126.4)	(327.9)
Other	(29.3)	(13.2)	(4.1)	(46.6)
Profit before tax	76.9	83.0	80.0	239.9
Average Client Assets	29,957	12,868	20,358	63,183
Client Assets	33,583	13,451	20,767	67,801
Key ratios				
Cost / Income Ratio	62.0%	23.6%	60.1%	53.7%
Profit before tax / Average Client Assets	0.3%	0.6%	0.4%	0.4%
Net commission income / Average Client Assets	0.9%	1.0%	0.2%	0.7%

Managed Financial Assets Segment

The Managed Financial Assets Segment covers the Group's discretionary accounts and mutual fund business, which totalled €33.6bn at 31 December 2009 (49.5% of total client assets). In 2009, this segment generated €278.3m net commission income and contributed €76.9m to income from current operations. The ratio of net commission income to client assets (CA) was 0.9%, while the ratio of gross income to CA was 0.3%.

Managed Financial Assets

(€m)

	31.12.2009	31.12.2008	% change
Net interest income	-	-	-
Net profit (loss) on financial assets and liabilities	-	-	-
Net commission income	278.3	307.6	-9.5
Operating income before net impairment	278.3	307.6	-9.5
Operating expenses	(172.1)	(165.9)	3.7
Other	(29.3)	(26.9)	8.9
Profit before tax	76.9	114.8	-33.0
Average Client Assets	29,957	30,471	-1.7
Client Assets	33,583	27,724	21.1
Key ratios			
Cost / Income Ratio	62.0%	53.4%	
Profit before tax / Average Client Assets	0.3%	0.4%	
Net commission income / Average Client Assets	0.9%	1.0%	

Life Insurance Assets Segment

This segment covers the Group's life insurance and pension fund business, which totalled €13.4bn at 31 December 2009 (19.8% of total client assets). The net fee and commission income generated by this segment came to €125.6m and contributed €83.0m to income from current operations. The ratio of net commission income to client assets (CA) was 1%, while the ratio of gross income to CA was 0.6%.

Life Insurance Assets

(€m)

	31.12.2009	31.12.2008	% change
Net interest income	-	-	-
Net profit (loss) on financial assets and liabilities	-	-	-
Net commission income	125.6	130.9	-4.0
Operating income before net impairment	125.6	130.9	-4.0
Operating expenses	(29.4)	(32.0)	-8.1
Other	(13.2)	(11.4)	15.8
Profit before tax	83.0	87.5	-5.1
Average Client Assets	12,868	13,509	-4.7
Client Assets	13,451	12,569	7.0
Key ratios			
Cost / Income Ratio	23.6%	24.2%	
Profit before tax / Average Client Assets	0.6%	0.6%	
Net commission income / Average Client Assets	1.0%	1.0%	

Banking Services and Other Segment

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

This segment includes non managed assets, mainly comprised of securities and current accounts, which totalled €20.8bn at 31 December 2009 (30.7% of total client assets).

The contribution of this segment to profit before tax was €80.0m.

Banking Services and other

(€m)

	31.12.2009	31.12.2008	% change
Net interest income	157.6	158.2	-0.4
Net profit (loss) on financial assets and liabilities	15.3	(10.2)	n.s.
Net commission income	37.6	29.9	25.8
Operating income before net impairment	210.5	177.9	18.3
Operating expenses	(126.4)	(129.2)	-2.2
Other	(4.1)	(5.8)	-29.3
Profit before tax	80.0	42.9	86.5
Average Client Assets	20,358	20,346	0.1
Client Assets	20,767	20,214	2.7
Key ratios			
Cost / Income Ratio	60.1%	72.5%	
Profit before tax / Average Client Assets	0.4%	0.2%	
Net commission income / Average Client Assets	0.2%	0.1%	

n.s.: not significant

OPERATIONS OUTSIDE ITALY

Asset Management

The Banca Fideuram Group's core asset management activities have been conducted in Luxembourg for over 40 years and have also been developed in Ireland in recent years. At 31 December 2009, 259 personnel were deployed in the companies providing asset management activities in the Group, almost two thirds of whom were employed outside Italy.

Fideuram Bank (Luxembourg)'s business is the custody of assets and settlement of transactions for institutional customers, provided through a select international network of approximately 40 corresponding banks. The bank is in particular responsible for managing the Banca Fideuram Group's Luxembourg and Irish funds, for which it in addition acts as securities lending agent. The bank also provides important technological and organisational support for its affiliated companies outside Luxembourg in the form of information technology, administrative and back-office services. The funds managed by Fideuram Bank (Luxembourg) totalled €30.1bn at 31 December 2009.

Fideuram Gestions is the manager of the Luxembourg mutual funds marketed by Banca Fideuram and Sanpaolo Invest (Fonditalia, Interfund SICAV, Fideuram Fund and Fideuram Multimanager Fund). 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. The client assets in the 110 funds concerned totalled €28.9bn at 31 December 2009.

Sanpaolo Invest (Ireland) is the manager of the Irish UCITS III "harmonised" mutual fund distributed under the Ailis Funds name (formerly Sanpaolo Invest Funds) by Sanpaolo Invest SIM and, since the second half of 2009, by Banca Fideuram as well. During the year the company also launched three new funds under the Ailis umbrella and marketed them successfully to customers, while simultaneously launching a project for rationalising the number of other funds by modifying their investment objectives and merging several of them in a process that will be completed during the first half of 2010. The client assets by the company came to approximately €1.2bn at 31 December 2009.

During the year Fideuram Asset Management (Ireland) advanced the quality and efficiency of the operating and management processes related to its role as delegated manager of the collective savings products marketed by the companies in the Banca Fideuram Group (Luxembourg, Irish and Italian collective investment undertakings) and the insurance companies in the Intesa Sanpaolo Group (Irish insurance portfolios and Italian pension fund).

Client assets increased significantly (from €27.2bn at the beginning of the year to approximately €34.5bn at 31.12.2009) as a result both of the acquisition of a management mandate for certain Banca Fideuram Group Italian mutual funds at the end of 2009 (€2.7bn) and their successful distribution coupled with strong management performance. Lastly, the introduction of advanced IT systems for investment risk management and control was completed in 2009.

Private Banking

Swiss subsidiary Fideuram Bank (Suisse) was impacted in the final months of 2009 by the effects of article 13-bis of Italian Decree Law No. 78/2009, issued to promote the regularisation and consequent repatriation of Italian citizens' financial assets held outside Italy (also known as the "third tax shield" or "Scudo Fiscale ter"). The number of Italian customers availing themselves of the tax concessions provided for by this legislation caused a fall in client assets, which declined from €1.3bn at the beginning of the year to €0.8bn at 31.12.2009. Notwithstanding this decline in client assets, profitability continued to be positive.

Fideuram Bank (Monaco), our subsidiary in the Principality of Monaco, launched its banking business on 1 December 2008 and ended 2009 with €12.5m client assets.

Treasury

Part of the Group's treasury and finance activities are conducted in France. These activities are carried out by subsidiary Euro-Trésorerie, which had securities holdings of approximately €1.4bn at the end of 2009 (€2bn at 31 December 2008). The implementation of the portfolio restructuring plan formulated in late 2008 involved the arm's-length sale of approximately €0.5bn securities to Banca Fideuram.

The Banca Fideuram Board of Directors' meeting of 12 May 2009 authorised the subscription under arms-length conditions of sixteen fixed-rate bonds issued by Euro-Trésorerie with a total nominal value of €414m and maturities between June 2010 and November 2014. These bonds will be used to ensure an appropriate balance is maintained between the maturity structures of assets and liabilities, as provided for in the plan.

HUMAN RESOURCES, PRODUCTS AND SERVICES

HUMAN RESOURCES

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

Personal Financial Advisers

The Group's distribution structure (Fideuram and Sanpaolo Invest Networks) totalled 4,292 Personal Financial Advisers at 31 December 2009 compared with 4,209 at 31 December 2008, as shown below.

Banca Fideuram Personal Financial Advisers

	Beginning of period	in	out	net	End of period
1.1.2009 - 31.12.2009	3,103	131	146	(15)	3,088
1.1.2008 - 31.12.2008	3,168	111	176	(65)	3,103

Sanpaolo Invest Personal Financial Advisers

	Beginning of period	in	out	net	End of period
1.1.2009 - 31.12.2009	1,106	214	116	98	1,204
1.1.2008 - 31.12.2008	1,112	85	91	(6)	1,106

Our recruitment programme brought in 345 new professionals in 2009 (including 116 from the Banca CR Firenze Network), compared with 196 professionals in the first half of 2008. A total of 262 Personal Financial Advisers left the Group during the year, only one third of whom, however, moved to competitor networks.

The recruitment programme was conducted with the greatest rigour and professionalism by the managements of the Group's two networks, and focused on finding Personal Financial Advisers of high standing in line with the role of market leader which has always distinguished the Banca Fideuram Group. The training and operations of these top professionals are guided by the principles of ethics and transparency which differentiate the Group and aim, amongst other things, to secure customer loyalty through the support of financial advisory that is tailored to each customer's personal investment needs and risk profile.

Employees

The Banca Fideuram Group's total employee numbers increased by 18 in the period from 1,467 at 31 December 2008 to 1,485 at 31 December 2009 (+1.2%). The total workforce including secondments to and from other companies in the Intesa Sanpaolo Group not included in the consolidation of the Banca Fideuram Group and atypical staff came to 1,490 at 31 December 2009, compared with 1,407 at the end of December 2008, an increase of 5.9%. This was primarily a result of the return to the Group of 83 staff dedicated to banking back office services (previously outsourced to Intesa Sanpaolo) and a decrease in the number of secondments from other companies in the Intesa Sanpaolo Group.

Employees

(staff)

	31.12.2009	31.12.2008
Banca Fideuram	1,135	1,116
Sanpaolo Invest SIM	48	52
Financière Fideruam	2	2
Euro-Trésorerie	4	4
Private Banking	37	37
Fideuram Bank (Suisse)	26	27
Fideuram Fiduciaria	6	5
Fideuram Bank (Monaco) S.A.M.	5	5
Asset Management	259	256
Fideuram Asset Management (Ireland)	55	53
Fideuram Bank (Luxembourg)	81	81
Fideuram Investimenti S.G.R.	99	99
Fideuram Gestions	24	23
Total	1,485	1,467

PRODUCTS AND RESEARCH AND DEVELOPMENT ACTIVITIES

Group product development in 2009 was directed towards achieving our strategic objectives with respect to Advisory and strengthening our Private Banking business, while also devoting special attention to investment solutions designed to support the gradual reallocation of client assets to the managed assets segment and, where the latter is concerned, on products with an attractive risk/return profile for customers.

The principal **managed assets** initiatives regarded the introduction of ancillary services for our existing range of mutual funds and the development of new investment offerings.

Where the Group's own funds were concerned, the ancillary services introduced were conversion plans for Fonditalia, offered in addition to the existing accumulation plans to enable customers to gradually shift

their assets to higher-risk investments with the reassurance of tight risk control through a programme that specifies the frequency, duration and amount converted from any one fund to other funds.

On the new product front, the Fonditalia range of funds was extended with the introduction of Fonditalia Flexible Emerging Markets, a total return fund able to combine the best opportunities of its reference market with a moderate risk profile.

We likewise offered the first three formula funds in the Irish Ailis investment vehicle (created by renaming the Sanpaolo Invest Ireland Fund), solutions with a coupon structure and capital protection upon maturity designed to exploit the recovery in the markets:

- Ailis Coupon Plus, a six-year fund that features five fixed-rate annual coupons and a final gross coupon linked to the performance of the DJ EURO STOXX 50 index.
- Ailis Cedola Dinamica, a six-year fund that features one fixed-rate gross annual coupon and five gross annual coupons linked to the performance of the DJ EURO STOXX 50.
- Ailis Rendimento Misto, a five-year fund with predetermined half-yearly coupon payments for the first two years (four coupons) that is then linked to the performance of the Euribor in subsequent years.

The funds are converted into a conservative money market investment at the end of the investment period.

In addition, we made a number of changes revising our Fideuram Fund Luxembourg fund, converting two existing funds of limited commercial interest to benefit from new opportunities in the market:

- Fideuram Fund Commodities created to enhance our range of sector funds
- Fideuram Fund Marshall Wace TOPS, which is sub-investment management agreement to Marshall Wace, was created to provide a fund offering alternative investment strategies (long/short equity).

Enhancing our range of Third-Party Mutual Funds, we began marketing the following new funds in 2009:

- Financière de L'Echiquier (Fondo Patrimoine and Fondo Aggressor)
- BNP Paribas (Parvest SICAV)
- SGAM Fund
- Carmignac (Carmignac Portfolio SICAV, Carmignac Court Terme, Carmignac Emergents, Carmignac Investissement, Carmignac Patrimoine, Carmignac Profil Réactif 75, Carmignac Profil Réactif 50 and Carmignac Sécurité)
- BNY Mellon Global Funds
- Franklin Templeton Investment Funds
- Oyster Funds
- Giotto Lux
- DWS Invest SICAV.

The Group's **insurance assets** range benefited from changes increasing the efficiency of our Skandia external-fund unit linked policies. This saw Fideuram/Sanpaolo Invest's In Prima Persona and Fideuram/Sanpaolo Invest's In Persona move from a weekly to a daily investment plan which makes the investment timing the same as those hitherto available for *à la carte* funds only.

On the **non-managed assets** front, we completed a series of important initiatives in 2009 regarding both our range of banking services and our range of managed financial instruments.

As part of the process of improving the lending services offered to customers, we launched an important lending offering development project at the end of 2008, which generated its first results during 2009. In June, we launched the Credit Line range of Banca Fideuram unsecured lines of credit for high-profile retail customers, available

in two versions - Credit Line and Credit Line Plus - depending on the borrower's assets. In October, we launched Credit Shield, a line of credit secured by financial products subscribed using funds repatriated as a consequence of article 13-bis of Italian Decree Law No. 78/2009 ("third tax shield" or "scudo fiscale ter") or arising from the repatriation of capital. Lastly, December saw us launching the new Lombard One secured lines of credit, which offer rapid disbursement, customised conditions and greater flexibility in a range of products that can be secured.

Initiatives regarding our securities products in 2009 saw us marketing a large number of bond loans issued by the Intesa Sanpaolo Group. In addition, our range of certificates was extended with the issue of two new Banca IMI five-year certificates in October 2009:

- Euro Equity Protection CAP Certificates on the DJ EURO STOXX 50, with 100% capital protection;
- Euro Equity Protection CAP Certificates on the DJ Stoxx 600 Health Care, with 95% capital protection.

Lastly, Banca Fideuram equipped itself with dedicated instruments to support the capital repatriated as an effect of article 13-bis of Italian Decree Law. No. 78/2009:

- The Fideuram Omnia asset management service was extended with the Ego Personal Scudo line.
- A number of private insurance products were developed in conjunction with Skandia and Generali Pan Europe.
- Our banking offering was enhanced with the introduction of Fideuram Conto Scudo 2009, while our lending offering saw the launch of Credit Shield as previously announced.
- The Group's managed assets products were extended with three dedicated bond issues, two mixed-rate bonds (fixed coupon in first year and floating coupon in subsequent years) and a bond with a yield upon maturity that is linked to a basket of stock market indices (S&P 500, DJ EURO STOXX 50, Nikkei 225, FTSE MIB and MSCI Emerging Markets).

With the coming into force of the Markets in Financial Instruments Directive (MiFID) in November 2007, the Group centred its service model on advisory, providing a service for all its customers and through all its service channels that is based on customer profiling for maximum risk level and on ascertaining that there is an appropriate match between each customer's financial profile and total asset risk. The Group launched its new fee-paying customised advanced advisory service, named SEI, in mid-June 2009.

After six months, over 9,000 customers were subscribed to the service (72% Banca Fideuram and 28% Sanpaolo Invest) served by approximately 1,100 active Personal Financial Advisers.

SEI charges commission for activating the service and regular annual commission, both calculated in relation to the customer's assets managed by the Group and their potential. SEI customers receive regular clear and detailed statements which allow them to track their assets' progress towards their goals and to monitor the suitability of their asset risks with respect to their financial profile. Combining a distinctive work method, in-depth training and an innovative information technology platform, SEI enables the group to make the most of its Personal Financial Advisers' professionalism and their role as financial advisers. The "SEI method" is centred on the customer and their needs, which are segmented into six areas: protection, liquidity, reserve, pension, investment and extra-return. SEI provides our Personal Financial Advisers with important support for analysing customer needs, for identifying optimum solutions that meet them and for monitoring their progress over time, while at the same time constantly monitoring the

overall risk level of their assets in full compliance with the regulations in force introduced by the MiFID Directive. A further strength of the service is that SEI can be extended to provide a systematic analysis of all a customer's assets even if they are with other financial brokers. We plan to substantially increase the number of customers subscribed to the SEI service in 2010 and to further develop the IT platform supporting our Personal Financial Advisers in delivering the service. We shall in addition be expanding the process for assessing the appropriateness of the investments recommended as part of our core and advanced advisory services to the benefit of our customers, incorporating a set of variables that take the compatibility of each financial instrument and customer into account. The process will take the credit risk, complexity and liquidity of the financial instruments into account as well their market risk, together with the frequency of the transactions planned.

SYSTEMS AND INFORMATION MANAGEMENT

A number of organisational actions were launched at the beginning of 2009 to rationalise and strengthen the Group operating structure, bringing a number of activities that had previously been outsourced to Intesa Sanpaolo back into the Group, namely the banking Back Office and related organisational support, the management of requests by the Judicial Authorities, the management of online users and the management of archive searches.

We also continued the activity of mapping, measuring and implementing a standardised design procedure for all our corporate processes, adopting a new methodology for representing processes and using the Intesa Sanpaolo target application ARIS. This activity, which will continue in 2010, mainly involved mapping those operating processes impacted by Italian law 262/05, producing the Group's Financial Management Governance reference documents.

We updated the service contract between Intesa Sanpaolo Group Services and Banca Fideuram, and drew up new service contracts between Intesa Sanpaolo Group Services and the companies in the Banca Fideuram Group. Following the updating of the contract with Intesa Sanpaolo, Banca Fideuram also updated its service contracts with the other companies in the Group, which amongst other things led to the revision of certain operating protocols.

During 2009, Information Systems managed approximately 25 projects provided for in the Capital Budget with a total spend of approximately €16m. In addition, a structured IT demand management process was launched that aims to contain costs and improve the allocation of resources. Approximately 280 advanced maintenance interventions were carried out on our principal applications as part of this process, some 70 of which were conducted with the involvement of Intesa Sanpaolo Group Services. The operating costs managed by Information Systems during the year for application monitoring and management and user assistance totalled approximately €11m. Expenditure management was strengthened further and a specialist system was launched for the management of supplier contracts that require precise monitoring of Service Level Agreements and dedicated review activities for reducing costs, improving service and including ancillary services. Software quality improvement initiatives were also launched and

completed in the year, enabling the Group to achieve a substantial reduction in the number of tickets, particularly those regarding the SIM PB application.

The launch of our fee-paying SEI advanced financial advisory service and "Key Client" dedicated Private Banking service supported by its own application platform required us to introduce over twenty automatic checks and carry out more than thirty interventions to ensure the systems are continually aligned and provide full data consistency including with respect to historical data (not previously included in customer reporting).

The initiatives launched in 2008 were consolidated to bring forward the availability of SIM PB customer position system data and the systems it feeds (SEI and in the future Key Client) to the beginning of the day. The maintenance of this service standard is ensured through both the optimisation and monitoring of nighttime procedures, with dedicated monitoring shifts that enable any data reception problems to be solved. The daily opening hours of our IT Help Desk (User Assistance) were likewise extended by three hours with a view to improving Network service levels.

A number of different strategic projects implementing the guidelines of the 2008-2011 Industrial Plan were advanced during the year for which Organisation and Security acts as Program Management Office, taking care of monitoring activities and ensuring that planned schedules are respected, that the interventions are launched and the specified deliveries issued as agreed. The main projects concerned were as follows:

- Integration of the Banca CR Firenze Personal Financial Adviser Network: This project adapted the Fideuram and Sanpaolo Invest Networks' IT systems to sell the products of eight new third-party providers previously in the Banca CR Firenze product range and migrated the Personal Financial Advisers, customers and products included in the transfer of the company division.
- Private Banking Project: This project set up our new Private Banking Centres (the Turin and Milan Centres were opened in 2009), developing a new service model for Private Banking Customers that offers advanced products and services, and creating a dedicated unit (Private Banking Service Line). The Key Client project setting up an advanced advisory and reporting system for Private Banking customers formed part of this and was completed in January 2010, joining SIM PB (base advisory) and SEI (advanced advisory) to complete the Group's range of specialist IT tools dedicated to different advisory levels.
- SEI Project: This project saw us releasing the acquisition system for our new single advisory contract together with the related system for calculating subscription commissions and a reporting system that sends documents directly to the customer (welcome letter, diagnosis and SEI quarterly monitoring report). The work undertaken included enhancing the SEI application platform for managing advanced advisory services with functions such as extending the calculation of yields and returns, launching a guided portfolio builder, adding new alerts, the automatic population of the model pyramid and the management of Fideuram Fiduciaria customers.
- Lending Project: This project developed a new Lending offering, including new products (a prearranged unsecured line of credit and new secured loan product), a new loan process, additional forms of collateral and the introduction of remuneration for the Network.
- Depository Bank Project: This project concerned the transfer to Intesa Sanpaolo Servizi Transazionali of Banca Fideuram's Depository Bank

management activities regarding the Italian Mutual funds managed by Fideuram Investimenti and the Fideuram Pension Fund managed by Eurizon Vita.

- **New Appropriateness Model Project:** This project managed the development of the appropriateness model to ensure its compliance with the regulations in force (MiFID and higher-level implementation specifications introduced by a Level III document issued by the Italian National Commission for Listed Companies and the Stock Exchange - CONSOB) and alignment with the Intesa Sanpaolo model. The new financial appropriateness model is based on a multivariate approach for ensuring consistency between the customer profile and a series of investment portfolio indicators.
- **Money Managers Front End Project (FOX):** The migration of the Group's Irish, Luxembourg and Italian funds to the new Bloomberg POMS Front Office system was completed for our Asset Management companies in the year, substantially increasing the variety of instruments available to money managers, while simultaneously advancing process standardisation and Compliance.

We also launched a Management Dashboard ("Cruscotto Direzionale") in 2009 with the aim of providing overview information on the main financial and management indicators to support Top Management with monitoring the Group's main corporate and business phenomena.

In compliance with the Privacy Authority's requirements, the Group completed the required annual updating of the Security Programme Document drawn up in accordance with article 34 of Italian Legislative Decree 196/03 (Codice in materia di protezione dei dati personali - "Code regarding the protection of personal data").

Lastly, we updated the Group Business Continuity Plan (BCP) setting out a series of organisational and operational measures designed to help ensure business continuity in crisis situations caused by disasters that could make work premises inaccessible and essential resources unavailable.

SUPPLEMENTARY INFORMATION

INTERNAL AUDITING

Banca Fideuram has a dedicated Compliance unit which reports directly to the Corporate Risk Manager, who is also the Bank's Compliance Officer.

The Compliance Officer reports functionally to the Board of Directors and hierarchically to the Managing Director.

Compliance activities are governed by internal regulations, approved by the Bank's Board of Directors on 25 August 2009, adopting the Intesa Sanpaolo "Group Compliance Guidelines" and adapting them to the Banca Fideuram Group's corporate context and applicable regulations ("Regulations implementing Group Compliance Guidelines").

The Compliance Unit is directly responsible for performing all the tasks that current regulations require of a compliance unit with respect to the regulatory frameworks considered of greatest relevance by the Supervisory Authorities or regarding which it is nevertheless considered necessary to provide centralised compliance risk management (investment services, insurance and pensions brokerage, market abuse, conflicts of interest, personal transactions, solicitation to the public, transparency of contractual conditions, family loans, lending of money at exorbitant interest rates, improper business practices, systems of payment and the administrative responsibility of legal persons). When compliance duties are performed by other company departments and units with the necessary competencies (insider list, related parties, duties of bank group directors, competition protection regarding mergers, understandings and abuses of dominant positions, privacy, safety at work and environmental protection), the Compliance Unit's role is to provide effective guidelines and methodology rules for managing and assessing compliance risk, for coordinating compliance initiatives (including for the purpose of establishing risk priorities), for auditing their effective application by related departments and units, and for producing integrated information for the Board of Directors.

The aforementioned Regulations implementing Group Compliance Guidelines require the Compliance Unit to provide the Board of Directors with the following reports:

- An annual report identifying and assessing the main compliance risks to which the Bank is exposed and an annual programme setting out the related management interventions addressing both any shortcomings (in policies, procedures, implementation or execution) to have emerged in the course of the company's business, and the need to tackle any new compliance risks identified in the course of the annual risk assessment.
- A half-year report detailing the activities carried out, any critical situations identified and corrective actions formulated.

The Compliance Unit's activities during 2009 in accordance with current legislation and the Regulations implementing Group Compliance Guidelines aimed to:

- Identify the laws and regulations applicable to the bank and measure/ assess their impact on company processes and procedures.
- Propose organisational and procedural changes to ensure appropriate management of any compliance risks identified.
- Monitor the effectiveness of the organisational changes suggested to prevent compliance risk.
- Assess in advance the compliance of all the bank's innovative projects with applicable legislation.
- Provide ongoing advisory and support for the bank's other corporate units and management bodies in all areas where compliance risk is significant.

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

- The Networks Audit Unit, which is responsible for auditing the Personal Financial Advisers in the Fideuram and Sanpaolo Invest Networks, as well as the Group'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 Group's central departments and subsidiaries, including with respect to ICT service processes (as an outsourcer of the internal audit unit), as well as for monitoring the correct performance of internal audits.

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 activities carried out on behalf of Group Companies.

Audit activities follow an annual programme approved by a specific resolution of the Board of Directors following examination by the Internal Audit Committee. During 2009, 802 audits were carried out across all the Personal Financial Adviser operating areas of both distribution networks (601 for Banca Fideuram and 201 for Sanpaolo Invest), 256 of which (approximately 32% of the total) involved further on-the-spot investigations (186 for Banca Fideuram and 70 for Sanpaolo Invest). A total of 5,080 alerts from the Audit Information System (AIS) were noted and individually validated (3,940 for Banca Fideuram and 1,140 for Sanpaolo Invest), concerning 2,205 Personal Financial Advisers (1,616 in the Fideuram Network and 589 in the Sanpaolo Invest Network).

The Department examined 335 cases of customer complaints (272 for Banca Fideuram and 63 for Sanpaolo Invest) to investigate the work of our Personal Financial Advisers.

In accordance with the work plan presented to the Board of Directors, the Department carried out audits on the Group's central departments, main branches and peripheral branches in the period, as well as on those Group companies (both in and outside Italy) which outsource their internal audit activities to the Audit Department.

Working to help ensure full compliance with the MiFID Directive, the Audit Department provided support for the evaluation of the internal audit system and its related procedures.

The Head of the Audit Department also carried out dedicated activities as Anti-Money Laundering Officer to ensure compliance with anti-money laundering legislation, including the recently-introduced EU Third Directive.

1. The Committee of Sponsoring Organizations of the Treadway Commission is a US body dedicated to improving the quality of company information by providing guidance on ethical standards and an effective system of corporate governance and organisation. The Control Objectives for IT and related technology is a set of guidance materials developed by the IT Governance Institute, a US body that aims to develop and improve corporate standards in the IT sector.

MODEL OF FINANCIAL MANAGEMENT GOVERNANCE

Reference regulatory framework

Italian Law No. 262/2005 significantly strengthened the protection afforded savings invested in financial instruments.

Law No. 262/2005 forms part of a legislative drive that has steadily strengthened Italy's governance systems through Legislative Decree No. 231/2001, the European Financial Information Directives (Market Abuse, Financial Statements, Transparency and MiFID Directives), the Italian Stock Exchange's new Code of Self Discipline and the Bank of Italy's Regulatory Requirements regarding auditing and corporate governance.

The legal framework outlined above underwent subsequent changes as a result of Italian Legislative Decree No. 195 of 6 November 2007, implementing the EU Transparency Directive (Directive No. 2004/109/EC). Said legislative decree amongst other things extended the scope of application of article 154 bis of the Italian Finance Consolidation Act (TUF) to all "listed issuers having Italy as their member state of origin" in accordance with article 1, subparagraph 1, w-quater of the TUF, and increased the certification statements required of Senior Management and the Senior Manager Responsible for the Preparation of the Company Accounts.

Lastly, Italian Legislative Decree No. 173 of 3 November 2008 implementing EU Directive 2006/46/EC introduced a number of specific provisions regarding financial statements and corporate governance, specifically by amending a number of provisions of the Italian Civil Code, Finance Consolidation Act (TUF) and other legislative provisions regarding the financial statements of banks and insurance companies.

The main new provisions introduced by the decree concern the content of the notes to financial statements, the accounting principles used to prepare financial statements, the information on corporate governance and the extension of the independent auditors' opinion on consistency to certain information on governance.

Organisational Model

Banca Fideuram has aligned its By-Laws, appointed a Senior Manager Responsible for the Preparation of the Company Accounts and formulated dedicated guidelines and coordination rules for its Model of Financial Management Governance suitable for continuously monitoring the suitability and effective application of its administrative and accounting procedures.

Our Organisational Model was developed taking into account international frameworks such as the recommendations of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the Control Objectives for IT and related technology (COBIT)¹. The Banca Fideuram Senior Manager Responsible for the Preparation of the Company Accounts has managed the model using a dedicated unit and other competent company units and departments with specific roles in the bank's Internal Audit System.

Certification of the 2009 annual financial statements

The Banca Fideuram Senior Manager Responsible for the Preparation of the Company Accounts has managed the effective implementation of the Model of Financial Management Governance. The scope of application of said model in the Banca Fideuram Group has been specified in relation to qualitative and quantitative parameters which have made it possible

to identify the companies considered significant for the purposes of providing financial information and to identify the relevant corporate processes. The processes thus selected were assessed in relation to potential risk in order to determine the appropriate analytical level for the methods of analysis adopted. The activities performed in the 2009 financial year regarded Banca Fideuram, Fideuram Investimenti SGR, Fideuram Gestions and Euro Trésorerie.

The audits carried out regarding the 2009 financial year concerned those processes assessed as posing the greatest potential risk in the areas of financial and insurance product distribution, product sales channel management by the Personal Financial Adviser Networks, Finance, Risk Control and Planning and Monitoring, as well as various different business support processes, the processes for managing the Group's technological infrastructure and the applications for its administrative processes.

Upon completion of the activities for the 2009 financial year auditing the suitability of the administrative and accounting procedures and the effectiveness of the related controls, as well as 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.

SUBSEQUENT EVENTS AND OUTLOOK

On 23 February 2010, Intesa Sanpaolo's Board of Management and Supervisory Board decided - in accordance with their respective competencies - to embark on the process for listing Banca Fideuram and a related global sharing offering. The Banca Fideuram Board of Directors approved said course of action for the aspects under its remit on 25 February 2010.

In the recent past, despite obviously being affected by the crisis in the markets, the Bank launched and for the most part completed a series of management interventions increasing its independence in the Group and improving its prospective competitive positioning.

The status of listed company would also confer additional benefits in terms of greater visibility on the international financial markets, increased financial capital and greater decision-making autonomy and independence.

Group managed assets grew in the last quarter of the year and will already impact positively on net commission income in the first quarter of 2010.

It is also envisaged that increased profit will be generated by the systems now in place for our SEI Advanced Advisory Service and customised activities for Private Banking customers.

The main risks and uncertainties foreseeable for 2010 are entirely related to the weakness in the real economy and the tensions still present in the financial markets which it is, however, envisaged will gradually attenuate considering the positive signs that had already emerged in the second half of last year and now make it likely that net profit will be higher than in 2009.

The Board of Directors

Rome, 12 March 2010





SOCIAL RESPONSIBILITY AND
SUSTAINABLE DEVELOPMENT

REPORTING PRINCIPLES

This section 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 stakeholder valuations and decisions was examined in line with our Mission Statement.

INCLUSIVENESS

All the company units involved in the reporting process 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 presented herein refers to the companies included in the consolidation of the Banca Fideuram Group at 31 December 2009 unless stated otherwise. All figures shown refer to the period 1/1/2009 - 31/12/2009. This section also presents qualitative information on significant events in the early months of 2010.

BALANCE

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

COMPARABILITY

The figures presented herein 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 herein are the result of detailed and direct monitoring. Specific notes indicate where estimates have been used. The information on Distribution of Value was prepared using the data presented in the Consolidated Financial Statements at 31 December 2009.

TIMELINESS

This information 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 financial statements.

CLARITY

The information in this document is expressed in a simple and accessible manner, so that it can be understood by all stakeholders. The document is translated into English so that it can also be read by non-Italian stakeholders.

GROUP PROFILE

VALUES

Banca Fideuram adopts the Code of Ethical Conduct of its parent company Intesa Sanpaolo, 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 Personal Financial Advisers daily work is thus not only founded on and in accordance with the guiding principles and general values in the Code of Ethical Conduct, but also rooted in the values that distinguish the bank's culture and tradition, namely.

- **The Centrality of the Individual** Understanding and valuing individual qualities in relations between our Personal Financial Advisers and our Customers and between Banca Fideuram and our Personal Financial Advisers
- **Professional excellence** Continuous improvement of our knowledge and ability to use it in providing advisory services
- **Openness to the new** Readiness to embrace socioeconomic 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 acquired by Istituto Mobiliare Italiano (IMI) in order to operate in the mutual fund sector, taking over the business of International Overseas Services (IOS). Fideuram offered Italian investors the Fonditalia and Interfund "historical" Luxembourg mutual funds through a Network of approximately 300 Personal Financial Advisers.
- 1984** Fideuram started offering its first Italian mutual funds: Imirend and Imicapital.
- 1992** Banca Fideuram formed through the merger of two companies in the IMI Group: Banca Manusardi, which was listed on the Milan stock exchange, and Fideuram. The shares continued to be listed under the new company name.
- 1996** Banca Fideuram included in the MIB 30 Italian blue-chip index.
- 1997** Banca Fideuram launched a personalised financial planning service with an advanced technological platform to the benefit of its customers. This service was given the English name "personal financial planning".
- 1998** Establishment of subsidiary Fideuram Bank (Luxembourg).
- 2000** Banca Fideuram extended its activities into France with the acquisition of the Wargny Group.
- 2001** Establishment of 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. (subsequently Eurizon Solutions). Eurizon Financial Group S.p.A. launched a public purchase offer to buy all the shares in Banca Fideuram.
- 2007** Following Eurizon Financial Group's successful public purchase offer, Borsa Italiana delisted Banca Fideuram shares from its Mercato Telematico Azionario electronic stock market and Banca Fideuram was brought under the full ownership and direct control of Intesa Sanpaolo with the reorganisation of the Eurizon Group's business. The activities and specialist units previously centralised in the Eurizon Financial Group were brought back within Banca Fideuram, as were the operations support units previously sold to Eurizon Solutions.
- 2008** Banca Fideuram celebrated a history of 40 years' leadership in its sector. A history in which the bank's role developed from the sale of products to the provision of investment advisory services which provide its customers with solutions that are customised to meet their needs. Completion of the process for converting Fideuram Bank (Monaco) SAM, formerly Fideuram Wargny Gestion SAM, into a bank. Banque Privée Fideuram (subsequently Fideuram France S.A.) returned its banking license.
- 2009** As part of the activities for reorganising the distribution channels within the Intesa Sanpaolo Group, the Banca CR Firenze Personal Financial Adviser Network was integrated in that of subsidiary Sanpaolo Invest SIM. The Group launched its SEI advanced advisory service in June, issuing and distributing the new single advisory and sale contract to the Fideuram and Sanpaolo Invest Networks, which enables them to tailor the financial planning and risk management services offered to their customers' different and changing needs. On 16 October 2009, the merger of Fideuram France S.A. and Financière Fideuram S.A. was completed. The bank's first two Private Banking Centres were opened in Turin and Milan in October and November respectively. Lastly, the transaction transferring Banca Fideuram's Depository Bank division to Intesa Sanpaolo Servizi Transazionali S.p.A. as part of the project for centralising the Intesa Sanpaolo Group's Securities Services business in a single company was completed in December.

SOCIAL REPORT

CUSTOMERS

Main objectives for 2009

Strengthen the brand as a standard bearer for financial advisory services in Italy

Advance the specialisation of our service model for high-end customers (Affluent and Private Banking)

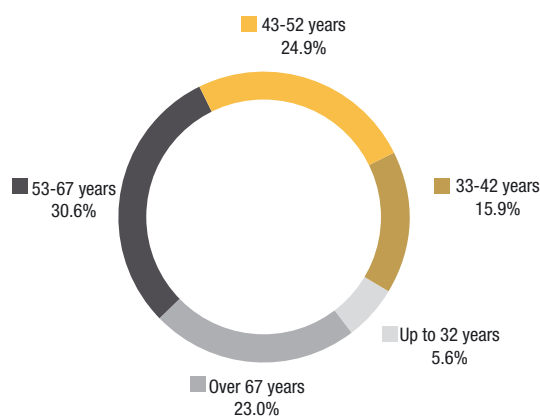
Further expand and update our online channel

Actions and results achieved

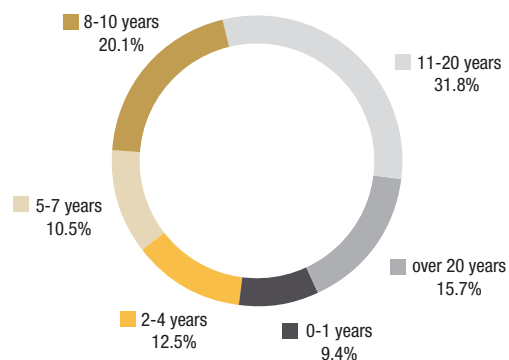
- Advertising campaign centred on the key concepts of financial advisory services
- Launch event for the SEI advanced advisory service
- Extended our "Private Banking" brand and developed dedicated sales support services
- Developed our first dedicated Private Banking Centres for customers
- Restyled and launched the www.bancafideuram.it and www.sanpaoloinvest.it websites

The Banca Fideuram and Sanpaolo Invest Networks serve approximately 626,000 customers of all ages distributed across the whole of Italy with longstanding relations that are the bedrock of high loyalty to the Group.

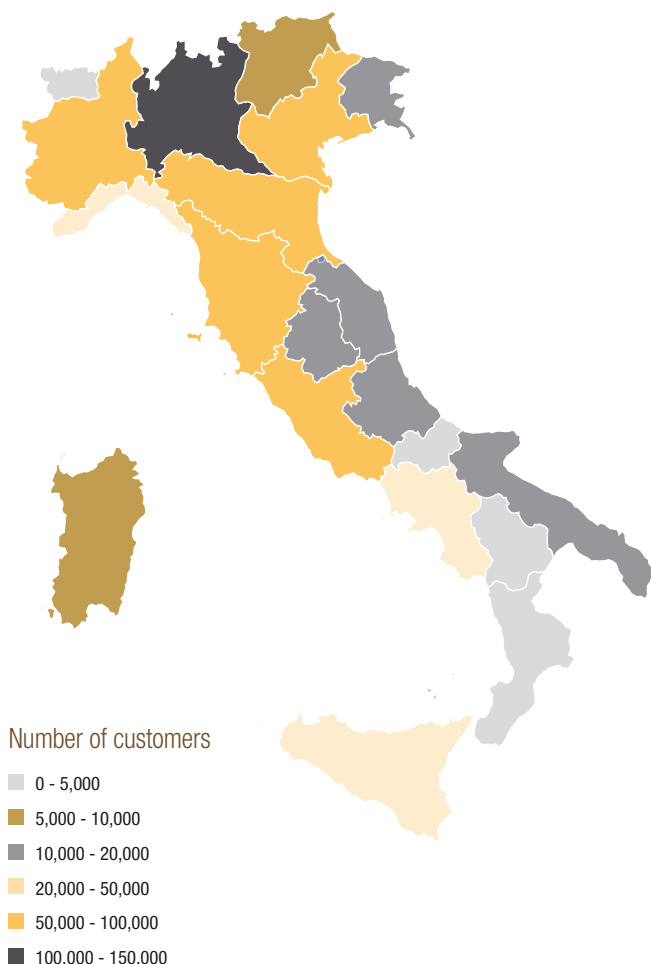
Distribution of customers by age



Distribution of customers by length of relationship



Geographical distribution of customers



Fideuram Online

Fideuram Online continued to achieve strong growth in 2009 regarding both the total number of customers (+7% on 2008) and total number of Internet transactions (over 1.9m - including stock market instructions, transfers, other payment instructions and instructions regarding funds and discretionary accounts - an increase of 35% on 2008).

A total of 224,000 customers accessed their accounts and conducted transactions through our online banking service (77% Banca Fideuram customers and 23% Sanpaolo Invest customers).

Fideuram Online was, moreover, once again the channel that the bank's customers used most for trading in securities, with transactions concluded over the Internet accounting for 82% of total customer transactions (70.5% at 31.12.2008).

Over 620,000 transfers were carried out in 2009, amounting to 76% of all transfers by customers (71% at 31.12.2008), up 22% on 2008.

Fideuram Online continued to innovate with the introduction of new services and functions.

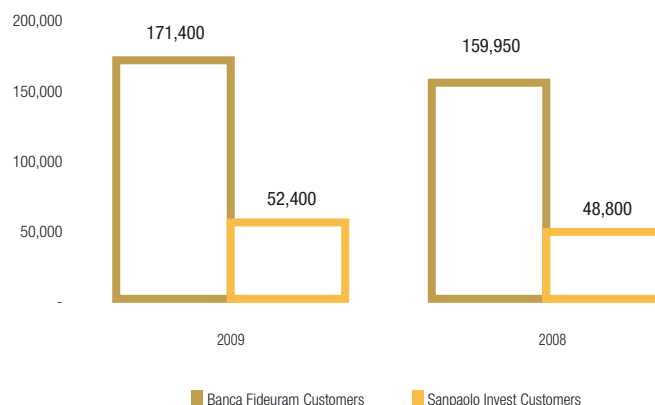
Salient amongst these developments in the year were:

- New Online Trading service functions (introduction of stop orders for shares and derivatives listed on the Italian stock market - Borsa Italiana).
- Interventions adapting our service for the new Borsa Italiana TradElect Phase 2 platform and new FTSE Italia Index Series.
- Increased information on new managed assets products taken up by customers and marketed by Banca Fideuram and Sanpaolo Invest (Ailis, planned transfers for Fonditalia, Giotto lux, Carmignac, Mellon, Franklin Templeton, Oyster, Financière de l'Echiquier, SGAM Fund SICAV, Parvest SICAV and Dws).
- Launch of service allowing customers to view and print out integrated bank statements directly online.
- Increased security with the launch of O-Key, a new authentication system that uses a device which generates a disposable code. The launch of O-Key sees Fideuram Online adopting the highest international standards of online security and phishing protection.

During 2009, we also completed the work of enabling access to the Fideuram Online service for the customers who migrated over to us as part of the integration of Banca CR Firenze's Personal Financial Adviser network in Sanpaolo Invest.

Our online banking provision will be further enhanced in 2010, offering extended cutting-edge features with the launch of a new version of Fideuram Online.

Online customers



Market research

Banca Fideuram continued to invest in market research in 2009 with the aim of improving its insight into customer needs and Italian market trends.

The bank continued its participation in the main sector surveys during the year - Gfk Eurisko's Multifinanziaria survey, and the joint Gfk Eurisko and Prometeia survey on Italian family savings in particular - focusing on the crisis with in-depth analyses that went beyond the simple media reactions to the situation.

This research showed the extent to which the crisis had a concrete impact on family behaviour, with more careful and rational consumption, the attribution of value to experience and not to promises, a closer focus on content and respect for agreements together with specific financial consequences and a lack of investment planning (based on available resources), an avoidance of consumer credit and search for small, different and alternative small suppliers, with savers - at least in their intentions - tending towards self-sufficiency.

The survey at the same time attempted to shatter a number of commonplace myths with the aim of promoting an active decision-making process:

- *Consumer spending is falling.* The data in fact showed that we are looking at a process of rationalisation, with consumers preferring to buy during sales and revising their purchase priorities, while their propensity to purchase remains unchanged.
- *Families aren't saving any more.* The percentage of families saving has in fact remained unchanged, as has the percentage of their earnings saved. The only thing that has changed is that families are now more attentive to their savings goals as a result of market uncertainty.

In addition, the following ad hoc research was carried out to support Banca Fideuram's communications:

- A copy test prior to the choice of our advertising campaign, using focus groups of existing and prospective customers. This test showed that the campaign chosen (on an advisory service considered as 3 distinct components: Listening to you, Knowing you and Advising you) was able to meet customer expectations,

centred on service customisation and being able to relate to a message that was considered to be clear, direct and easy to understand.

- A post test on the effectiveness of the campaign, carried out through face-to-face personal interviews with a national sample group that was representative of our target "investors". The results showed that:
 - The campaign's impact on brand image was both positive and increasing in all aspects (compared to the pre-test phase), with respondents expressing their appreciation of the visuals (beautiful, carefully-executed and elegant) and graphic design in particular. Good results were likewise achieved with respect to ease of understanding of the message and the originality of the communications.
 - The focus group's appreciation of the campaign exceeded the system benchmark, with 36% stating they liked it a lot or quite a lot compared with the Gfk Eurisko benchmark of around 25% for financial system communications.
 - The investors' assessments were extremely positive with respect both to brand image and their enjoyment of the campaign.
 - The campaign appears to have succeeded in clearly and comprehensibly communicating the bank's message of attention to and partnership with its customers. Banca Fideuram perceived to be a bank that is professional, reliable and close to its customers, taking a real interest in listening to and advising them.
 - The message conveyed by the campaign was considered to be expressed clearly and comprehensibly. Indeed only a small percentage stated they found it somewhat or very difficult to understand.

The media mix and creative strategy developed were thus shown to be successful and effective in terms of:

- Increased brand visibility: brand recognition increased with respect to the pre-campaign period, and not just for the general population but Banca Fideuram's target groups as well (readers of daily newspapers and investors).
- Transfer of a positive mood regarding Banca Fideuram, strengthening the perception of the bank's interest in/closeness to its customers and their needs (up 10 percentage points), while also - albeit modestly - stimulating the desire to take action to learn more and obtain information on the bank (+3 percentage points).
- Positive return regarding the bank's image with its core target of investors, especially with respect to "brand innovation and dynamism" and "offering interesting products in line with their needs".

Advertising

Following last year's advertising campaign, which was awarded best private banking communication in 2008 by Milano Finanza, the Banca Fideuram Group's new campaign was launched on 6 July 2009. Advisory service consultancy was the subject of the campaign, highlighted as a distinctive feature of our service model relevant to the launch of our SEI advanced advisory service. The 2009 campaign developed in conjunction with advertising agency Ogilvy & Mather aimed to provide continuity and strengthen the image promoted last year, with a split over two phases covering three areas: **Listening to you, Knowing you and Advising you** (Ascoltarti, Conoscerti, Consigliarti). The core values of advisory service consultancy were thus highlighted by the campaign as listening to our customers, getting to know their investor profile, needs and expectations, and the ability of our Personal Financial Advisers to provide advice on investment strategies that meet these needs. The body copy accompanying the visuals concentrated on emphasising the role, competencies and method of our Personal Financial Advisers: *"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 has been our constant mission. And now more so than ever with SEI, our advanced advisory service."*



Capitalising on the innovative features of our 2008 campaign, the new advertising message also used the Banca Fideuram Group as its "umbrella" brand, a choice that made the most of the coexistence of our distribution network brands (Fideuram and Sanpaolo Invest), together with the claim "Generazioni di valore" (Generations of value) to express our vocation to create value for our customers over the years. The media planning saw the campaign launch in mainstream Italian publications and weekly financial newspapers between 6 and 31 July. Our ads were also displayed in Milan's Linate and Turin's Caselle airports, and the campaign was rolled out in the regional press in September. As described in greater detail in the section "Market research", a post test on the effectiveness of the campaign conducted using face-to-face interviews on a national sample group which was representative of our target investors showed high overall appreciation of the campaign that was a good 11 percentage points higher than GfK Eurisko's average for the sector.



SEI launch event

Our new advanced advisory service, SEI, was officially launched in 2009. One of the focal points in our 2008-2011 Industrial Plan, SEI is an advisory method for analysing and planning the investments of Banca Fideuram and Sanpaolo Invest's top customers.

The SEI presentation event took place in the prestigious Palazzo Mezzanotte in Milan on 19 May 2009 and involved the Group's top management, managers and best Personal Financial Advisers. The day had a rich and interesting agenda. Following a brief opening speech and welcome by Managing Director Matteo Colafrancesco, the first speaker was Chairman Salvatore Maccarone, who considered the financial crisis along with the educational and supporting role that Personal Financial Advisers play for their customers, a role that has become increasingly crucial in today's delicate market scenarios. Managing Director Matteo Colafrancesco returned to address the public on the same subject in a paper entitled "Consultancy: Tradition and Innovation" in which he explored Banca Fideuram's history as a pioneer of financial advisory services in Italy and summarised the salient facts and figures of its leadership. Banca Fideuram has been a driving force in



the history of financial advisory services and looks to the future with its head held high, prepared for a historic turning point in the business with SEI. The proceedings then addressed the central topic of the day, the Group's advanced advisory contract.

A series of introductory talks led into a round table discussion on advisory services chaired by the MF MILANO FINANZA journalist Osvaldo de Paolini. The guests taking part included Giuseppe D'Agostino (Head of the Brokers' Division of the Italian National Commission for Listed Companies and the Stock Exchange - CONSOB), Antonio Spallanzani (Chairman of the Italian Association of Companies Selling Financial Products and Investment Services - Assoreti), Elio Conti Nibali (Chairman of the Italian Financial Advisers' Association - ANASF), Andrea Viganò (Southern Europe Head BlackRock), Massimo Greco (Country Head J.P. Morgan Asset Management), Andrea Buraschi (Professor, Chair in Finance, Imperial College, London) and Tommaso Corcos (Managing Director Fideuram Investimenti). The discussion touched on many different subjects, from the intensification of the crisis to the need to provide more sober information, comparisons with the American model of financial advisory services and suggestions on how to best position oneself in the future.



The guests also paused to consider the decisive role that Banca Fideuram has played in the growth of managed assets in Italy. Our Personal Financial Advisers provide a service which delivers substantial added value that more than justifies its cost, and it is this, moreover, which prepared the way for the SEI contract.

The official launch of SEI was very appropriately followed by a prize-giving for the Group's most loyal Personal Financial Advisers and those who had distinguished themselves with the top results in the year, closing the day on a high point.



Private Banking Project

The Banca Fideuram Group opened its first four Private Banking centres for the Banca Fideuram and Sanpaolo Invest Networks in Milan and Turin during 2009. These new centres provide an exclusive and elegant environment which reflects the values of confidentiality and attention to detail that have always distinguished Banca Fideuram's work. To mark the opening of the Milan Private Banking Centre in the courtyard of our Corso di Porta Romana branch, we put on an exhibition of nativity scene displays from around the world in conjunction with the Capuchin Missionaries, contributing to the important humanitarian work of the missionaries and bringing the bank's heritage under the spotlight. These centres dedicated to our top customers are the ideal place to cultivate unique customer relationships truly able to create value.

Banca Fideuram has always focused on high-end customers and its Personal Financial Advisers take care of the interests of 20,000



customers who have deposits and investments of approximately €27bn with the bank today, positioning us amongst the top four operators on the Italian private banking market. The new centres we have opened represent the first step towards the implementation of a service line dedicated to our top customers, providing privileged access to the Group's services under a prestige brand, in an even more attentive and closely-tailored development of the service model and values that have always been central to Fideuram and made relationship-building, customisation and attention to the detail the secrets of our success. The new brand, which has inspired the design of the new centres, is also expressed in a range of below-the-line communications tools (brochures, leaflets, letters and advertising) developed exclusively to support the new service line.

The new Banca Fideuram and Sanpaolo Invest websites

The new Banca Fideuram and Sanpaolo Invest websites went live in November 2009. The new portals benefit from radically revised graphics and content, developed paying special attention to those aspects of greatest interest to our customers and Personal Financial Advisers - always the focal point of the Group's Internet communications.

The web has maintained and strengthened its position as a channel for promoting our corporate values and disseminating news and in-depth information on Banca Fideuram and Sanpaolo Invest products and solutions, while equally providing customers with a further service for ensuring transparency and a full understanding of the products and services offered. It has at the same time become a prime medium for communicating the crucial role played by our Personal Financial Advisers, who are central figures in our Web presence through communications highlighting their value, customer relationships and advisory support, and in addition through a recruitment mini-site promoting their professional profile, enhanced by dynamic, attractive graphic design. The new site is thus an innovative tool for promoting a wider and more in-depth understanding of the value of our Personal Financial Advisers.

The key concepts guiding the creative work on the site were to achieve simplicity and immediacy. The new site design achieves this by being easy to understand and immediately recognisable, partly by echoing the design elements of our 2008 below-the-line communications, ensuring that the website consolidates the Banca Fideuram Group brand and brand image from first impact. This is enhanced by refined graphic motifs that have been extended into panoramas to provide a visual key to the content, aiding interpretation and navigation.



PattiChiari



Banca Fideuram continued consolidating customer awareness of its banking and investment products and services in 2009, as in prior years, joining the "quality commitments" initiative ("impegni per la qualità"), a set of tools and rules for simplifying retail banking 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:



Lighthouse

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



Sure Times Cheque Availability

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



Financial Investments Compared

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



Structured 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.

In addition, Banca Fideuram made the following "quality commitments" in 2009:

COMMITMENTS REGARDING CURRENT ACCOUNTS

- Package current account comparison engine
- Ordinary current account comparison engine
- Package current account price indicator
- Ordinary current account price indicator
- Changing account guide
- Monitoring of average current account closure times
- Publication of average current account closure times
- Automatic direct debit transfer
- Information on ATM charges
- Card charge error refund times
- ATM-FARO service quality monitoring
- FARO centralised call centre

- Automatic mortgage/loan instalment payment transfer
- Security guide
- Card fraud protection
- Home banking protection

SAVINGS COMMITMENTS

- Informed investments

LENDING COMMITMENTS

- Automatic mortgage information transfer
- Mortgage interest tax deduction certificate

Banca Fideuram has provided all the info-training aids required to meet these commitments, including brochures, guides and website information.

Main improvement objectives for 2010

The Group has set out to achieve the following in 2010:

- Develop marketing campaigns to revive business relations with “dormant” customers.
- Improve our new-customer acquisition rate by developing family potential.
- Improve customer satisfaction and prompt monitoring of the levels achieved.
- Further increase brand visibility and equity.

Customer feedback

Banca Fideuram collects customer feedback through its Customer Relations Department.

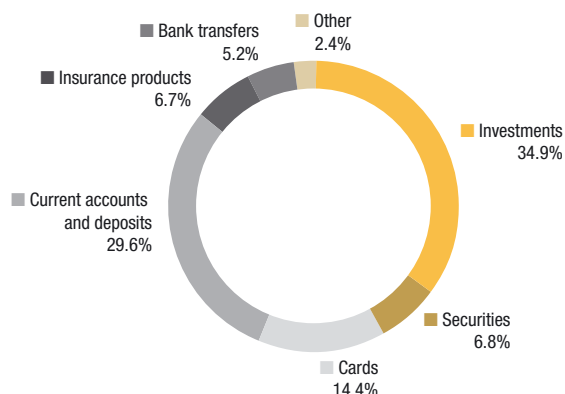
A total of 6,417 complaints were handled in 2009 (amounting to 1.05% of total customers), 5,060 of which regarded the Fideuram Network, 1,351 the Sanpaolo Invest Network and the remainder other Group companies.

Approximately 85% of customer complaints regarded 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 15% concerned activities that could be regarded as investment and related services as defined in Italian Legislative Decree No. 58/1998 and subsequent amendments (Finance Consolidation Act complaints).

Complaints were resolved in an average of fifty days, which is substantially less than the ninety days required by current regulations. The number of complaints referred to the Banking Ombudsman “Jury” in 2009 totalled 58 for the Banca Fideuram Network and 6 for the Sanpaolo Invest Network.

These complaints were distributed as follows:

Customer complaints



PERSONAL FINANCIAL ADVISERS

Main objectives for 2009

Volume growth in terms both of net inflows and recruitment

Actions and results achieved

- The Banca Fideuram Group's net inflows rose to €2,804m in 2009, compared with €345m in 2008.
The initiatives taken regarding the Group's incentive mechanisms enabled us to achieve our net inflow **growth target** with an incentive scheme that is now based on a single bonus calculated on the inflows and weighted in relation to the type of financial advisory service provided. In addition, our ordinary and extraordinary annual bonuses have now been joined by a half-year bonus scheme.
The dramatic trend reversal achieved was also due to the effects of the "tax shield" legislation brought in with Italian Decree Law No. 78/2009.

Step up recruitment

- The number of Personal Financial Advisers in the Fideuram and Sanpaolo Invest Networks rose from 4,209 in 2008 to 4,292 at the end of 2009.
A total of 345 new Personal Financial Advisers were recruited in the year, approximately 70% of whom came from competitor networks. In addition, a further 120 new Personal Financial Advisers joined the networks as a result of the merger of Banca CR Firenze (including 4 recruited in the course of the year).
The incentive mechanisms in place to support **recruitment** were also revised, aiming to reward systematic overall results rather than to reward each individual recruitment.
The observation period for the targets was extended to a whole year so as not to reward "false targets" (recruitments followed by resignations shortly afterwards).

Geographical distribution of Networks

The Banca Fideuram Group provides extensive coverage of Italy through two distribution networks, the Fideuram Network and Sanpaolo Invest Network.

Both Networks are divided into areas, each of which is coordinated by an Area Manager supported by their own management team, and sized to suit the business potential of the territory concerned, which can cover several regions or just a few provinces.

The Fideuram network is divided into eight areas, while the Sanpaolo Invest Network is divided into four areas which were joined by a fifth transitional area in 2009 that did not have any geographical delimitation and included all the Personal Financial Advisers from Banca CR Firenze located in the different regions of Italy following the acquisition of the related business division.

As of 1 January 2010, the Personal Financial Advisers from Banca CR Firenze joined the relevant geographical areas following the usual criteria.

The different geographical zones in each area are shown in the tables below:

Area Structure of the Fideuram Network

Area	2009	2008
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	Tuscany, Umbria and the Marches	Tuscany, Umbria and the Marches
6	Latium (excepting the Gaeta town council area), Sardinia	Latium (excepting the Gaeta town council area), Sardinia
7	Latium (excepting the Gaeta town council area), Sardinia	Latium (excepting the Gaeta town council area), Sardinia
8	Campania, Abruzzo, Molise, Puglia, Basilicata, Calabria and Sicily, Latium (Gaeta town council area only)	Campania, Abruzzo, Molise, Puglia, Basilicata, Calabria and Sicily, Latium (Gaeta town council area only)

Area Structure of the Sanpaolo Invest Network

Area	2009				2008			
	Bank	Network	Other	Total	Bank	Network	Other	Total
1	Piedmont, Valle d'Aosta, Sardinia and Liguria				Piedmont, Valle d'Aosta, Sardinia and Liguria			
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			
3	Tuscany, Umbria and Latium				Tuscany, Umbria and Latium			
4	Abruzzo, Campania, Calabria, Puglia, Molise, Sicily and Basilicata				Abruzzo, Campania, Calabria, Puglia, Molise, Sicily and Basilicata			
5	Distribution of Banca CR Firenze Personal Financial Advisers throughout Italy							

Size of Networks

The Banca Fideuram Group's business activities are conducted through its Personal Financial Adviser networks, which build and take care of its customer relationships over time.

The Group's two Networks totalled 4,292 at 31 December 2009, comprising 3,088 Banca Fideuram Personal Financial Advisers (3,103 in 2008) and 1,204 Sanpaolo Invest Personal Financial Advisers (1,106 in 2008).

New Personal Financial Advisers recruited totalled 345 at 31 December 2009 (196 in 2008), while a total of 262 left the Networks during the year (267 in 2008). Only 81 of these Personal Financial Advisers left the Group for competitor networks during the year.

The 2009 figures regarding sector of origin confirm the trend which had already emerged in 2008, with over 60% of our new Personal Financial Advisers coming from competitor Networks.

Fideuram Network - Personal Financial Advisers - Origin by rank

Rank	2009				2008			
	Bank	Network	Other	Total	Bank	Network	Other	Total
Managers	-	2	-	2	-	-	-	-
Personal Financial Advisers	47	52	30	129	32	55	24	111
Total	47	54	30	131	32	55	24	111

Sanpaolo Invest Network - Personal Financial Advisers - Origin by rank

Rank	2009				2008			
	Bank	Network	Other	Total	Bank	Network	Other	Total
Managers	-	20	-	20	-	1	-	1
Personal Financial Advisers	12	168	14	194	12	64	8	84
Total	12	188	14	214	12	65	8	85

The tables below show the regional and area distribution of Personal Financial Adviser in both Networks.

Fideuram Network - Area Coverage - Number of Personal Financial Advisers by area

Area	Number of Personal Financial Advisers 2009	Number of Personal Financial Advisers 2008
1	419	419
2	405	381
3	330	346
4	365	366
5	324	337
6	446	457
7	395	384
8	404	413
Total	3,088	3,103

Sanpaolo Invest Network - Area Coverage - Number of Personal Financial Advisers by area

Area	Number of Personal Financial Advisers 2009	Number of Personal Financial Advisers 2008
1	256	252
2	263	290
3	267	277
4	298	287
5	120	-
Total	1,204	1,106

Fideuram Network - Area Coverage - Number of Personal Financial Advisers by region

Region	Number of Personal Financial Advisers 2009	Number of Personal Financial Advisers 2008
Piedmont	413	413
Valle d'Aosta	6	6
Liguria	110	105
Lombardy	625	622
Venetia	253	252
Friuli Venezia Giulia	75	77
Trentino Alto Adige	37	37
Emilia Romagna	324	337
Tuscany	344	352
Umbria	39	38
The Marches	63	66
Latium	367	355
Abruzzo	33	31
Molise	10	10
Campania	160	160
Basilicata	4	5
Puglia	66	68
Calabria	16	18
Sicily	111	117
Sardinia	32	34
Total	3,088	3,103

Sanpaolo Invest Network - Area Coverage - Number of Personal Financial Advisers by region

Region	Number of Personal Financial Advisers 2009	Number of Personal Financial Advisers 2008
Piedmont	145	144
Valle d'Aosta	4	5
Liguria	103	96
Lombardy	129	139
Venetia	55	55
Friuli Venezia Giulia	14	16
Trentino Alto Adige	6	6
Emilia Romagna	77	49
Tuscany	56	48
Umbria	28	19
The Marches	35	26
Latium	212	203
Abruzzo	40	35
Molise	4	5
Campania	128	101
Basilicata	12	12
Puglia	58	56
Calabria	12	12
Sicily	72	65
Sardinia	14	14
Total	1,204	1,106

Organisational structure

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

Rank

Management Responsibilities

Area Managers

Coordinate resources assigned to their area of competence in order to achieve the Group's business objectives. Contribute to the professional growth of the Networks through appropriate technical and sales training plans. Contribute to the numerical growth of the Networks by implementing recruitment plans that target qualified and expert resources. Ensure proper and appropriate business behaviour of resources coordinated and customer satisfaction.

Divisional Managers

Direct Regional Managers towards achieving their business objectives through customer and competitor analyses. Carry out training activities and participate in recruitment activities.

Regional Managers

Develop and increase operational presence in their areas and are responsible for the results of the Personal Financial Advisers under their supervision. Play a driving role in directing and implementing recruitment activities. Play a key role for customers with respect to quality of advisory services and of financial and insurance products distributed. Coordinate and direct the work of their Personal Financial Advisers to help ensure budget targets are achieved.

Fideuram Network - Personal Financial Advisers Staff numbers by rank

Rank	2009	2008
Area Managers	8	7
Divisional Managers	25	26
Regional Managers	122	120
Supervisors	344	362
Personal Financial Advisers	2,589	2,588
Total	3,088	3,103

Sanpaolo Invest Network - Personal Financial Advisers - Staff numbers by rank

Rank	2009	2008
Area Managers	4	4
Divisional Managers	13	9
Regional Managers	64	46
Supervisors	141	132
Personal Financial Advisers	982	915
Total	1,204	1,106

The following tables show the main characteristics of the Banca Fideuram Group's Personal Financial Advisers. It should be emphasised that these characteristics have remained

almost entirely unchanged over the years, or have only changed very slightly, confirming the structural maturity achieved.

Fideuram Network - Personal Financial Advisers - 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	1	6	55
Divisional Managers	25	-	-	13	10	2	50
Regional Managers	122	-	5	69	48	-	48
Supervisors	341	-	27	159	137	18	49
Personal Financial Advisers	2,592	42	304	865	1,001	380	50
Total	3,088	42	336	1,107	1,197	406	50

Sanpaolo Invest Network - Personal Financial Advisers - 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	-	-	2	2	-	50
Divisional Managers	13	-	-	6	7	-	51
Regional Managers	64	-	6	29	24	5	49
Supervisors	141	-	30	69	32	10	46
Personal Financial Advisers	982	13	189	426	233	121	47
Total	1,204	13	225	532	298	136	47

Fideuram Network - Personal Financial Advisers - 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	-	7	23
Divisional Managers	25	1	2	4	1	17	21
Regional Managers	122	9	43	27	9	34	15
Supervisors	341	44	118	47	58	74	13
Personal Financial Advisers	2,592	552	741	289	448	562	12
Total	3,088	606	904	368	516	694	12

Sanpaolo Invest Network - Personal Financial Advisers - 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	20
Divisional Managers	13	4	2	-	2	5	12
Regional Managers	64	16	17	4	12	15	10
Supervisors	141	48	16	43	18	16	10
Personal Financial Advisers	982	366	197	217	106	96	6
Total	1,204	434	232	264	140	134	9

Fideuram Network - Personal Financial Advisers - Distribution by rank and gender

Rank	2009			2008		
	Men	Women	Total	Men	Women	Total
Managers	152	3	155	150	3	153
Personal Financial Advisers	2,537	396	2,933	2,550	400	2,950
Total	2,689	399	3,088	2,700	403	3,103

Sanpaolo Invest Network - Personal Financial Advisers - Distribution by rank and gender

Rank	2009			2008		
	Men	Women	Total	Men	Women	Total
Managers	79	2	81	58	1	59
Personal Financial Advisers	919	204	1,123	866	181	1,047
Total	998	206	1,204	924	182	1,106

Logistics structure supporting the Networks

Our Personal Financial Advisers 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 384 Personal Financial Advisers' Offices (198 in the Fideuram Network and 186 in the Sanpaolo Invest Network).

The delivery points, where customers can carry out routine banking transactions, are generally next to the Personal Financial Advisers' Offices. The Group has a flexible costs policy for these Offices, paying the rental costs and part of the operating costs directly and/or indirectly (through contributions paid to management), while also providing for their connection to the company IT network.

As in 2008, we did not open any new branches or offices in 2009, considering the area coverage achieved to date to be well matched to the Networks' logistical requirements and customer need.

Fideuram Network - Area Coverage - Logistics structure by region

Region	Bank branches		Personal Financial Advisers' offices	
	2009	2008	2009	2008
Piedmont	12	12	31	31
Valle d'Aosta	-	-	1	1
Liguria	5	5	9	9
Lombardy	21	21	25	25
Venetia	7	7	20	21
Friuli Venezia Giulia	3	3	6	6
Trentino Alto Adige	2	2	6	5
Emilia Romagna	10	10	20	20
Tuscany	12	12	27	27
Umbria	1	1	4	4
The Marches	2	2	6	6
Latium	7	7	14	14
Abruzzo	1	1	4	4
Molise	-	-	2	2
Campania	5	5	7	7
Basilicata	-	-	1	1
Puglia	3	3	4	4
Calabria	1	1	2	2
Sicily	4	4	6	6
Sardinia	1	1	3	3
Total	97	97	198	198

Sanpaolo Invest Network - Area Coverage - Logistics structure by region

Region	Personal Financial Advisers' offices	
	2009	2008
Piedmont	16	16
Valle d'Aosta	1	1
Liguria	14	13
Lombardy	22	20
Venetia	11	10
Friuli Venezia Giulia	3	4
Trentino Alto Adige	1	1
Emilia Romagna	16	9
Tuscany	12	10
Umbria	5	4
The Marches	8	6
Latium	32	22
Abruzzo	8	5
Molise	2	2
Campania	14	10
Basilicata	1	1
Puglia	9	8
Calabria	2	2
Sicily	6	6
Sardinia	3	3
Total	186	153

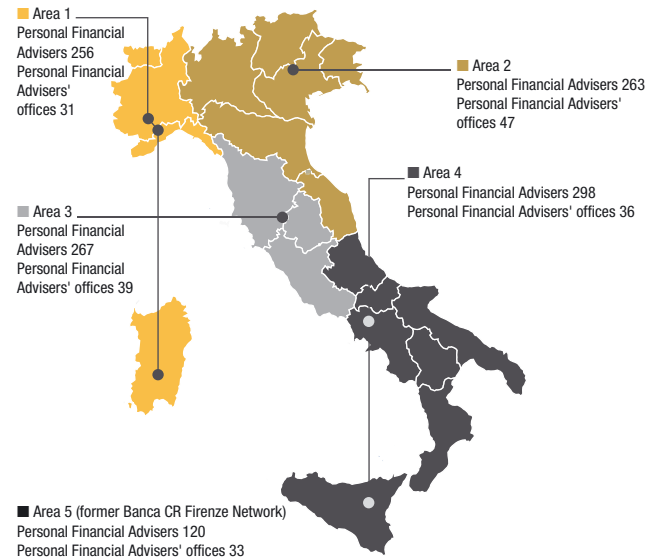
Fideuram Network - Area Coverage - Logistics structure by area

Area	Bank branches		Personal Financial Advisers' offices	
	2009	2008	2009	2008
1	12	12	32	32
2	16	16	21	21
3	10	10	13	13
4	12	12	32	32
5	10	10	20	20
6	15	15	37	38
7	8	8	16	15
8	14	14	27	27
Total	97	97	198	198

Sanpaolo Invest Network - Area Coverage - Logistics structure by area

Area	Personal Financial Advisers' offices	
	2009	2008
1	31	31
2	47	49
3	39	38
4	36	35
5	33	-
Total	186	153

Sanpaolo Invest distribution network



Contractual relations

Relations between the Banca Fideuram Group and its Personal Financial Advisers are governed by an open-ended agency contract based on Italy's Collective Economic Agreement for Agents and Representatives in the Commerce sector.

This contract both stipulates the basic collective provisions for our Personal Financial Advisers and further benefits which supplement their remuneration, social security and pension provisions, principally by linking them to the achievement of annual sales targets.

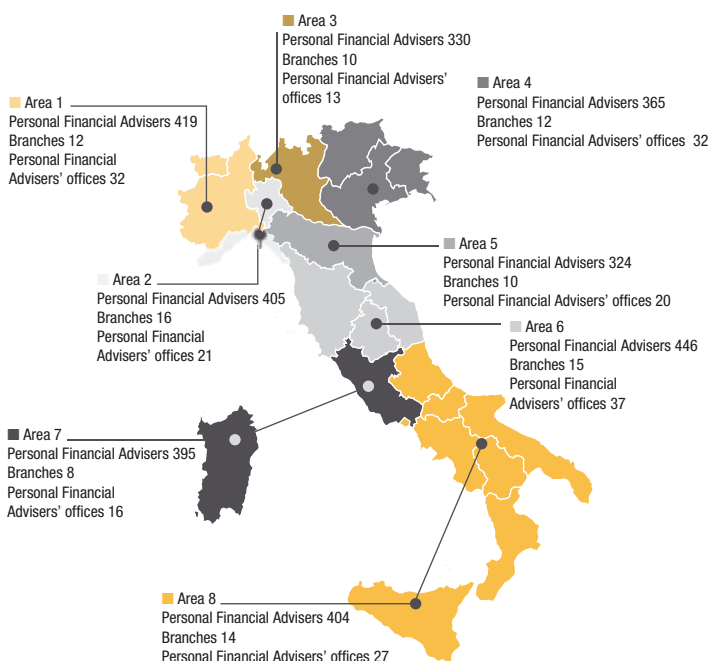
Remuneration

The remuneration of the Network's Personal Financial Advisers and Managers is made up of two components: commission/fees and other incentives/bonuses.

Commission and fees consist of front-end fees and management fees, with the former rewarding the acquisition of new financial assets and being linked to total client assets, while the latter reward each Personal Financial Adviser's ability to retain client assets over time.

Network Managers receive overrides based on the fees and commission accrued by the Personal Financial Advisers under their responsibility, the rate of which varies according to their roles and responsibilities, as well as special sales targets set in each annual budget.

Fideuram distribution network



In addition to this, there are, moreover, other forms of remuneration for Personal Financial Advisers and Managers which complete the remuneration of the Group's Networks, consisting of a series of bonus and incentive schemes, including non-monetary incentives, which are also used to support the implementation sales policies.

A bonus regulation is issued every year, delineating the mechanisms for incentivising the organisation to achieve our business targets. In 2009, the incentive/bonus plan for Personal Financial Advisers and Network Managers, designed to support volume growth while also focusing special attention on inflow quality, was calculated using a weighting system applied to the inflows in relation to the service content of each product concerned. The bonus was in addition structured over a half-year time horizon to offer greater versatility and flexibility in the uncertain financial market conditions last year.

Network Sales Activities

The Banca Fideuram Group's total net inflows rose to €2,804m in 2009 (€345m in 2008), while client assets came to €67,801m at 31 December 2009 (€60,507m in 2008).

Fideuram Network - Average number of customers for Personal Financial Advisers

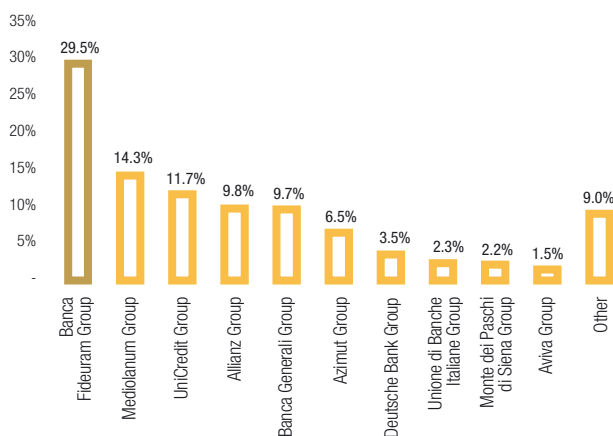
	Number of Personal Financial Advisers	Number of customers	Ratio of Customers to Personal Financial Advisers
2009	3,088	502,268	163:1
2008	3,103	516,562	166:1

Sanpaolo Invest Network - Average number of customers for Personal Financial Advisers

	Number of Personal Financial Advisers	Number of customers	Ratio of Customers to Personal Financial Advisers
2009	1,204	123,962	103:1
2008	1,106	122,037	110:1

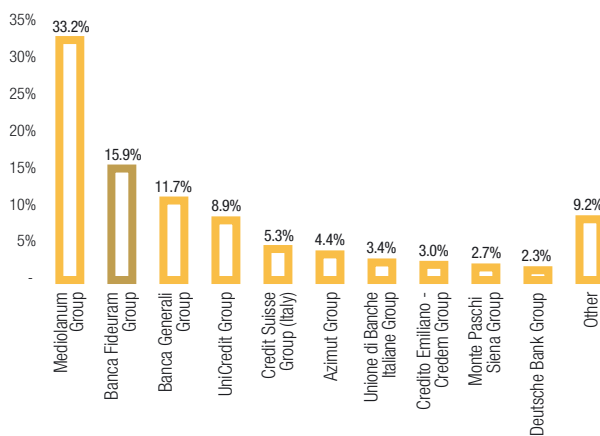
The results achieved in 2009 put the Banca Fideuram Group in first place in the Assoreti ranking for client assets (first place in 2008) and in second place for total net inflows (fifth place in 2008).

Client assets at 31 december 2009



Source: Assoreti

Total net inflows 2009



Source: Assoreti

Key TV

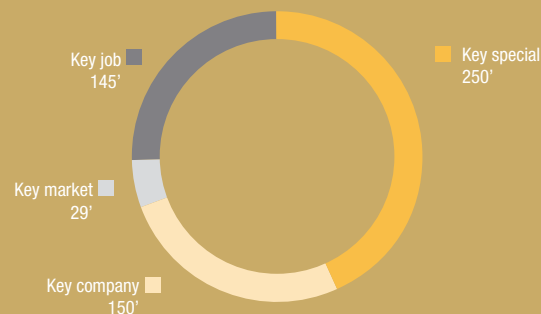
2009 was a further year of consolidation for Key TV, Banca Fideuram's business TV channel, launched on 16 October 2006.

The Fideuram and Sanpaolo Invest Networks' Personal Financial Advisers all have access to the content of our business TV channel, which has become an increasingly important aid to support them in their work.

Key TV has been designed to provide regular, timely and complete information to keep our Personal Financial Advisers constantly updated on all the Group's internal and external developments, using different formats aligned to their needs:

- **Key Company:** for all communications on the life of the **bank** (with programmes on results, contests and events).
- **Key Job:** focused on daily **work** and operating practices, with in-depth information on products, services, procedures and circulars.
- **Key Market:** greater focus on **markets**, product performance and marketing initiatives.

Minutes of product programme time for each format in 2009



Space has, moreover, also been dedicated to over 15 third-party investment companies, with special programmes dedicated to the performance of their products.

A total of 86 programme episodes were produced during the year, amounting to 18 hours and 27 minutes' programme time. The Continuing Professional Development support for our Personal Financial Advisers included programmes updating them on the new MiFID directive, financial crisis, Italian "tax shield" legislation and advanced financial advisory service with special programmes dedicated to our SEI project.



Business meetings, travel and conferences

During the year there were the usual meetings and events involving the Personal Financial Adviser Networks, in addition to the travel and conferences to which our top performers in Italy were invited.

These included:

- Beginning of year meetings presenting the annual budget.
- Prize-giving meeting for the Best Personal Financial Advisers, the Personal Financial Advisers with the highest client assets in Italy, and the Top Performers - the Personal Financial Advisers who were ranked first in relation to specific business targets.
- Meetings during the year focused on the bank's medium-term objectives and related strategies.

Personal Financial Adviser training

The Group's training commitment in 2009 concentrated on the intensive and widespread dissemination of our fee-charging advanced advisory method, SEI.

SEI is a structured work method supported by leading-edge information technology tools, which makes it possible to offer an advisory service that brings customers substantial added value through innovation, including where the professional competencies of our Personal Financial Advisers are concerned.

Following the official launch of the related fee-charging advisory contract in June, our Personal Financial Advisers have every element in place to offer their customers the new SEI advanced advisory model. Supporting and promoting the new service, we launched a training programme to consolidate our Personal Financial Advisers' competencies and to provide operating support, centred on the presentation and distribution of the fee-charging advanced advisory contract to customers.

This programme supported the field work of a group of around 80 Personal Financial Advisers for approximately 3 months, focusing on a territory of three Business Areas and providing professional development training courses aimed at maximising the opportunities for achieving widespread, consistently excellent results with respect to increasing client assets, identifying successful cases for dissemination to colleagues and generating improvement ideas and proposals for making the SEI advanced advisory method even more effective at serving our customers.

Alongside this central activity in the year, we also continued to provide training focused on consolidating the specialist competencies of our Personal Financial Advisers and Managers:

- Developing a specialist training programme to support the project for disseminating and consolidating the service model for our Private Banking customers. This training programme is being delivered to Personal Financial Advisers who have acquired substantial experience over long service and/or show considerable growth potential in the Private Banking segment. As in 2008, the training programme was developed and delivered in conjunction with the Imperial College London Business School and SDA Bocconi School of Management. The involvement of these two institutions ensured the training delivered offered the strengths of continuity and

consolidation, an international vision of Wealth Management and an in-depth specialist Wealth Advisory perspective.

- Insurance and pensions training courses for all newly-recruited Personal Financial Advisers, and refresher training courses for all Personal Financial Advisers designed to equip them to join the Single Register of Insurance and Reinsurance Brokers (Registro Unico Intermediari assicurativi e riassicurativi - RUI) of the Italian supervisory body for private insurance (ISVAP).
- A project supporting European Financial Planning Association (€FPA) certification through the payment of Study Grants for the preparatory courses for the certification exam and the provision of training for maintaining €FPA certification for those Personal Financial Advisers who have already obtained it.
- Our induction training programme for newly-appointed managers was completed.

The training sites **In-formati con un click! (In-form/train yourself with a click!)** and **Navigando si impara (Navigate to learn)**, designed to provide constant refresher training online for our Personal Financial Advisers, were further strengthened with:

- Refresher training on our product range and new additions to the array of products and services offered.
- Training aids to support the optimum use of the business applications used for managing the mutual funds offered.
- Insurance and pension training in accordance with the new regulations issued by the Italian supervisory body for private insurance (ISVAP).
- Refresher training that updates participants on regulatory developments regarding the provision of financial advice and entry to the profession (Italian National Commission for Listed Companies and the Stock Exchange - CONSOB).
- The platform was moreover also enhanced with new functions enabling decentred management of the information on those courses delivered directly by the Networks.

A total of 335,340 hours of class-based and distance training were provided in 2009.

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

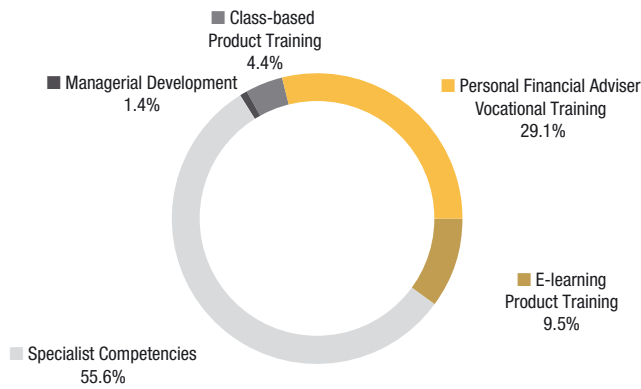
E-learning

Training Area	2009		2008		change	
	Attendances	Total hours	Attendances	Total hours	Attendances	Total hours
Personal Financial Adviser Vocational Training	12,895	99,573	24,971	107,315	-48%	-7%
Product Training	9,876	26,515	14,903	44,044	-34%	-40%
Total	22,771	126,088	39,874	151,359	-43%	-17%

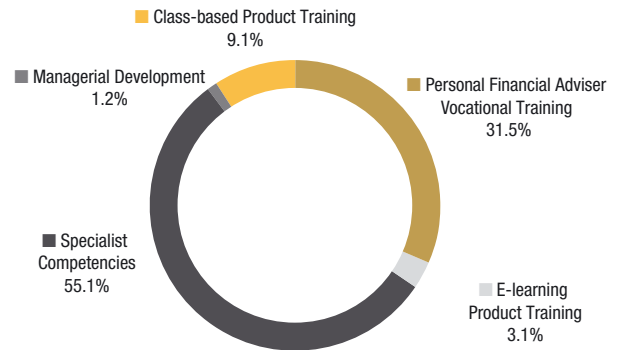
Class-based training

Training Area	2009		2008		change	
	Attendances	Total hours	Attendances	Total hours	Attendances	Total hours
Specialist Competencies	18,388	186,131	14,582	135,925	26%	37%
Managerial Development	475	4,555	1,568	17,701	-70%	-74%
Class-based Product Training	3,400	18,566	6,342	25,283	-46%	-27%
Total	22,263	209,252	22,492	178,909	-1%	17%

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



Distribution of Sanpaolo Invest Network training hours by Training Area (%)



Main improvement objectives for 2010

- To enhance the Group's distinctive strengths, increasingly linked to customer service, leveraging a unique advisory service, providing exceptional Private Banking management by advancing our "higher-service-level" asset management, and steadily returning the Fideuram Group to its sustainable historical value.
- Returning to profitability in line with the value generated for our customers, ensuring that our service levels support profitability levels that are in line with the Group's historical levels, engineering a decisive shift of client assets toward managed asset products.
- Maintaining growth that is compatible with sustaining our corporate value over time by growing client assets, achieving guided growth in recruitment and obtaining an extension to Italy's "tax shield" legislation, including through reorganising our product classification so that it is mainly based on the level of customer service provided.

The 2010 bonus and incentive scheme has been designed to promote these objectives, having as its prime objective to support a shift in client assets to managed asset products, increasing the components with the greatest customer service content. A new inflow weighting system is being developed to this end, with weightings that increase in relation to customer service level, grouping all the products in a given family in a single class (with some exceptions) and using zero weightings for managed products and money market funds (to promote a shift to higher-value-added products in customers' interests).

The time horizons for the 2010 bonus and incentive scheme are tailored to these objectives, with an annual bonus on Total Net Inflows and a bonus based on Weighted Inflows which will be six-monthly to promote a rapid recovery in managed assets. In addition, the Group's Personal Financial Advisers and Managers will receive a bonus on the SEI service to reward its growth and promote the provision of fee-charging quality advisory services.

The Banca Fideuram Group's training commitment includes an undertaking to provide its Personal Financial Advisers with a complete formal training path that enables them to achieve professional certification in the sale of the SEI advanced advisory service.

This training programme is designed to consolidate the relational, technical and methodological competencies of our Personal Financial Advisers with a view to supporting their further development, and will be carefully structured to include a dedicated relational techniques course, a specialist course consolidating Wealth Management and Wealth Advisory technical competencies that deploys a new teaching format, and an innovative training course for developing personal competencies centred on individual coaching for disseminating information on successful cases. This initiative is dedicated exclusively to those Personal Financial Advisers who have obtained outstanding qualitative and quantitative results in promoting the take-up of the fee-charging advanced advisory service.

Last but not least, we will complete the launch of our New Talent Project which aims to train talented young graduates with specialisations in economics and launch them on careers as Personal Financial Advisers. The project is a strategic investment supporting the Group's future growth.

The initial feasibility analysis for identifying different types of university partnerships has been completed and we plan to take the project into its operational phase with a pilot course in 2010. The project target is still to recruit approximately 1,000 young graduates over a three-year period using a structured selection process with objective assessment criteria and tools to ensure candidates match the Group's requirements profile.

The training plans provide for the development of a highly-structured process of entry to the profession through training in every area of financial advisory services and in the product and service model of the Banca Fideuram Group, together with a programme supporting candidates with a period of on-the-job training through field placements.

Alongside these special initiatives, we will of course continue to dedicate our customary consolidated attention to refresher training, ensuring that our Personal Financial Advisers benefit from constant updating and continuing our training programmes for those professionals providing special service levels for our Private Banking customers.

The Group's 2010 strategic approaches differ substantially from and are not directly comparable with the previous three-year period with respect to its operating context and targets, involving a radical change in our collective behaviour that will see us making special efforts to restore the Group's profitability. These will be concentrated in the first half of the year, including for the purposes of supporting Banca Fideuram's listing on the stock exchange.

EMPLOYEES

The Banca Fideuram Group constantly invests in the professionalism of its employees, valuing its human resources and recognising their key role in the achievement of its corporate objectives. A series of dedicated organisational and training initiatives were launched to this end in 2009 to build individual competencies and promote our staff's professional development within the Group.

Banca Fideuram Group employees in and outside Italy

	Men			Women			Total		
	2009	2008	% change	2009	2008	% change	2009	2008	% change
Directors	54	55	-1.8	2	2	-	56	57	-1.8
Executive Management	486	480	1.3	269	268	0.4	755	748	0.9
Professional Areas	308	307	0.3	366	355	3.1	674	662	1.8
Total	848	842	0.7	637	625	1.9	1,485	1,467	1.2

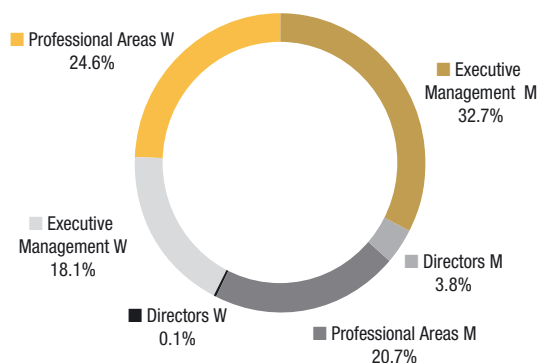
The Banca Fideuram Group's staff increased by approximately 1.2% from 1,467 at 31 December 2008 to 1,485 at 31 December 2009.

Banca Fideuram Group employees in Italy

	Men			Women			Total		
	2009	2008	% change	2009	2008	% change	2009	2008	% change
Directors	43	42	2.4	2	2	-	45	44	2.3
Executive Management	427	422	1.2	232	231	0.4	659	653	0.9
Professional Areas	260	259	0.4	324	316	2.5	584	575	1.6
Total	730	723	1.0	558	549	1.6	1,288	1,272	1.3

Banca Fideuram Group employees outside Italy

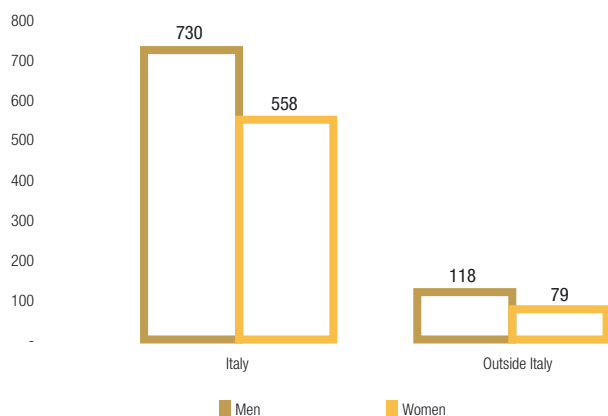
	Men			Women			Total		
	2009	2008	% change	2009	2008	% change	2009	2008	% change
Directors	11	13	-15.4	-	-	-	11	13	-15.4
Executive Management	59	58	1.7	37	37	-	96	95	1.1
Professional Areas	48	48	-	42	39	7.7	90	87	3.4
Total	118	119	-0.8	79	76	3.9	197	195	1.0



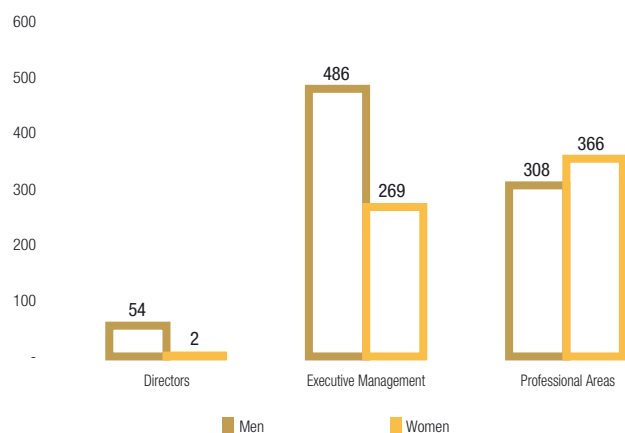
Women accounted for 42.9% of total employees (42.6% in 2008) and men accounted for 57.1% (57.4% in 2008).

Group personnel operating in Italy accounted for 86.7% of total employees, while those operating outside Italy accounted for 13.3%, which was practically the same as the previous year.

Employees by gender



Employees by category of employment



Staff contracts

	Men			Women			Total		
	2009	2008	% change	2009	2008	% change	2009	2008	% change
Open-ended	831	836	-0.6	610	610	-	1,441	1,446	-0.3
Fixed-term	15	5	200.0	12	11	9.1	27	16	68.8
Work-entry contracts	2	1	100.0	13	2	n.s.	15	3	n.s.
Apprenticeship contracts	-	-	-	2	2	-	2	2	-
Total	848	842	0.7	637	625	1.9	1,485	1,467	1.2

n.s.: not significant

Italy

	Men			Women			Total		
	2009	2008	% change	2009	2008	% change	2009	2008	% change
Open-ended	718	720	-0.3	534	537	-0.6	1,252	1,257	-0.4
Fixed-term	10	2	n.s.	9	8	12.5	19	10	90.0
Work-entry contracts	2	1	100.0	13	2	n.s.	15	3	n.s.
Apprenticeship contracts	-	-	-	2	2	-	2	2	-
Total	730	723	1.0	558	549	1.6	1,288	1,272	1.3

Outside Italy

	Men			Women			Total		
	2009	2008	% change	2009	2008	% change	2009	2008	% change
Open-ended	113	116	-2.6	76	73	4.1	189	189	-
Fixed-term	5	3	66.7	3	3	-	8	6	33.3
Work-entry contracts	-	-	-	-	-	-	-	-	-
Apprenticeship contracts	-	-	-	-	-	-	-	-	-
Total	118	119	-0.8	79	76	3.9	197	195	1.0

Full Time/Part Time Staff

	Men			Women			Total		
	2009	2008	% change	2009	2008	% change	2009	2008	% change
Full Time	844	837	0.8	494	483	2.3	1,338	1,320	1.4
Part Time	4	5	-20.0	143	142	0.7	147	147	-
Total	848	842	0.7	637	625	1.9	1,485	1,467	1.2

A total of 147 people, amounting to approximately 10% of all employees, were on part-time contracts, 97.3% of them women, to whom this type of contract appeals due to the flexibility it offers in one's work and therefore to meet family commitments.

Staff age

	Directors			Executive Management			Professional Areas		
	2009	2008	% change	2009	2008	% change	2009	2008	% change
Up to 20	-	-	-	-	-	-	2	-	n.s.
21 to 25	-	-	-	-	-	-	25	22	13.6
26 to 30	-	-	-	4	10	-60.0	114	115	-0.9
31 to 35	1	2	-50.0	83	101	-17.8	161	155	3.9
36 to 40	9	5	80.0	164	133	23.3	121	111	9.0
41 to 45	15	15	-	176	205	-14.1	104	117	-11.1
46 to 50	11	15	-26.7	177	146	21.2	90	87	3.4
51 to 55	10	12	-16.7	106	104	1.9	36	31	16.1
56 to 60	10	8	25.0	43	45	-4.4	19	23	-17.4
Over 60	-	-	-	2	4	-50.0	2	1	100.0
Total	56	57	-1.8	755	748	0.9	674	662	1.8

Staff length of service

	Directors			Executive Management			Professional Areas		
	2009	2008	% change	2009	2008	% change	2009	2008	% change
Up to 5 years	12	14	-14.3	94	110	-14.5	218	205	6.3
6 to 10 years	13	14	-7.1	123	144	-14.6	175	203	-13.8
11 to 15 years	8	6	33.3	93	63	47.6	54	28	92.9
16 to 20 years	9	14	-35.7	148	170	-12.9	69	82	-15.9
21 to 25 years	11	8	37.5	204	202	1.0	128	120	6.7
Over 25 years	3	1	200.0	93	59	57.6	30	24	25.0
Total	56	57	-1.8	755	748	0.9	674	662	1.8

Education

	Men			Women			Total		
	2009	2008	% change	2009	2008	% change	2009	2008	% change
Degree, Masters or Diploma	371	363	2.2	239	225	6.2	610	588	3.7
Secondary School	391	390	0.3	344	340	1.2	735	730	0.7
Other	86	89	-3.4	54	60	-10.0	140	149	-6.0
Total	848	842	0.7	637	625	1.9	1,485	1,467	1.2

Turnover

A total of 104 new employees were recruited in 2009, 34 from inter-company transfers within the Intesa Sanpaolo Group and the remainder from outside the Group. The gender split for these new employees was 52.9% male staff and 47.1% female staff.

Staff leaving the Group as a result of reaching the end of their contracts, resignations and retirement totalled 86, 57% of them male staff and 43% female staff.

By category of employment

	Joined 2009				Total
	Men	%	Women	%	
Directors	4	80.0	1	20.0	5
Managers	22	78.6	6	21.4	28
Professional Areas	29	40.8	42	59.2	71
Total	55	52.9	49	47.1	104

	Left 2009				Total
	Men	%	Women	%	
Directors	6	85.7	1	14.3	7
Managers	27	69.2	12	30.8	39
Professional Areas	16	40.0	24	60.0	40
Total	49	57.0	37	43.0	86

By contract of employment

	Joined 2009				Total
	Men	%	Women	%	
Open-ended	38	62.3	23	37.7	61
Fixed-term	16	51.6	15	48.4	31
Work-entry contracts	1	8.3	11	91.7	12
Apprenticeship contracts	-	-	-	-	-
Total	55	52.9	49	47.1	104

	Left 2009				Total
	Men	%	Women	%	
Open-ended	43	65.2	23	34.8	66
Fixed-term	6	30.0	14	70.0	20
Work-entry contracts	-	-	-	-	-
Apprenticeship contracts	-	-	-	-	-
Total	49	57.0	37	43.0	86

Career development

	2009					2008				
	Men	%	Women	%	Total	Men	%	Women	%	Total
Promotions to Director	1	2.0	-	-	1	2	2.3	-	-	2
Promotions within Executive Management	12	24.0	11	28.9	23	43	48.9	28	39.4	71
Promotions to Executive Management	12	24.0	7	18.5	19	12	13.6	10	14.1	22
Promotions within Professional Areas	25	50.0	20	52.6	45	31	35.2	33	46.5	64
Total	50	100.0	38	100.0	88	88	100.0	71	100.0	159

Career development is focused on merit, assessed in relation to results achieved, competencies possessed and individual ability. Where head-of-department or higher-level appointments are concerned, special assessments are carried out to ascertain that

Atypical contracts

The Group entered into a number of staff leasing contracts in 2009 to meet temporary organisational needs or those arising from increases in the volume of work.

Atypical contracts

	31.12.2008	New		Ended		31.12.2009
	No.	No.	%	No.	%	No.
Women	-	8	40	8	40	-
Men	-	12	60	12	60	-
Total	-	20	100	20	100	-

the managerial competencies possessed are in line with the related job requirements, together with the abilities and attitudes potentially able to support the professional development planning of the Group's human resources.

Relationships with Trade Union Organisations

The Group held numerous meetings with Trade Union Organisations in 2009 concerning the implementation of the agreements finalised in 2008 regarding the harmonisation of the Intesa Sanpaolo Group - put in place taking the distinctive organisational characteristics of Banca Fideuram into account - and also to present the late-stage plans for the company structure in line with the Group's reorganisation and growth plans.

Special focuses of attention were the completion of our work on aligning provisions, including the extension of employment termination indemnity provisions, the use of meal vouchers for social security contributions and the renegotiation of mortgages, while also confirming, following in-depth discussion, the current supplementary healthcare arrangements - using policies taken out by the Pension Funds - while awaiting confirmation or otherwise at Group level regarding a potential single Healthcare Fund.

The organisational interventions outlined, discussed and monitored during periodic meetings included a project reviewing the work and structure of the Bank Network Main and Area Branches, together with the related effects on certain central support departments, the plan for establishing Private Banking Centres and the planned revision of our lending process.

Last but not least we held the usual annual meeting to present our corporate data and position as provided for in Italy's National Collective Bargaining Agreement, also addressing specific problems regarding staff and work organisation in the local meetings held in accordance with said agreement.

Approximately 48.4% of staff were members of a trade union at year end.

The number of hours that employees dedicated to trade union activities in 2009 totalled approximately 6,650, representing approximately 0.3% of theoretical total working hours.

The Group's company regulations improve on the provisions of Italy's national collective bargaining agreements, with special provisions regarding flexible working hours, reduced lunch breaks, area mobility, leave for family/personal reasons and study, part-time employment, pensions and healthcare.

Vulnerable employees

Staff belonging to categories of vulnerable persons as defined by Italian law No. 68/1999 totalled 104 as follows:

Vulnerable employees

	2009
	No.
Disabled	58
Orphans, Widows, Asylum Seekers	46
Total	104

In the course of the year, approximately 12,880 hours of leave were granted to employees with serious illnesses or to care for family members with serious diseases.

Development of resources

During 2009, the Group expanded and accelerated the human resource development activities launched the previous year.

This saw us developing significant development initiatives to strengthen the management profiles, motivation and skills of front-office staff and implementing Personal Professional Development Plans, designed jointly by management and Human Resources, as part of the Career Path assessment system (PERCORSI) launched last year.

These human resource development initiatives included:

- An initiative for all Heads of Department aimed at enhancing and aligning their management and supervisory competencies.
- Training for Branch Cashiers on customer-centred approaches and service quality.
- The systematic roll-out of courses on aspects of behaviour as well as on specialist subjects, information technology and languages from the Banca Fideuram Training Catalogue, together with a plan for placements and shadow training, including in other departments, aimed at enhancing specific vocational competencies.
- Prompt training support for staff employed on work-entry and apprenticeship contracts.
- Constant attention to disseminating information on the laws and regulations of greatest interest to the company, such as those on the Administrative Responsibility of Legal Persons, Money Laundering and Health & Safety at work.
- Further extending the training opportunities offered from late last year by offering staff the option of using the CAMPUS e-learning platform of Parent Company Intesa Sanpaolo, with special access and use criteria.

The implementation of these training initiatives paid due attention to the trainees' organisational and logistical needs, such as whether they belonged to categories of vulnerable persons or were employed on part-time contracts, as well to the development of aware behaviour regarding environmental, social and ethical impact.

Our human resource development processes likewise saw us continuing the work of our managerial potential assessment centres, which aim to map the abilities and attitudes of staff with the potential for development towards roles or responsibilities in line with the Group's corporate growth plans.

Lastly, 2009 saw the Group launch a plan for enhancing our Internal Communications through a gradual development programme during 2010 that aims to increase the efficiency of the Group's communications and information processes by intensifying employee involvement both regarding person-company relations and extra-vocational subjects such as the environment, solidarity and leisure.

The training provided by Banca Fideuram Group companies in Italy totalled 23,649 hours in 2009 (+22.7% on 2008) as shown below, broken down into:

- Class-based training:
 - In-house: technical/specialist and behaviour courses, organised internally to meet training needs identified.
 - External: training courses/events to increase knowledge of specific professional areas, delivered by specialist companies and institutes.
- E-learning.

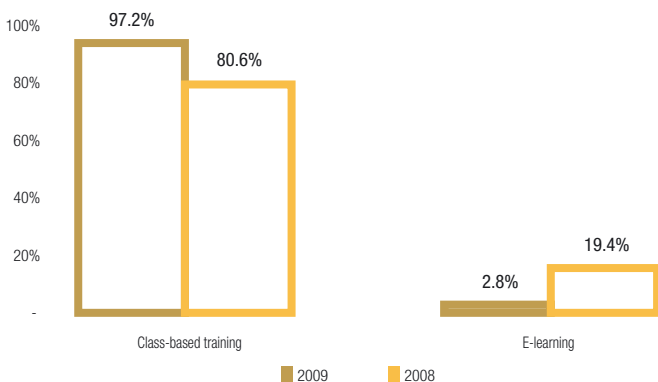
Class-based training

Training area	2009		2008		Change	
	Attendances	Total hours	Attendances	Total hours	Attendances	Total hours
IN-HOUSE TRAINING						
Specialist	1,272	16,832	2,692	11,347	-52.7%	48.3%
Managerial Personal Development	108	1,736	56	870	92.9%	99.5%
EXTERNAL TRAINING						
Workshops/Conferences	219	4,421	174	3,315	25.9%	33.4%
Language courses						
Total	1,599	22,989	2,922	15,532	-45.3%	48.0%

E-Learning

Training area	2009		2008		Change	
	Attendances	Total hours	Attendances	Total hours	Attendances	Total hours
Specialist	263	518	1,025	3,636	-74.3%	-85.8%
Managerial Personal Development	38	142	30	112	26.7%	26.8%
Total	301	660	1,055	3,748	-71.5%	-82.4%

Training by type of delivery (total hours)



Employee healthcare, pensions and services

In line with Intesa Sanpaolo's human resource management policies and related tools, we offer a complete spectrum of staff benefits and concessions, including:

- Complementary social security
- Supplementary health care
- Company obligations in the event of the death in service or total permanent disability of employees
- Special staff conditions for bank transactions and loans
- Bonus for 25 and 35 years' service at 31 December 2006.

Committed to helping personnel return to work after long periods of leave, Banca Fideuram is involved in the PERmano project launched by Parent Company Intesa Sanpaolo to provide constant and constructive support to people before, during and after periods of leave. Employees

who have been away from work for at least five months for maternity/ paternity leave, unpaid leave, sick leave or accident leave are able to maintain active relations with the Group, requesting the support of a tutor. A specially-trained member of Human Resources fills this role and is tasked with managing and coordinating the various different aspects of such leave, becoming a reference contact for all concerned.

Safety

A total of 71 health and safety at work inspections were carried out across the Group in 2009.

Banca Fideuram's main offices and branches underwent 56 environmental, safety and security inspections in 2009 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 departments with a view to making our workplaces even more comfortable.

A new staff census was carried out on personnel whose work requires them to undergo regular health checks, which were duly arranged as required.

During the year, 33 employees in the Group were involved in accidents at work with work absence, and said absences totalled 455 days. Only 5 of these events occurred in the workplace, while the remaining 28 occurred on the journey between home and work.

Security

There was only one robbery on Banca Fideuram premises in 2009, which did not have any consequences for staff. The robbery-prevention security measures in place at all the bank's branches were monitored during the year and updated where necessary.

SUPPLIERS

Main objectives for 2009

Advancement of the project for rationalising the supply of goods and services.

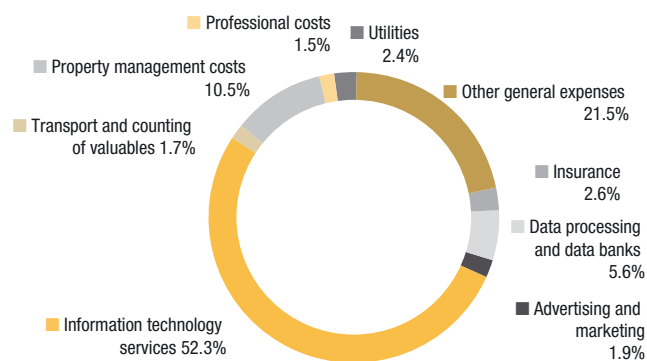
Actions and results achieved

During 2009, we took up a number of framework agreements entered into by Parent Company Intesa Sanpaolo, continued to pursue our cost containment policy and launched several calls for tender for goods and services to obtain supply contracts that match our current quality and economic requirements more closely.

Profile of suppliers

The work of revising and rationalising the phases in our goods and services procurement procedures continued during 2009, in accordance and in line with our internal spending regulations. The Group had commercial dealings with approximately 1,610,000 suppliers during the year for a total value of approximately €158.3m. A total of 109 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 €116.8m altogether.

Distribution of Large Suppliers by activity

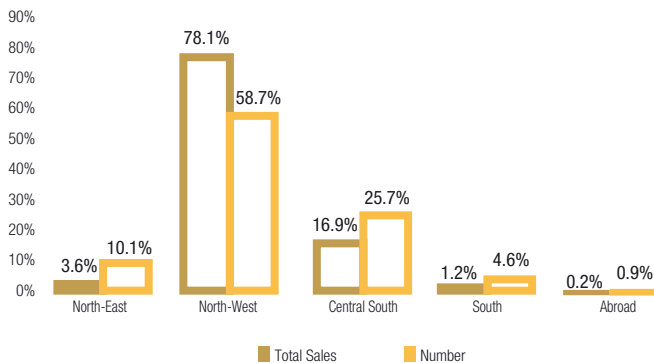


Distribution of Large Suppliers by geographical area

(€m)

2009			
Geographical area	Total Sales	% of total	No. of Suppliers
Region			
Campania	1.1	1.0	4
Emilia Romagna	2.0	1.7	5
Lazio	0.4	0.3	1
Lombardy	19.3	16.5	26
Piedmont	0.2	0.2	1
Sicily	25.7	22.0	47
Tuscany	64.1	54.9	15
Valle d'aosta	0.3	0.3	1
Venetia	0.4	0.3	2
Friuli Venezia Giulia	1.2	1.0	1
Liguria	1.9	1.6	5
Total Italy	116.6	99.8	108
Abroad			
Great Britain	0.2	0.2	1
Total abroad	0.2	0.2	1
Grand total	116.8	100.0	109

Geographical distribution of Large Suppliers in and outside Italy by total sales and number



Selection policies

The Banca Fideuram Group's commitment to the continuous improvement of its quality standards places considerable emphasis on the importance of our supplier selection processes, since it is through our suppliers' products and services that we are able to create added value for our customers. Precise selection criteria have been specified so that we can identify suppliers meeting the following requirements to this end:

- Ethical and legal integrity.
- Technical and professional suitability.
- Reliability with respect to the laws regarding confidentiality, data protection and privacy.
- Competitiveness on market.

The selection of suppliers is governed by internal expenditure regulations which require the identification of a "pool" of possible suppliers who can then be approached through the Suppliers Database of companies and individuals meeting the technical and trust requirements required to supply goods and services in Italy, including suppliers who may never have been used but are considered worthy of being taken into consideration.

The Suppliers Register is compiled from the Suppliers Database, containing those suppliers with total annual sales of more than 50,000, and is updated annually, removing those who:

- Did not supply goods or services with a total value of more than €50,000 in the previous year.
- Were in breach of contract.
- Failed to protect and maintain confidentiality of information.
- Withdrew from a supply contract subsequent to allocation without justification.
- Repeatedly or without justification failed to respond to calls for sealed-bid tenders.

Expenditure commitments and the terms and schedules for the supply of goods and services are managed as follows:

- If the planned expenditure exceeds €35,000, there is a call for sealed-bid tenders. In these cases the supply criteria are as follows:
 - The supply must generally be awarded to the supplier making the lowest bid.
 - When a bid is 20% below the mathematical mean of all the bids received, said bid must be rejected and the contract awarded to the supplier who has submitted the next best bid.
 - If a supply contract is awarded to a supplier other than the supplier submitting the lowest bid, the choice must be formalised, noting, moreover, the technical and scheduling reasons for the decision.
 - If there are negative notes regarding the supplier awarded the contract, or if they reject the contract, it is then awarded to the supplier who submitted the next best bid, having previously attempted to negotiate them down to align their bid with the lower one.
- If the planned expenditure is between €5,000 and €35,000, at least 3 estimates are requested and the supplier is chosen on the basis of best price, delivery times, product quality, type of business relationship with the supplier and their adherence to proper professional standards, as well as difficulty of replacement, in all cases taking care to ensure transparent and proper management. For expenditures of more than €10,000, estimates in writing are required. The grounds for any departure from these procedures must be noted and all estimates received must be properly filed. 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 and/or continuity with existing situations, or for contracts of the same kind, where estimates were previously obtained and there has been no increase in cost. Said circumstances must be noted in writing.
- If the planned expenditure is less than €5,000, a number of suppliers must be approached for informal estimates, after which the order may be sent direct to the supplier selected.

Relationship Management

Supplier relationship management may be direct or outsourced and is directed towards achieving effective and compliant performance of the contractual agreements.

Improvement objectives for 2010

During 2010 we will continue to work on rationalising and optimising our selection processes by continuing to join Intesa Sanpaolo's operating contracts and drawing up direct agreements with the suppliers of various types of goods and services in order to make our liabilities cycle more fluid and transparent.

THE COMMUNITY

Charitable and other donations totalled €250,000 in 2009, equating to approximately one thousandth of our consolidated gross operating income in 2008, 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 44 requests for charitable donations in the year out of a total of 77 received, donating a total of €250,000 as follows:

- €128,500 to 31 humanitarian and aid initiatives.
- €115,000 to 13 associations operating in the arts and scientific research sectors.

In addition to said 44 donation requests granted, we also donated €6,500 to the Intesa Sanpaolo initiative in support of Abruzzo's earthquake victims.

The bank has confirmed that the amount set aside for charitable and other donations in 2010 is €250,000. The Bank has likewise confirmed how this will be distributed to respected bodies operating in the aforementioned sectors.

Partnership with AISM

Banca Fideuram's interest in scientific research and commitment to those with serious illnesses saw us continuing our support for the Italian Multiple Sclerosis Association's programme sponsoring research and study outside Italy, with a targeted donation of €30,000. These funds maintain our 2008 financing of a scientific research study at the University of California (San Francisco), extending the related grant for a further year.

Our choice of the Italian Multiple Sclerosis Association (AISM) is not a random decision but the result of deeply shared aims and values. The AISM does not base its work exclusively on research which is essential for overcoming the disease in the near future, but also plays a leading role in supporting and attending to the families of people with the disease, regarding a strong local presence and close personal contact as key values - key values that are shared by Banca Fideuram.

AISM

“The AISM-Banca Fideuram grant made it possible for me to carry out a two-year research project at the University of California, San Francisco, on mesenchymal stem cells and the mechanisms behind their potential therapeutic effects on autoimmune diseases. The results are encouraging and the study, which has just been completed, thanks in part to the use of a new gene analysis approach, opens the way for potential further research into these mechanisms.

The bone marrow contains progenitor mesenchymal cells known as mesenchymal stem cells (MSCs) which may regulate many functions of the autoimmune cells.

It has recently been shown that MSCs can block the proliferation of certain immune system cells, suggesting that MSCs could be used as a therapy for diseases in which the immune system is compromised, such as multiple sclerosis.

The research project set out to identify the principal mechanisms of these cells' "regulatory" action on the immune system, including through the use of a new bioinformatic genetic analysis approach which made it possible to pinpoint certain genes of special interest involved in the regulation of molecules that influence immune system modulation.

The research team also validated the experimental *in vitro* and *in vivo* genic expression results obtained by injecting MSCs in an animal model of multiple sclerosis. Lastly, it was also shown that MSCs lead to an improvement in the disease both in terms of reducing the clinical assessment score and in terms of reducing inflammatory infiltrates.

The data suggest that the way MSCs block inflammation involves a variety of genes that lead to the production of molecules which are able to block the immune response that causes the inflammation characteristic of multiple sclerosis. Gaining an understanding of all the mechanisms involved in the therapeutic effect of MSCs could enable the evaluation of new therapeutic approaches to autoimmune diseases such as multiple sclerosis.”

Simona Casazza, Department of Neuroscience, Ophthalmology and Genetics, University of Genoa.

The SkySpark project

During 2009, Banca Fideuram continued to be a supporting sponsor of the SkySpark project, which aims to develop an entirely electric passenger aircraft using the latest energy generation technologies. The fuel cells under development could make it possible to generate energy in the future with practically no impact in terms of either environmental or noise pollution. This ambitious project represents a concrete commitment to improving the quality of our daily life in its broadest sense, regarding not only the convenience of fast travel but also respect for the ecosystem which is the source of life and the habitat of each and every one of us. The project achieved its highly-important first goal in 2009, when pilot and astronaut Maurizio Cheli set a world speed record for alternative power aircraft at the World Air Games in Turin in June, reaching 250 kilometres per hour. Like the SkySpark project, Banca Fideuram was also founded on a visionary approach which has, moreover, proven itself capable of building concrete achievements year after year, thanks to the tenacity and strong convictions of a team with a real passion for challenge and a natural vocation for innovation.



The “Roma Seven 2009”

The G. Onesti dell'Acqua Acetosa Sports Centre hosted the event that has dominated Rome's summer sports scene for eight years, the “Roma Seven” international rugby sevens tournament which has won a place as one of the top 10 tournaments of its kind in the world. Banca Fideuram was the tournament's title sponsor for the second year in a row in 2009, a year in which it welcomed 20 of the finest teams and clubs in Italy and the world for both men and women, who were included in the tournament for the first time. The Roma Seven kicked off on Thursday 5 June and ended on Saturday 7 June after a packed calendar of eliminators, finals and a tremendous grand final. The tournament over, the classic celebrations exploded in an exuberant “third half”.

Banca Fideuram - along with co-sponsors Rome City Council, Rome Provincial Council and the Ministry of Culture and Education - supported the organisation of the event unstintingly, ensuring amongst other things that it achieved extensive and widespread media coverage and was broadcast on the RAI Sport Più digital terrestrial TV channel. This achieved high visibility for the Group in the world of sport and again allied us with a discipline that is approached with great rigour, commitment and sacrifice, while being rewarded with great results and great appreciation - not unlike the work of our Personal Financial Advisers.



Professional Events

Banca Fideuram devoted considerable attention to the **professional sector** in 2009, sponsoring Italy's first national conference for accountants and bookkeepers, the Congresso Nazionale dei Dottori Commercialisti e degli Esperti Contabili held in the Lingotto Conference Centre in Turin between the 11th and 13th of March 2009 on the subject "Agents of change" ("Protagonisti del cambiamento"). We also organised a series of training days for bookkeepers, accountants, notaries and lawyers in Piedmont and Latium between March and June on the subject "Protecting our Heritage and Inheritance across the Generations".



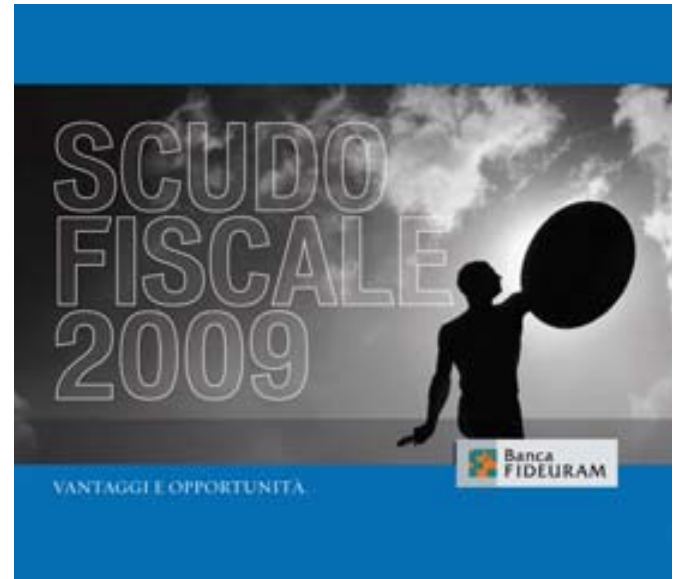
Yachting Gala III

The third Yachting Gala organised by the Azimut-Benetti Group took place at the Varazze Marina on the 27th and 28th of June 2009 with the Banca Fideuram Group as main sponsor. The two-day event saw Banca Fideuram participating with its own stand on the Varazze Marina quayside, while also entertaining clients in the special VIP lounge and organising visits and sea trips on Azimut-Benetti yachts.



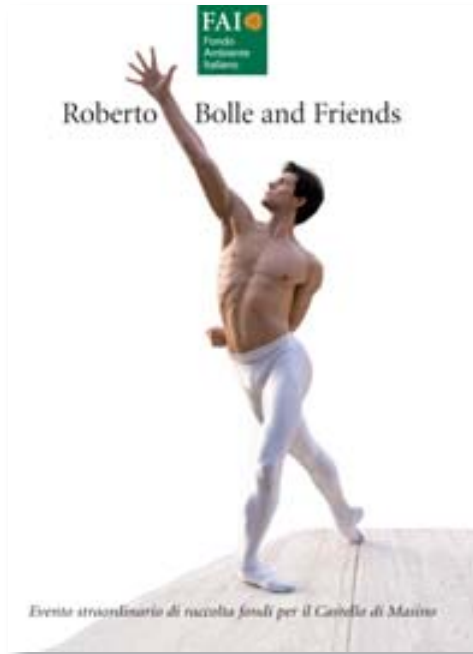
Tax Shield Events

Dedicated to helping our customers make informed choices in the management of their assets and to offering financial and pensions advice through highly-qualified professionals (key values in Banca Fideuram's mission), we organised 25 events across Italy in September and October in conjunction with consultants Ceppellini Lugano & Associati and leading professional associations, involving over 2,000 professionals in an in-depth consideration of Italy's "Tax Shield" legislation.



Roberto Bolle & Friends

The Banca Fideuram Group continued to support the National Trust for Italy (Fondo per l'Ambiente Italiano - FAI) in 2009, sponsoring the important cultural event "Roberto Bolle & Friends" at the Teatro Regio theatre in Turin. This international dance gala raised funds for the restoration of the Castello di Masino palace, the historic residence of the Counts Valperga, which the FAI bought in 1988.



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

Banca Fideuram's passion for Italy's artistic and cultural heritage continues to be expressed in its commitment to the now complete restoration of the Tamburini organ in the church of Sant'Ignazio di Loyola in Rome, undertaken by the Jesuit Fathers with the support of the Fondazione Pro Musica e Arte Sacra (Foundation for Sacred Music and Art). The restored organ was blessed in a formal ceremony on 22 November 2009, followed by a concert by the soloists of Munich's Bavarian Radio Symphony Orchestra, conducted by Johannes Skudlik.

Culture, Environment and Research

The Group donated €15,000 to support a research project organised by the Biology Department of the "Tor Vergata" University, Rome, into the effects of global warming on biodiversity.

Other organisations receiving financial support from Banca Fideuram included the Università Cattolica del Sacro Cuore university, the Modigliani Institut Archives Légales and the National Trust for Italy (Fondo per l'Ambiente Italiano - FAI).

Lastly, Banca Fideuram continued its support of the Amici della Scala Association in Milan in 2009.

Humanitarian projects

Banca Fideuram provided the same level of support for humanitarian projects in 2009 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.

In addition, a substantial sum was donated to support a project by the Associazione Missioni Estere Cappuccini (Capuchin Association for Foreign Missions) to build a nursery school in an Ethiopian village that does not currently have any institution for children's literacy and pre-school education.

Banca Fideuram helped Abruzzo's earthquake victims by, amongst other things, financing the "La Fonte" association's project to build a medical centre for the people of Rocca di Mezzo, in the Province of Aquila, whose health centre was declared unsafe following the earthquake of April 2009.

Lastly, Banca Fideuram also continued to provide financial support for the Lega del Filo d'oro, which assists the deafblind, Medici Senza Frontiere (Médecins Sans Frontières), the food bank association Fondazione per il Banco Alimentare, the Nucleo Protezione Civile dell'Associazione dei Carabinieri, the civil defence body of the Association of Carabinieri, and the police blood donor and volunteer work charity Associazione Donatori e Volontari Personale Polizia di Stato Onlus.

New links formed with charities during the year included, amongst others, the Palliative Care Service VIDAS and the Telefono Azzurro Rosa association against violence to children and women who successfully approached Banca Fideuram for donations to help them in their charitable work.

Charitable activities of Sanpaolo Invest

In 2009, Sanpaolo Invest set aside a total of €9,000 for charity which was distributed to the following respected bodies in the humanitarian/aid sectors:

- **The Lanciano Domani Cultural Association**, a non-profit humanitarian and literacy organisation whose 2010 programme of activities includes the completion and expansion of its projects in recent years (building an additional classroom for a nursery school in Goru and the completion of three classrooms in the Awaite village school, together with the connection of the school and dining hall to the electricity network).
- **The Associazione Ersilia Onlus**, a humanitarian cultural association

that undertakes projects dedicated to the world's poor. The association's 2010 project is centred on building a paediatric health centre in the desert town of Manchay on the outskirts of Lima in Peru.

Sanpaolo Invest also regularly supports "Save the Children" by buying its Christmas cards.

In 2009, the Banca Fideuram Group company Fideuram Gestions SA chose to donate its Christmas card budget to Handicap International, an association that helps people in developing countries with disabilities resulting from incapacitating diseases, war and natural catastrophes.

Media Relations

In an increasingly difficult market scenario, where financial consultancy and the need for relationships of trust have become crucially important for savers, the prime objective of our media communications is to highlight Banca Fideuram's leadership in providing a customised financial advisory service and in private banking, while simultaneously increasing the visibility of the bank's core business.

Media interest in the Banca Fideuram Group increased significantly in 2009. The creation of an innovative advanced advisory method (SEI), the development of our private banking, the recruitment of new Personal Financial Advisers, our financial results, Italy's tax shield legislation, our fund managers' market views and the future of Banca Fideuram proved the subjects of greatest interest to the Italian and international media.

The launch of SEI and further strengthening of Banca Fideuram's competitive position in the private banking sector in particular attracted great media interest. We met with the press in May to present our new advanced advisory method, aiming to focus media attention on the implementation of this important project and succeeded in this goal, stimulating interviews, articles and editorials that appropriately identified the features and importance of this new advanced advisory method.

Our private banking project, creation of a dedicated service line and opening of our prestigious first Private Banking centres in Turin and Milan, together with the further strengthening of our product range for Private Banking customers, contributed significantly to gaining constant coverage of Banca Fideuram in the specialist and mainstream press, with updates and in-depth reporting that highlighted the strengths of our service in line with the high standing of the bank's customers.

In addition, our continuous recruitment of new Personal Financial Advisers with large portfolios was noted on various occasions by the

media, who highlighted the advisory approach that has consistently set the bank apart and proved particularly appropriate in the market uncertainty and extreme volatility of recent years.

The media was kept informed of the bank's operations and performance through regular press releases. In 2009, Banca Fideuram was moreover again one of the finalists in the section for "Major and Large Banks" of the "Oscar di Bilancio" Financial Statement Oscars thanks to the clarity and transparency of its financial statements.

Banca Fideuram's initiatives regarding Italy's "tax shield" legislation were centred on external communications targeted directly at players who have historically acted as mediators in the repatriation of capital, positioning the bank as a special partner of the main Italian professional associations (accountants, lawyers and notaries). We were able to achieve this thanks to the Group's strong credibility and the established local presence of our distribution networks. The excellent business results achieved were duly reported in the press. What's more we made use of a dedicated press survey throughout the "tax shield" period to keep our distribution networks updated on all the main developments on the subject in real time.

Our product factories were likewise the focus of media attention, generating many requests for the market views of the fund managers at Fideuram Investimenti and Fideuram Asset Management Ireland, who were frequently invited to take part in surveys and interviews by the specialist press, in whose reporting their outstanding fund management did not go unremarked.

Our objective for 2010 is to continue and consolidate the approach followed in 2009, aiming to support the work of our Personal Financial Advisers by providing customers, investors and employees alike with ever more attentive and transparent information.

THE ENVIRONMENT

The Banca Fideuram Group's environmental commitments in 2009 saw it continue the following initiatives and policies:

- Buying electricity for all branches and offices from Consorzio Idroenergia, a supplier that generates electricity from renewable sources, such that almost all the electricity Banca Fideuram uses is renewable energy.
- Replacing cathode ray tube monitors with new liquid crystal display (LCD) models that have a lower environmental impact thanks to their ease of disposal and lower energy consumption.
- Replacing air conditioning systems that use non-ecological refrigerant gases to benefit from the lower energy consumption of the new systems used.

The bank's energy consumption in 2009 is shown below, compared to the figures for the previous year:

Energy consumption by source

		2009	2008	change %
Electricity	kWh	6,675,235	7,596,624	-12.1
Methane	cu. m	286,425	295,047	-2.9
Water	cu. m	60,944	53,106	14.8

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)

	2009	2008	% change
Forms	600	800	-25.0
Copier paper	71	83	-14.5

Annual paper consumption

	2009	2008	% change	
Total consumption	kg	66.800	71.000	-5.9
Consumption per head	kg per person	51	65	-21.5

Annual consumption of toner and ink cartridges

	2009	2008	% change	
Toner cartridges	kg	500	400	25.0
Ink cartridges	kg	2,200	2,000	10.0

Annual consumption of drinks cans/paper cups

	2009	2008	% change	
drinks cans/paper cups	kg	2,700	2,500	8.0

Annual waste production

	2009	2008	% change	
Municipal waste	Tonnes	5	4	25.0
Non-hazardous waste	Tonnes	59	56	5.4
Hazardous waste	Tonnes	0.5	0.6	-16.7

THE FINANCIAL SYSTEM AND OTHER INSTITUTIONS

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 Italian Federation of Co-operative Credit Banks (Federcasse), while the bank's Managing Director and General Manager is Deputy Chairman of Assoreti.

OTHER EVENTS

Financial Statements Oscars

Communication is essential for maintaining and increasing awareness of our brand, of our way of interpreting market trends and of providing advisory services to our customers. Which is why Banca Fideuram took part in the 2009 “Oscar di Bilancio” Financial Statement Oscars organised by the Italian Public Relations Federation (Federazione Relazioni Pubbliche Italiana - FERPI) under the High Patronage of the President of the Republic of Italy, which is the only National Award recognised by the Italian financial community, and has for over 50 years stimulated and promoted the development of a culture of transparent and exhaustive reporting.

The bank took part in the category **Oscar for Major and Large Banks and Financial Companies** in which it achieved the position of finalist on the following grounds:

The bank’s efforts to communicate its activities in a clear, simple and effective manner through graphs and other visual aids are worthy of special praise. The succinct corporate reporting is likewise commendable for its effective application of the principle of materiality in the logic “stakeholders/objectives/actions and results achieved”. The graphic design reflects the bank’s coordinated image.

The first bank in Italy to offer asset management services, Banca Fideuram has been a leader in private banking for over 40 years thanks to the quality of its advisory support.

The bank’s prime objective is to provide its stakeholders with integrated, complete, transparent and comprehensible information in the form of accounting information and in-depth comments on the main aspects of the bank’s operations and performance. Nothing conveys the size and strength of a bank better than facts and figures, but our facts and figures could never have been achieved without our stakeholders’ trust.



DISTRIBUTION OF VALUE

Components of Value Added

(€m)

	2009	2008
NET PRODUCTION		
Interest income and similar income	272.6	484.3
Commission income	844.1	892.0
Dividends and similar income	0.1	0.1
Net profit (loss) on trading activities	14.8	(14.6)
Net profit (loss) on hedging derivatives	1.1	3.1
Net profit (loss) on sales/repurchases of:	(3.1)	3.2
a) loans	(0.6)	13.3
b) financial assets available for sale	(2.5)	(10.1)
c) financial assets held to maturity	-	-
d) financial liabilities	-	-
Net gains or losses on financial assets and liabilities designated at fair value	23.9	(18.0)
Other income (expense)	16.2	24.2
Gain from disposal of investments	-	0.3
TOTAL NET PRODUCTION	1,169.7	1,374.6
CONSUMPTION		
Interest expense and similar expense	(114.9)	(326.1)
Commission expense (*)	(42.3)	(37.7)
Other administrative expenses (net of indirect taxes and donations and gifts)	(183.5)	(191.0)
Net impairment on:	(0.1)	(3.5)
a) loans	(0.1)	(2.9)
b) financial assets available for sale	-	-
c) financial assets held to maturity	-	-
d) other financial transactions	-	(0.6)
Net provisions for risks and charges (*)	(35.0)	(16.7)
TOTAL CONSUMPTION	(375.8)	(575.0)
GROSS CHARACTERISTIC VALUE ADDED	793.9	799.6
Income (loss) after tax on groups of assets held for sale	-	-
TOTAL GROSS VALUE ADDED	793.9	799.6
Depreciation and amortization	(17.8)	(15.6)
TOTAL NET VALUE ADDED	776.1	784.0
Payroll expenses:	(528.3)	(536.2)
Personnel expenses	(121.1)	(137.8)
Personal Financial Adviser Network expenses	(407.2)	(398.4)
Other administrative expenses: Donations and gifts	(0.2)	(0.2)
Other administrative expenses: Indirect taxes	(23.3)	(22.3)
INCOME/LOSS BEFORE TAX	224.3	225.3
Income taxes	(45.8)	(49.1)
Minority interest	(0.1)	(0.1)
PARENT COMPANY INTEREST IN NET PROFIT/LOSS FOR THE YEAR	178.4	176.1

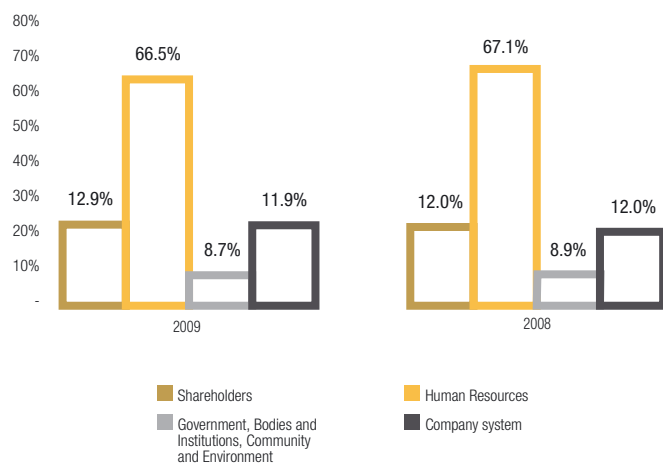
(*) The items "commission expense" and "net provisions for risks and charges" do not include any amounts related to the costs of the Personal Financial Adviser Networks which were reclassified in the item "Personal Financial Adviser Network expenses".

Distribution of Embedded Value Added

(€m)

	2009	2008
TOTAL NET PRODUCTION	1,169.7	1,374.6
TOTAL CONSUMPTION	(375.8)	(575.0)
GROSS CHARACTERISTIC VALUE ADDED	793.9	799.6
TOTAL GROSS VALUE ADDED	793.9	799.6
DISTRIBUTED TO:		
Shareholders	102.0	96.1
Dividends to Group shareholders	102.0	96.1
Dividends to third-party shareholders	-	-
Human Resources	528.3	536.2
Personnel expenses	121.1	137.8
Personal Financial Adviser Network expenses	407.2	398.4
Government, bodies and institutions	69.1	71.4
Indirect taxes	23.3	22.3
Income taxes	45.8	49.1
Community and environment	0.2	0.2
Donations and gifts	0.2	0.2
Company system	94.3	95.7
Amortization	17.8	15.6
Reserves and retained profits	76.5	80.1
Total gross value added	793.9	799.6

Distribution of Value Added







REPORT ON
CORPORATE
GOVERNANCE

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 company.
- The Chairman of the Board of Directors – appointed by the Board of Directors from among its members - who is the company's legal representative in dealings with third parties and in legal proceedings.
- The Internal Audit Committee, established within the Board and made up of three of its members, is a technical body which acts in an advisory and investigative capacity.
- 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/her powers in accordance with the by-laws.
- The General Management is, in accordance with the by-laws, made up of a General Manager and, when appointed, by one or more Co-General Managers and/or Deputy General Managers. They execute, in accordance with the duties and competencies assigned by the Board of Directors, the decisions taken by the Board of Directors and Company Bodies, managing the bank's current business, organising its activities and deciding the appointment and assignment of personnel. The General Management, each member of which is appointed by the Board of Directors, currently comprises the General Manager (appointment covered by the Managing Director).
- The Board of Auditors, appointed by the Board of Directors 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 Senior Manager Responsible for the Preparation of the Company Accounts, appointed as provided for in the by-laws, who performs the duties assigned by law and the Board of Directors.

The powers and operating procedures of the Company Bodies are set out in laws and regulations, in the by-laws and in resolutions by the competent bodies. In particular, the Board of Directors has approved the "Regulations of the Banca Fideuram Board of Directors" in accordance with the Bank of Italy's Supervisory Regulations regarding the organisation and corporate governance of banks.

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 pursuant to article 5 of the by-laws is €186,255,207.16 divided into 980,290,564 ordinary shares with a par value of 0.19 euro each, wholly owned by Intesa Sanpaolo S.p.A., which - 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 located both within and outside Italy that specialise in the distribution and management of financial products (these companies are listed in the accompanying table).

In addition to financial products, the group also distributes insurance and pension products supplied by EurizonVita S.p.A., an insurance company in the Intesa Sanpaolo Group.

Holdings in companies controlled as at 31.12.2009

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 SGR 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	-	99.97	99.97
Fideuram Bank (Monaco) S.A.M.	Monaco	-	99.96	99.96
Financière Fideuram S.A.	Paris	99.99	-	99.99
Euro-Trésorerie S.A.	Paris	-	99.99	99.99

1. COMPANY DIRECTORS

a) Composition and role of the Board of Directors

The members of the bank's current Board of Directors, whose term of office ends with the Shareholders' Meeting to approve the financial statements for the 2011 financial year, are as follows:

Salvatore MACCARONE	Chairman
Angelo CALOIA	Deputy Chairman
Matteo COLAFRANCESCO	Managing Director/General Manager
Alessandro BARBERIS	Director
Caterina BIMA	Director
Franca CIRRI FIGNAGNANI	Director
Oscar GIANNONI	Director
Cesare IMBRIANI	Director
Piero LUONGO	Director
Giampietro NATTINO	Director
Giuseppe RUSSO	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 Personal Financial Adviser networks.

Nine of the other Directors (Salvatore Maccarone, Angelo Caloia, Alessandro Barberis, Caterina Bima, Franca Cirri Fignagnani, Oscar Giannoni, Cesare Imbriani, Giampietro Nattino and Giuseppe Russo) satisfy the requirements of independence set out in article 13 of the by-laws. These directors:

- Are not employed by and do not have ongoing consultancy or remunerated work or other financial relationships with the company or its subsidiaries, parent companies or companies in which it has a joint controlling interest able to compromise their independence.
- Are not executive directors of the company or its subsidiaries, parent companies or companies in which it has a joint controlling interest.
- Are not relatives up to the second degree of consanguinity or affinity of any people in the situations specified in point (b) above.

Pursuant to said article 13 of the by-laws, the Board of Directors issued a specific regulation setting the maximum number of appointments outside the Intesa Sanpaolo Group that may be held by Directors (5 for Executive Directors and 10 for Non-Executive Directors) and has verified that each Director respects the limit on the total number of appointments they may hold on the basis of their own individual declarations.

In accordance with article 17 of the by-laws, the Board of Directors is in charge of the bank's ordinary and extraordinary management, excepting in those matters where Italian law restricts decision-making power to the Shareholders' Meeting. In particular, the Board of Directors has the authority to make decisions concerning, inter alia, general management policy, strategic policy and operations and business and financial plans, the approval of internal regulations, the appointment of General Management and internal audit managers, and the purchase and sale of

equity investments. The Board of Directors likewise has the authority to make decisions concerning the following:

- Mergers and spin-offs in the cases and following the procedures provided for by 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 other company bodies, the Board of Directors expressly retained sole responsibility for all the duties set out in article 1, subparagraph 1, of the Italian Stock Exchange's Code of Self-discipline of Listed Companies, and in particular:

- Approving the strategic business and financial plans of the bank and its subsidiaries and formulating directives governing relations with subsidiaries.
- Approving the separate and consolidated budget and monthly, quarterly, half-year and annual financial statements.
- Assessing the suitability of the organisational, administrative and general accounting systems of the bank and of its strategically significant subsidiaries.
- Delegating authority to company bodies and revoking such authority, specifying the limits to and procedures for the exercise of said authority, together with the frequency - at least 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.
- Deciding, in line with Group policies, the remuneration of the members of General Management as well as, following favourable consultation with the Board of Auditors, the remuneration of directors with special positions or duties.
- Evaluating general performance, taking into consideration, in particular, the information received from company bodies and regularly comparing the results achieved with those planned.
- Examining and approving strategically, economically or financially significant transactions by the bank and its subsidiaries, paying particular attention to situations in which one or more directors have a potential direct or indirect conflict of interest, or, more generally, to transactions with related parties.
- Reporting to the Shareholders at the Shareholders' Meeting on activities carried out and planned.

Where transactions with related parties are concerned, on 12 May 2008, the bank's Board of Directors adopted the latest version of Intesa Sanpaolo's Regulations governing the management of transactions with related parties, the implementation of which was completed with the approval, at the next Board Meeting on 24 June 2008, of the Banca Fideuram Group Regulations governing the management of transactions with related parties. The main points in said regulations are as follows.

The Board of Directors must be kept constantly informed of all decisions taken by delegated bodies through information supplied at regular intervals by the Managing Director and General Manager.

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 12 meetings in 2009. Board Meeting Attendance was 94% overall, both where all the Directors and the Independent Directors in particular were concerned.

b) Chairman

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

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

Supervising the implementation - by the Managing Director and General Manager - of the resolutions of the Board of Directors.

Acting on the decisions of the Board of Directors, having taken due note of the opinions of the Managing Director and General Manager, with respect to share capital and the purchase and sale of equity investments.

Proposing the appointment of members of General Management in consultation with the Managing Director and General Manager.

Formulating and managing communications, branding and charitable activities in consultation with the Managing Director and General Manager.

c) Managing Director and General Manager

The Managing Director and General Manager is responsible for the management of the bank and Personal Financial Adviser Networks, with full powers of ordinary and extraordinary management in accordance with the general planning and strategic policies decided by the Board of Directors, with the sole exception of those powers which by law may not be delegated and those restricted to the Board of Directors or other company bodies.

d) 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 the Directors Cesare Imbriani, who also chairs the committee, Giuseppe Russo and Franca Cirri Fignagnani - all non-executive directors and independent in accordance with the by-laws.

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 13 meetings in 2009.

The Members of the Board of Directors 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 policies governing the remuneration of directors in accordance with article 12 of the by-laws are approved by the Shareholders' Meeting. The latter 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 or duties, 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 is, as General Manager, entitled to a gross fixed salary and a variable bonus linked to the achievement of objectives set in advance by the Board of Directors.

Details of the remuneration paid to the Directors are provided in the Notes to the Annual 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 taking care of 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 provisions implementing it issued by the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB) and the Bank of Italy, as well as the internal regulations of the Intesa Sanpaolo Group.

The 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, and which 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 has assigned 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 Compliance Unit and receiving their periodic reports.
- Evaluating, together with the Senior Manager Responsible for the Preparation of the Company Accounts and the Independent Auditors, the suitability of the accounting policies used and their compatibility

for the purposes of preparing the separate and consolidated financial statements, through the prompt examination of the annual and interim accounts.

- Evaluating the Independent Auditors' proposals, submitted with the aim of gaining appointment, 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 six-monthly, upon the approval of the financial statements and half-year report, on the activities carried out and on the suitability of the bank and its subsidiaries' internal audit system.

The Committee is in addition also required to:

- Provide prior evaluation of the suitability of any significant insider transactions with related parties.
- Assess customer complaints concerning bonds issued by corporate parties in default and proposals regarding compensation for damages to customers for any offences by Personal Financial Advisers.
- Performing any additional duties assigned by the Board of Directors, in particular with regard to relations with the Independent Auditors.

The Board of Directors adopted the new Banca Fideuram "Model of organisation, management and control in accordance with Italian Legislative Decree No. 231 of 8 June 2001" at its meeting of 11 December 2008 (subsequently updated at the board meeting of 12 May 2009), which aims to prevent the possibility of the offences specified in the decree from being committed and, consequently, the administrative responsibility of the company.

The duty of supervising the operation and effectiveness of the model and compliance with it is entrusted to a Supervisory Board vested with autonomous powers of initiative and control that is autonomous, independent, professional and operates with continuity of action.

The Banca Fideuram Board of Directors implemented the provisions of said model by making its Supervisory Board independent and distinct from the Internal Audit Committee.

The Supervisory Board is currently made up of Director Cesare Imbriani, who Chairs the Board, Alessandro Cotto (Acting Auditor) and Pierluigi Cipolloni (Head of the Audit Department).

The Supervisory Board held 8 meetings in 2009.

The Audit Department is responsible for auditing the proper conduct of the bank's operations and processes, assessing the bank's overall internal audit system and its suitability for ensuring the effectiveness and efficiency of company processes, the reliability and integrity of accounting and management information, and the compliance of operations both with the policies established by the company's governance bodies and with internal and external regulations.

The activities of the Audit Department are principally focused on identifying any abnormal or risk behaviour and situations, any infringements of the law and regulations 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 currently comprises the following units:

- The Networks Audit Unit, which is responsible for auditing the Banca Fideuram and Sanpaolo Invest Networks, as well as the bank's peripheral banking structures.
- The 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.

The Head of the Audit Department reports to the Internal Audit Committee at every meeting - normally monthly - 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 at the earliest practicable meeting of the Internal Audit Committee and, in the most serious cases, of the Board of Directors.

The Corporate Risk Department reports directly to the Board of Directors and to the Managing Director and General Manager. The department is responsible for drawing up risk management and compliance guidelines and policies in line with company strategies and objectives and our parent company's guidelines, as well as for coordinating their implementation.

The Compliance Unit within the Corporate Risk Department is organisationally and operatively separate from the Audit Department and is responsible for identifying, over time, the laws and sector regulations which apply, measuring and evaluating their impact on company processes and procedures, while verifying the bank's compliance with them, in addition to managing the audit and control activities related to Italian Legislative Decree No. 231/2001.

The Compliance Unit monitors compliance risk, verifying that all internal processes are consonant with the objective of preventing the infringement of any laws and regulations, in addition to supporting company departments with the ex-ante evaluation of the compliance aspects of projects and with developing and proposing any organisational and procedural changes for ensuring appropriate management and preventing compliance risks, evaluating the effectiveness of said changes over time.

The Board of Directors and Internal Audit Committee are kept informed of the Compliance Unit's activities at six-monthly intervals.

Following favourable consultation with the Board of Auditors, the Board of Directors appointed the Head of the Corporate Risk Department as the bank's Compliance Officer.

At its meeting of 13 December 2007, the Board of Directors approved the “Banca Fideuram Operational Risk Management Regulations” implementing the “Group Operational Risk Management Guidelines”, adapting the guiding principles, organisational architecture and general Operational Risk Management processes provided for at Group level to its own operating context.

4. TRANSACTIONS WITH RELATED PARTIES

On 24 June 2008, the Board of Directors approved the latest version of the Banca Fideuram Group Regulations governing the management of transactions with related parties, 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, as well as those requiring the prior opinion of the parent company.
- Subsequent 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

The Board of Directors adopted the Intesa Sanpaolo “Regulations governing the communication of inside information to the market”, which it implemented by issuing its own internal regulations in compliance with Italian market abuse law and regulations. The bank also started maintaining an Insider List.

6. SHAREHOLDERS' MEETINGS

The practice adopted thus far by the Board of Directors has always been as follows:

- To ensure shareholders are provided with information on the company 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 2009 financial year:

- An Ordinary Shareholders' Meeting on 7 April to review the remuneration of the bank's independent auditors, approve the annual financial statements, appoint the Board of Directors and decide their emoluments together with the matters specified in Italian Ministerial Decree No. 161/98 regarding the requirements of bank managers.
- A Shareholders' Meeting on 25 June to approve a series of proposed amendments to the by-laws in extraordinary session, and to approve matters of remuneration policy in ordinary session.

7. BOARD OF AUDITORS

The term of the bank's current Board of Auditors ends with the Shareholders' Meeting called to approve the 2010 financial statements. The current Board of Auditors consists of:

Vincenzo MEZZACAPO	Chairman of the Board of Auditors
Carlo ANGELINI	Statutory Auditor
Lorenzo GINISIO	Statutory Auditor
Ruggero RAGAZZONI	Acting Auditor
Alessandro COTTO	Acting Auditor

The Board of Auditors held 15 meetings in 2009.

The Board of Auditors takes part in every meeting of the Board of Directors and is therefore continuously informed about the bank's activities. 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 duties effectively, the Directors report to the Board of Auditors at least quarterly on the most significant economic, financial and asset-related activities of the company 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.





CONSOLIDATED
FINANCIAL
STATEMENTS

Consolidated Balance Sheet

(All figures in thousands of euros)

	31.12.2009	31.12.2008
ASSETS		
10. Cash and cash equivalents	77,188	29,055
20. Financial assets held for trading	56,680	96,745
30. Financial assets designated at fair value	218,723	183,978
40. Financial assets available for sale	2,858,332	2,613,474
50. Financial assets held to maturity	605,451	609,780
60. Due from banks	3,698,915	4,462,356
70. Loans to customers	2,014,785	1,852,219
80. Hedging derivatives	236	-
90. Adjustment of financial assets subject to generic hedging	-	-
100. Investments in associates	190	120
110. Reinsurers' share of technical reserves	-	-
120. Property and equipment	31,541	31,757
130. Intangible assets	27,135	26,613
including: goodwill	-	-
140. Tax assets	161,308	148,453
a) current	12,075	6,910
b) deferred	149,233	141,543
150. Non-current assets and groups of assets held for sale	-	-
160. Other assets	572,805	510,468
TOTAL ASSETS	10,323,289	10,565,018

Chairman of the
Board of Directors
Salvatore Maccarone

Managing Director
Matteo Colafrancesco

Senior Manager Responsible for the
Preparation of the company accounts
Paolo Bacciga

Consolidated Balance Sheet

(All figures in thousands of euros)

	31.12.2009	31.12.2008
LIABILITIES AND SHAREHOLDERS' EQUITY		
10. Due to banks	607,756	452,864
20. Due to customers	7,736,555	8,262,502
30. Debt on issue	-	202,440
40. Financial liabilities held for trading	39,503	82,860
50. Financial liabilities designated at fair value	-	-
60. Hedging derivatives	276,024	307,357
70. Adjustment of financial liabilities subject to generic hedging	-	-
80. Tax liabilities	66,334	30,974
a) current	36,329	22,868
b) deferred	30,005	8,106
90. Liabilities associated with non current assets held for sale and discontinued operations	-	-
100. Other liabilities	498,461	439,065
110. Employment termination indemnities	23,586	24,793
120. Provisions for risks and charges:	310,527	248,941
a) Pensions and other commitments	-	-
b) Other provisions	310,527	248,941
130. Technical reserves	-	-
140. Valuation reserves	(149,880)	(310,010)
150. Redeemable shares	-	-
160. Capital instruments	-	-
170. Reserves	540,460	451,524
180. Share premium reserve	9,138	9,138
190. Capital	186,255	186,255
200. Treasury shares (-)	-	-
210. Minority interest	216	194
220. Net profit (loss) for the year	178,354	176,121
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	10,323,289	10,565,018

Chairman of the
Board of Directors
Salvatore Maccarone

Managing Director
Matteo Colafrancesco

Senior Manager Responsible for the
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Paolo Bacciga

Consolidated Income Statement

(All figures in thousands of euros)

	2009	2008
10. Interest income and similar income	272,566	484,345
20. Interest expense and similar expense	(114,939)	(326,128)
30. Net interest income	157,627	158,217
40. Commission income	844,059	891,983
50. Commission expense	(402,572)	(423,569)
60. Net commission income	441,487	468,414
70. Dividends and similar income	57	84
80. Net profit (loss) on trading activities	14,804	(14,640)
90. Net profit (loss) on hedging derivatives	1,124	3,122
100. Net profit (loss) on sale or repurchase of:	(3,124)	3,178
a) loans	(579)	13,261
b) financial assets available for sale	(2,545)	(10,107)
c) financial assets held to maturity	-	-
d) financial liabilities	-	24
110. Net profit (loss) on financial assets and liabilities designated at fair value	23,914	(17,952)
120. Total net interest and trading income	635,889	600,423
130. Net impairment on:	(142)	(3,516)
a) loans	(127)	(2,939)
b) financial assets available for sale	-	-
c) financial assets held to maturity	-	-
d) other financial transactions	(15)	(577)
140. Operating income on financing activities	635,747	596,907
150. Net insurance premiums	-	-
160. Other income/expense from insurance operations	-	-
170. Operating income on financing and insurance activities	635,747	596,907
180. Administrative expenses:	(328,042)	(351,282)
a) personnel expenses	(121,063)	(137,786)
b) other administrative expenses	(206,979)	(213,496)
190. Net provisions for risks and charges	(81,869)	(29,334)
200. Depreciation of property and equipment	(2,532)	(2,928)
210. Amortization of intangible assets	(15,309)	(12,701)
220. Other income/expense	16,272	24,240
230. Operating expenses	(411,480)	(372,005)
240. Income/losses on investments in associates	-	-
250. Net gains or losses on the fair value valuation of property and equipment and intangible assets	-	-
260. Adjustments to goodwill	-	-
270. Gains/losses from disposal of investments	-	335
280. Income/loss before tax	224,267	225,237
290. Income taxes	(45,837)	(49,065)
300. Income/loss after tax	178,430	176,172
310. Income/loss after tax on groups of assets held for sale	-	-
320. Net profit/loss for the year	178,430	176,172
330. Minority interest	(76)	(51)
340. Parent company interest in net profit/loss for the year	178,354	176,121

Chairman of the
Board of Directors
Salvatore Maccarone

Managing Director
Matteo Colafrancesco

Senior Manager Responsible for the
Preparation of the company accounts
Paolo Bacciga

Consolidated statement of comprehensive income

(All figures in thousands of euros)

	31.12.2009	31.12.2008
10. Net profit/loss for the year	178,430	176,172
Other comprehensive income after tax		
20. Financial assets available for sale	160,176	(305,010)
30. Property and equipment	-	-
40. Intangible assets	-	-
50. Hedging of foreign investments	-	-
60. Hedging of financial flows	-	-
70. Exchange rate differences	(46)	2,322
80. Non-current assets held for sale	-	-
90. Actuarial gain/loss on defined-benefit plans	-	-
100. Revaluation reserves related to investments carried at equity	-	-
110. Total other comprehensive income after tax	160,130	(302,688)
120. Total comprehensive income	338,560	(126,516)
130. Total comprehensive income attributable to minority interest	76	51
140. Total comprehensive income attributable to parent company	338,484	(126,567)

Statement of changes in consolidated shareholders' equity

(All figures in thousands of euros)

	Balance as at 31.12.2007	Change to opening balance	Balance as at 1.1.2008	Allocation of income for the previous year		Changes in the year							Group Shareholders' equity as at 31.12.2008	Minority interest as at 31.12.2008
				Reserves	Dividends and other	Changes in reserves	Transactions involving shareholders' equity					Total comprehensive income for the year		
							Issue of new shares	Purchase of treasury shares	Distribution of extraordinary dividends	Change in capital instruments	Derivatives based on treasury shares			
Capital:	186,255	-	186,255	-	-	-	-	-	-	-	-	-	186,255	-
a) Ordinary shares	186,255	-	186,255	-	-	-	-	-	-	-	-	-	186,255	-
b) Other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	9,138	-	9,138	-	-	-	-	-	-	-	-	-	9,138	-
Reserves:	406,717	-	406,717	49,615	(2,001)	-	-	-	-	-	(2,807)	-	451,524	143
a) from net income	293,749	-	293,749	49,615	(2,001)	-	-	-	-	-	(2,807)	-	338,556	143
b) other	112,968	-	112,968	-	-	-	-	-	-	-	-	-	112,968	-
Valuation reserves	(7,322)	-	(7,322)	-	-	-	-	-	-	-	-	(302,688)	(310,010)	-
Capital instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net profit/loss for the year	255,476	-	255,476	(49,615)	(205,861)	-	-	-	-	-	-	176,121	176,121	51
Group shareholders' equity	850,264	-	850,264	-	(205,861)	(2,001)	-	-	-	-	(2,807)	(126,567)	513,028	-
Minority interest	241	-	241	-	-	(98)	-	-	-	-	-	51	-	194

Statement of changes in consolidated shareholders' equity

(All figures in thousands of euros)

	Balance as at 31.12.2008	Change to opening balance	Balance as at 1.1.2009	Allocation of income for the previous year		Changes in the year							Group Shareholders' equity as at 31.12.2009	Minority interest as at 31.12.2009
				Reserves	Dividends and other	Changes in reserves	Transactions involving shareholders' equity					Total comprehensive income for the year		
							Issue of new shares	Purchase of treasury shares	Distribution of extraordinary dividends	Change in capital instruments	Derivatives based on treasury shares			
Capital:	186,255	-	186,255	-	-	-	-	-	-	-	-	-	186,255	-
a) Ordinary shares	186,255	-	186,255	-	-	-	-	-	-	-	-	-	186,255	-
b) Other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	9,138	-	9,138	-	-	-	-	-	-	-	-	-	9,138	-
Reserves:	451,524	-	451,524	80,053	-	8,883	-	-	-	-	-	-	540,460	140
a) from net income	338,556	-	338,556	80,053	-	8,883	-	-	-	-	-	-	427,492	140
b) other	112,968	-	112,968	-	-	-	-	-	-	-	-	-	112,968	-
Valuation reserves	(310,010)	-	(310,010)	-	-	-	-	-	-	-	-	160,130	(149,880)	-
Capital instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net profit/loss for the year	176,121	-	176,121	(80,053)	(96,068)	-	-	-	-	-	-	178,354	178,354	76
Group shareholders' equity	513,028	-	513,028	-	(96,068)	8,883	-	-	-	-	-	338,484	764,327	-
Minority interest	194	-	194	-	-	(54)	-	-	-	-	-	76	-	216

Statement of consolidated cash flows

(Indirect method)

(All figures in thousands of euros)

	2009	2008
A. OPERATING ACTIVITIES		
1. Operations	287,325	299,622
Net profit/loss	178,354	176,121
Net profit (loss) on financial assets held for trading and on financial assets/liabilities designated at fair value	(38,718)	32,592
Net profit (loss) on hedging derivatives	(1,124)	(3,122)
Net profit (loss) on financial assets available for sale	2,545	10,107
Net impairment	142	3,516
Depreciation of property and equipment and amortization of intangible assets	17,841	15,629
Net provisions for risks and charges and other costs/income	81,869	29,334
Uncollected net insurance premiums	-	-
Uncollected other insurance income/expense	-	-
Unpaid taxes and levies	45,837	49,065
Net adjustments/write-backs of net value after tax of groups of assets held for sale	-	-
Other adjustments	579	(13,620)
2. Cash from/used in financing activities	322,485	1,256,749
Financial assets held for trading	54,869	(66,410)
Financial assets designated at fair value	(10,831)	(35,476)
Hedging derivatives	888	83,923
Financial assets available for sale	(247,403)	335,260
Due from banks: demand deposits	(97,168)	(168,323)
Due from banks: other receivables	860,022	1,227,622
Loans to customers	(162,685)	(308,841)
Other assets	(75,207)	188,994
3. Cash from/used in financial liabilities	(716,881)	(1,214,243)
Due to banks: demand deposits	196,544	(203,402)
Due to banks: other debts	(41,652)	(313,317)
Due to customers	(525,947)	(397,447)
Debt on issue	(202,440)	(150,171)
Financial liabilities held for trading	(43,357)	72,201
Financial liabilities designated at fair value	-	-
Hedging derivatives	(31,333)	271,877
Other liabilities	(68,696)	(493,984)
Net cash from/used in operating activities	(107,071)	342,128
B. INVESTMENT ACTIVITIES		
1. Cash from	4,386	84
Disposal of subsidiaries	-	-
Dividend income in investments in associates	57	84
Sale of financial assets held to maturity	4,329	-
Sale of property and equipment	-	-
Sale of intangible assets	-	-
Sale of subsidiaries and company divisions	-	-
2. Cash used in	(18,217)	(31,814)
Acquisition of subsidiaries	(70)	-
Acquisition of financial assets held to maturity	-	(19,811)
Acquisition of property and equipment	(2,316)	(922)
Acquisition of intangible assets	(15,831)	(11,081)
Acquisition of subsidiaries and company divisions	-	-
Net cash from/used in investing activities	(13,831)	(31,730)
C. FUNDING ACTIVITIES		
Issue/purchase of treasury shares	-	-
Issue/purchase of capital instruments	-	-
Distribution of dividends and other	169,035	(307,543)
Net cash from/used in funding activities	169,035	(307,543)
NET CASH GENERATED/USED IN THE YEAR	48,133	2,855
Reconciliation		
Cash and cash equivalents at beginning of year	29,055	26,200
Net cash generated/used in the year	48,133	2,855
Cash and cash equivalents: effect of changes in exchange rates	-	-
Cash and cash equivalents at end of year	77,188	29,055

Notes to the Consolidated Financial Statements

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A.1 - General

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- Section 2 - General accounting policies
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A.2 - Main financial statement items

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- Section 6 - Hedging transactions
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- Section 11 - Current and deferred tax assets and liabilities
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A.3 - Fair value disclosures

■ Part B - Notes to the consolidated balance sheet

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- Section 2 - Financial assets held for trading - Item 20
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- Section 8 - Hedging derivatives - Item 80
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- Section 2 - Commission income and expense - Items 40 and 50
- Section 3 - Dividends and similar income - Item 70
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- Section 7 - Net profit (loss) on financial assets/liabilities designated at fair value - Item 110
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- Section 13 - Depreciation and amortization of property and equipment - Item 200
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■ Part D - Total comprehensive income

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■ Part E - Information on risks and related hedging policies

- 1.1 Credit risk
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■ Part F - Information on consolidated shareholders' equity

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■ Part L - Segment Reporting

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 of 28 February 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 2009, 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 and subsequent amendments, comprise the compulsory consolidated statements provided for by IAS 1 (namely a balance sheet, income statement, statement of comprehensive income, 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 2009 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 euro unless specified otherwise.

The balance sheet and income statement at 31 December 2009 accompanying the Directors' Report are a reclassified condensed balance sheet and reclassified condensed income statement to facilitate

comparison of the figures for different periods and to enable a clearer and more immediate understanding of the bank's financial position. These statements are condensed statements containing appropriate groupings of the items in the official financial statements. Moreover, the reclassified income statement has been changed as follows to provide a clearer presentation of the Group's operating performance:

- Net profit on financial assets and the Group's provisions are now stated net of the returns on the insurance policies taken out as part of the Personal Financial Adviser Networks' Loyalty Schemes, which - in pertaining to the Personal Financial Advisers - are recognised in the official statement as gains on assets designated at fair value and allocated to the provisions for risks and charges.
- Indirect taxes recovered, which are recognised in the official Bank of Italy schedule as other income, are deducted directly from the related costs.
- Non recurring expenses have been reclassified in a separate item of their own: "non recurring expenses net of tax".

SECTION 3

Scope and methods of consolidation

The companies included in the consolidation of Banca Fideuram S.p.A. at 31 December 2009 are listed below.

Investments in wholly-owned subsidiaries

	Registered office	Type of relationship (*)	Ownership		
			Held by	%	% votes (**)
A. Companies					
A.1 Consolidated line-by-line					
1. Banca Fideuram S.p.A. - Rome	Rome				
Capital Eur 186,255,207.16 in shares of Eur 0.19 each					
2. Sanpaolo Invest SIM S.p.A. - Rome	Rome	1	BF	100.000%	
Capital Eur 15,264,760 in shares of Eur 140 each					
3. Fideuram Investimenti SGR S.p.A. - Rome	Rome	1	BF	99.500%	
Capital Eur 25,850,000 in shares of Eur 517 each					
4. Fideuram Fiduciaria S.p.A. - Rome	Rome	1	BF	100.000%	
Capital Eur 1,551,000 in shares of Eur 517 each					
5. Fideuram Asset Management (Ireland) Ltd - Dublin	Dublin	1	BF	100.000%	
Capital Eur 1,000,000 in shares of Eur 517 each					
6. Sanpaolo Invest Ireland Ltd - Dublin	Dublin	1	BF	100.000%	
Capital Eur 500,000 in shares of Eur 1 each					
7. Fideuram Gestions S.A. - Luxembourg	Luxembourg	1	BF	99.939%	
Capital Eur 10,000,000 in shares of Eur 100 each					
8. Fideuram Bank (Luxembourg) S.A. - Luxembourg	Luxembourg	1	BF	99.996%	
Capital Eur 30,000,000 in shares of Eur 1,225.94 each					
9. Fideuram Bank (Suisse) A.G. - Chf	Zurich	1	FBL	99.973%	
Capital Chf 15,000,000 in shares of Chf 1,000 each					
10. Fideuram Bank (Monaco) S.A.M. - Monaco	Monaco	1	FBL	99.960%	
Capital Eur 5,000,000 in shares of Eur 200 each					
11. Financière Fideuram S.A. - Paris	Paris	1	BF	99.999%	
Capital Eur 346,761,600 in shares of Eur 25 each					
12. Euro-Trésorerie S.A. - Paris	Paris	1	FF	99.999%	
Capital Eur 250,038,322.2 in shares of Eur 15.3 each					

LEGEND

(*) Type of relationship

1 = majority of voting rights at general meeting

Held by:

BF = Banca Fideuram

FBL = Fideuram Bank (Luxembourg)

FF = Financière Fideuram

(**) Voting rights are only shown when they differ from % capital ownership

The consolidated financial statements include Banca Fideuram and its direct and indirect subsidiaries. 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.

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 subsidiaries. If negative, they are recognised in the income statement. Goodwill is subject to a period test on the appropriateness of its carrying value. If the recoverable value of the goodwill is less than the 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 at 31 December 2009, 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 recognised in the revaluation reserve.

Compared with 31 December 2008, the consolidation of the Banca Fideuram Group no longer included Fideuram France S.A. following its merger with Financière Fideuram, which took legal effect from 16 October 2009.

SECTION 4

Subsequent events

On 23 February 2010, Intesa Sanpaolo's Board of Management and Supervisory Board decided - in accordance with their respective competencies - to embark on the process of listing Banca Fideuram and the related global sharing offering. The Banca Fideuram Board of Directors approved said course of action for the aspects under its remit on 25 February 2010.

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 2009 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 euro)
Independent audit (*)	Reconta Ernst & Young	Banca Fideuram Subsidiaries	1,881
Total			1,881

(*) This figure includes €864 thousand paid for the auditing of the mutual funds managed by Group companies.

A.2 - MAIN FINANCIAL STATEMENT ITEMS

This section sets out the accounting policies adopted to prepare the consolidated financial statements at 31 December 2009.

Changes with respect to the previous financial year included the new version of IFRS 8 (replacing IAS 14) and the revised versions of certain standards and interpretations which came into effect.

The most important changes were as follows:

- The new IFRS 8 (Operating Segments) requires segment reporting in the financial statements to provide the information that management considers relevant for taking its operating decisions. The segment-reporting format currently adopted by the Group already complies with the requirements of the new standard.
- The revised version of IAS 1 (Presentation of Financial Statements) includes a Statement of Comprehensive Income, a new statement of total income generated in the period which not only shows net income but also any net changes in the value of assets recorded as offsetting entries in the revaluation reserves.
- The Comprehensive Income has been stated as a separate item in the statement of changes in equity and has moreover been included in a restated statement of changes in equity at 31 December 2008 for the purposes of comparison and the provision of complete and consistent information.
- The revised version of IFRS 7 included a number of amendments introducing a fair value hierarchy. The new version of the standard provides for a three-level hierarchy for financial instruments designated at fair value, based on the lowest level of market input significant to the overall fair value, and replaces the previous distinction between listed and unlisted financial instruments.

The other regulatory changes resulting from the process of revising the accounting standards have not had any significant impact on these financial statements.

The Bank of Italy updated Circular No. 262/2005 on the preparation of financial statements and the notes to financial statements on 18 November 2009 to incorporate the amendments to the international accounting standards. The update also involved rationalising and simplifying certain tables in the notes to financial statements.

The principal changes were as follows:

- The change to the Statement of Cash Flows led to said statement at 31 December 2008 provided for the purposes of comparison and the provision of complete and consistent information being restated so that straight comparisons can be made.
- The reorganisation of the analyses provided for impaired assets, assets disposed of but not written off and derivatives, which are now stated under their relevant technical categories and not as separate items.
- The revision of the information provided on derivatives, which is now set out almost exclusively in Part E of the Notes to the Financial Statements.
- The updating of the information provided on shareholders' equity.
- Discontinuing the systematic disaggregation of the consolidated results by operating sector (banking group, insurance companies and other companies), and replacing it with the requirement to provide such analyses only when significant.

The regulatory scope of consolidation was adopted for Part E of the Notes to the Financial Statement on risk, in line with the information already provided regarding the Basel third pillar, to align the information provided with the European harmonised regulatory schedules and information requirements of the Basel third pillar.

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 profits.
- 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 designated 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 losses from any decline 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 their fair value is positive and as liabilities if their fair value is negative.

SECTION 2

Financial assets available for sale

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

Financial assets available for sale 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 in a balancing entry of a specific shareholders' equity reserve.

Certain unlisted equities, the fair value of which cannot be calculated in a reliable or verifiable manner, are carried 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 specific 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 listed 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 amortization 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 using the effective interest method.

The book value of loans is periodically verified 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) grants 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 or past due at period end as defined by the relevant Bank of Italy regulations.
- *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 Group's operating units in conjunction with its 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 determination of 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 write-downs, which are individual and collective, are write-downs to the amount recorded under balance sheet assets in accordance with the above accounting treatment, 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 designated 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 of the Personal Financial Adviser Networks' Loyalty Schemes, considering them to be a group of financial assets designated at fair value in line with IAS guidelines.

The accounting policies 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 to hedge the interest rate risk of certain of its fixed-rate securities.

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

Investments in associates

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 investment in associates 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 investment in associates 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 investment in associates may have decreased, the Group proceeds to estimate the recoverable value of the investment in associates. If the recoverable value is less than the book value, the difference is recognised in the income statement.

SECTION 8

Property and equipment

Property and equipment 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. Property and equipment are initially recognised at cost, with the latter understood to mean both the purchase price and any related direct charges incurred for the purchase or commissioning of the asset.

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, property and equipment 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 property and equipment subject to depreciation is verified periodically. If the initial estimates require adjustment, the related depreciation rate is consequently also changed. In addition, at every accounting reference date, the Group also verifies whether there are any signs of an asset having suffered an impairment loss. If this is the case, the Group 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 Group estimates the asset's recoverable value.

Property and equipment are written off 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 internally 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 amortization, 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 property and equipment, 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 and groups of 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 non current assets held for sale and discontinued operations". 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 under 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 litigation, including claims from receivers, estimated disbursements arising from customer complaints regarding the brokerage of securities, and contractual indemnity payments due to Personal Financial Advisers, as well as the provisions set aside for the Network Loyalty Schemes.

The contractual indemnity payments due to Personal Financial Advisers, which are calculated using actuarial valuations, include the provisions for Personal Financial Advisers' 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 plans which entitle the Personal Financial Advisers 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 Personal Financial Advisers calculated using actuarial valuations.

The provision for personnel expenses includes early retirement incentives and the provision set aside to pay seniority bonuses to employees, 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 amount of the provisions as being equal to the present value of the expenses it is envisaged will 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 on issue

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

Debt on 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 on issue, with the exception of on-demand and short-term items, are subsequently valued at cost, amortised 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 as for financial assets held for trading are used.

SECTION 18

Other information

Treasury shares

Treasury 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.

Employment termination indemnities

With the introduction of the 2007 Finance Act, which brought forward to 1 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 will continue to be recognised in the provision for employment termination indemnities. The provision for employment termination indemnities accrued up until 31.12.2006 therefore continues to be considered a "defined benefit" scheme, consequently making it necessary to perform an actuarial valuation which, however, differs from the calculation method adopted up until 31 December 2006 in no longer making the benefit proportional to the period of employment. This is because the employment period 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 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 the net total of accrued interest, any anticipated income on the assets held for the purposes of the plan 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.

Following the reform, the employment termination indemnity contributions accrued from 1 January 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 - is calculated on the basis of the contributions due without applying any actuarial calculation methods.

Provisions for guarantees and commitments

The individual and collective provisions set aside to cover the estimated possible disbursements connected with the credit risk of guarantees and commitments, determined adopting the same accounting treatment for loans above, are stated under Other liabilities.

Revaluation reserves

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

Payment in shares

The Group applies the accounting treatment provided for by IFRS 2 regarding payments based on shares for the Group’s stock option plans. The options granted are designated 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 income is recognised. If the association of costs and revenues can only be made in a generic and indirect manner, the costs are recognised over more than one period following rational, systematic procedures.

Income is recognised at the time it becomes receivable. 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 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 of an integrated group of businesses and 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 contingent 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 interest in the acquired entity in proportion to the related interest in the net fair values.
- The goodwill held by the Group, calculated as the difference between the cost of the business combination and the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Any positive difference between the Group’s interest in the net fair value of the assets, liabilities

and contingent liabilities acquired and the cost of the business combination is recognised in the income statement.

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

Transactions for the purposes of reorganisation or 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 subject to joint 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 significant change in cash flows. Hence, in the absence of any specific IAS/IFRS Standard or Interpretation, and in accordance with IAS 8 - which requires a company, in the absence of any specific Standard or Interpretation, to use its own judgment in applying an accounting policy which provides relevant, reliable and 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 shareholders' equity net of any deferred tax assets and liabilities (if necessary).

Use of estimates and assumptions in the preparation of the financial statements

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

Subjective valuations are mainly required for:

- quantifying loan losses and, as a rule, other financial assets;
- the valuation models used for the fair value measurement of financial instruments not listed on active markets;
- quantifying staff provisions and provisions for risks and charges;
- making estimates and assumptions regarding the recoverability of deferred tax assets;

- calculating the prepaid expenses on the Personal Financial Adviser Network bonuses linked to specified inflow targets.

Fair value measurements

The fair value of an asset or liability is the value for which it can be traded in a transaction between independent counterparties with a reasonable knowledge of market conditions and the relevant facts regarding the subject of the transaction. Fundamental to the definition of fair value is the assumption that the entity is fully operational and that there is no need for it to wind up or significantly reduce its business, or to undertake operations under unfavourable conditions. The fair value reflects the loan quality of the instrument in that it takes counterparty risk into account.

The fair value of financial instruments is measured using financial market prices for instruments listed on active markets, or using internal valuation models for other financial instruments.

A market is considered to be active when the quoted prices representing effective, standard market transactions that have occurred over an appropriate reference period are readily and regularly available through stock exchanges, dealers, brokers, sector companies, pricing services or authorised bodies. If the instrument is not quoted on an active market or if the market is not operating normally, which is to say when there is an insufficient number of continuous transactions and the bid/ask spread and volatility are not sufficiently low, the fair value of the financial instruments is mainly determined using valuation techniques that aim to establish the price of a hypothetical independent transaction, motivated by normal market considerations at the valuation date.

These techniques include:

- Reference to market values that can be indirectly linked to the financial instrument being valued and can be obtained from products with similar risk characteristics (comparable approach).
- Valuations performed using - even only partially - inputs that are not obtained from observable market parameters, using estimates and assumptions formulated by the valuer (Mark-to-Model).

There is no choice regarding which of these methodologies is chosen, since they have to be applied in hierarchical order and specified in the financial statements by level.

Absolute priority is given to the quoted active market prices of the assets and liabilities being measured (Level 1 - effective market quotes) or of similar assets and liabilities (Level 2 - comparable approach) and the lowest priority to unobservable inputs, which are accordingly more discretionary (Level 3 - Mark-to-Model Approach). The following are considered to be instruments quoted in listed markets (Level 1): mutual funds, spot exchange rate transactions, futures, options and shares listed on regulated markets, bonds for which a pricing service has provided at least two executable quotes with an appropriate bid-ask spread continuously, and hedge funds where the units are redeemable monthly.

If the prices of the financial instruments are not quoted on active markets, the fair value is measured using the comparable approach (Level 2), which adopts valuation models that mainly use

market parameters. In these cases the valuations are not based on the prices of the instrument being valued, but on prices or credit spreads obtained from the quoted prices of instruments that are broadly similar in terms of risk, using a given pricing model. This approach consists in researching transactions on active markets in instruments which are comparable in terms of risk with the instrument being valued.

Lastly, the fair value measurement of certain financial instruments requires the use of valuation models that use parameters which

cannot be observed directly on the market and therefore involve estimates and assumptions by the valuer (Level 3).

The valuation method adopted for a given financial instrument is maintained over time and only changed if there are substantial changes in market conditions or subjective changes regarding the issuer of the financial instrument.

The fair value disclosures incorporated in the notes to the financial statements use this fair value measurement hierarchy to provide analyses of the financial assets and liabilities by fair value level.

A.3 FAIR VALUE DISCLOSURES

A.3.1 Transfers between categories

In accordance with the related compulsory disclosure requirements, the Group states that it availed itself of the amendment to IAS 39 introduced by EC Regulation No. 1004/2008 and reclassified €668.5m available-for-sale bonds as Loans & Receivables in the third quarter of 2008. If the Group had not availed itself of the option of reclassifying

these bonds, they would have suffered a further loss of approximately €91,537,000 as the difference between the theoretical total negative reserve at 31 December 2009 (€135,640,000) and the total negative reserve recorded under shareholders' equity at the reclassification date (€44,103,000).

A.3.1.1 Reclassified financial assets: book value, fair value and effect on total comprehensive income

Type of financial instrument	Source category	Destination category	Book value at 31.12.2009	Fair value at 31.12.2009	Comprehensive income without transfer (before tax)		Comprehensive income for the year (before tax)	
					Estimations	Other	Estimations (*)	Other
Debt securities	Financial assets available for sale	Due from banks	21,207	20,365	(50)	315	1,633	315
Debt securities	Financial assets available for sale	Loans to customers	792,989	706,555	(91,487)	36,636	(51,785)	36,636

(*) Includes changes in fair value attributable to interest-rate hedging.

A.3.1.4 Effective interest rate and anticipated financial flows of reclassified assets

Type of financial instrument	Source category	Destination category	Effective interest rate	Anticipated financial flows
Debt securities	Financial assets available for sale	Due from banks and loans to customers	5.5%	1,341,376

A.3.2 Fair value hierarchy

A.3.2.1 Accounting categories: fair value analysis

	31.12.2009			31.12.2008		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets held for trading	20,401	36,279	-	25,036	71,709	-
2. Financial assets designated at fair value	1,009	217,714	-	988	182,990	-
3. Financial assets available for sale	2,858,241	82	9	2,495,610	117,855	9
4. Hedging derivatives	-	236	-	-	-	-
Total	2,879,651	254,311	9	2,521,634	372,554	9
1. Financial liabilities held for trading	-	39,503	-	25	82,835	-
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	276,024	-	-	307,357	-
Total	-	315,527	-	25	390,192	-

A.3.2.2 Annual changes in financial assets designated at fair value (level 3)

	FINANCIAL ASSETS			
	Held for trading	Designated at fair value	Available for sale	Hedging
1. Opening balance	-	-	9	-
2. Increases	-	-	-	-
2.1. Purchases	-	-	-	-
2.2. Profits recognised under:	-	-	-	-
2.2.1. Income statement	-	-	-	-
- including capital gains	-	-	-	-
2.2.2. Shareholders' equity	X	X	-	-
2.3. Transfers from other levels	-	-	-	-
2.4. Other increases	-	-	-	-
3. Decreases	-	-	-	-
3.1. Sales	-	-	-	-
3.2. Redemptions	-	-	-	-
3.3. Losses recognised under:	-	-	-	-
3.3.1. Income statement	-	-	-	-
- including losses	-	-	-	-
3.3.2. Shareholders' equity	X	X	-	-
3.4. Transfers to other levels	-	-	-	-
3.5. Other decreases	-	-	-	-
4. Closing balance	-	-	9	-

PART B

NOTES TO THE CONSOLIDATED BALANCE SHEET

Assets

SECTION 1

CASH AND CASH EQUIVALENTS - ITEM 10

1.1 Cash and cash equivalents: analysis

	31.12.2009	31.12.2008
a) Cash	42,534	29,055
b) Demand deposits with Central Banks	34,654	-
Total	77,188	29,055

SECTION 2

FINANCIAL ASSETS HELD FOR TRADING - ITEM 20

2.1 Financial assets held for trading: analysis

	31.12.2009			31.12.2008		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Cash assets						
1. Debt securities	20,297	15	-	24,989	2,726	-
1.1 Structured securities	1	-	-	-	-	-
1.2 Other debt securities	20,296	15	-	24,989	2,726	-
2. Equities	-	-	-	47	-	-
3. Units in mutual funds	104	-	-	-	123	-
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreement assets	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total A	20,401	15	-	25,036	2,849	-
B. Derivatives						
1. Financial derivatives	-	36,264	-	-	68,860	-
1.1 Held for trading	-	36,264	-	-	68,860	-
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	-	36,264	-	-	68,860	-
Total (A+B)	20,401	36,279	-	25,036	71,709	-

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

	31.12.2009	31.12.2008
A. Cash assets		
1. Debt securities	20,312	27,715
a) Governments and Central Banks	19,841	23,578
b) Other public entities	-	-
c) Banks	441	4,089
d) Other issuers	30	48
2. Equities	-	47
a) Banks	-	-
b) Other issuers:	-	47
- Insurance companies	-	-
- Financial Institutions	-	-
- Non-financial companies	-	47
- Other	-	-
3. Units in mutual funds	104	123
4. Loans	-	-
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other parties	-	-
Total A	20,416	27,885
B. Derivatives		
a) Banks	7,535	51,096
- fair value	7,535	51,096
b) Customers	28,729	17,764
- fair value	28,729	17,764
Total B	36,264	68,860
Total (A+B)	56,680	96,745

2.3 Cash financial assets held for trading: changes in the year

	Debt securities	Equities	Units in mutual funds	Loans	Total
A. Opening balance	27,715	47	123	-	27,885
B. Increases	5,973,930	4,328	398	-	5,978,656
B1. Purchases	5,968,545	4,311	380	-	5,973,236
B2. Increases in fair value	43	-	15	-	58
B3. Other increases	5,342	17	3	-	5,362
C. Decreases	5,981,333	4,375	417	-	5,986,125
C1. Sales	5,960,771	4,115	416	-	5,965,302
C2. Redemptions	17,330	-	-	-	17,330
C3. Decreases in fair value	-	-	-	-	-
C4. Transfers to other categories	-	-	-	-	-
C5. Other decreases	3,232	260	1	-	3,493
D. Closing balance	20,312	-	104	-	20,416

SECTION 3

FINANCIAL ASSETS DESIGNATED AT FAIR VALUE - ITEM 30

3.1 Financial assets designated at fair value: analysis

	31.12.2009			31.12.2008		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities (*)	1,009	217,714	-	988	182,990	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	1,009	217,714	-	988	182,990	-
2. Equities	-	-	-	-	-	-
3. Units in mutual funds	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
4.1 Structured	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total	1,009	217,714	-	988	182,990	-
Cost	983	192,901	-	1,000	175,893	-

(*) The Level 2 debt securities are policies taken out by the Group to insure the market yields of the Personal Financial Adviser Network Loyalty Schemes.

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

	31.12.2009	31.12.2008
1. Debt securities	218,723	183,978
a) Governments and Central Banks	2	2
b) Other public entities	-	-
c) Banks	-	-
d) Others issuers	218,721	183,976
2. Equities	-	-
a) Banks	-	-
b) Other issuers:	-	-
- Insurance companies	-	-
- Financial Institutions	-	-
- Non-financial companies	-	-
- Other	-	-
3. Units in mutual funds	-	-
4. Loans	-	-
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other parties	-	-
Total	218,723	183,978

3.3 Financial assets designated at fair value: changes in the year

	Debt securities	Equities	Units in mutual funds	Loans	Total
A. Opening balance	183,978	-	-	-	183,978
B. Increases	45,871	-	-	-	45,871
B1. Purchases	21,831	-	-	-	21,831
B2. Increases in fair value	23,708	-	-	-	23,708
B3. Other increases	332	-	-	-	332
C. Decreases	11,126	-	-	-	11,126
C1. Sales	-	-	-	-	-
C2. Redemptions	10,995	-	-	-	10,995
C3. Decreases in fair value	1	-	-	-	1
C4. Other decreases	130	-	-	-	130
D. Closing balance	218,723	-	-	-	218,723

SECTION 4

FINANCIAL ASSETS AVAILABLE FOR SALE - ITEM 40

4.1 Financial assets available for sale: analysis

	31.12.2009			31.12.2008		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	2,716,689	-	-	2,495,610	111,945	-
1.1 Structured securities	57,049	-	-	12,651	-	-
1.2 Other debt securities	2,659,640	-	-	2,482,959	111,945	-
2. Equities	-	82	9	-	82	9
2.1 Valued at fair value	-	82	-	-	82	-
2.2 Valued at cost	-	-	9	-	-	9
3. Units in mutual funds	141,552	-	-	-	5,828	-
4. Loans	-	-	-	-	-	-
Total	2,858,241	82	9	2,495,610	117,855	9

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

	31.12.2009	31.12.2008
1. Debt securities	2,716,689	2,607,555
a) Governments and Central Banks	847,827	822,200
b) Other public entities	-	-
c) Banks	988,584	971,429
d) Other issuers	880,278	813,926
2. Equities	91	91
a) Banks	-	-
b) Other issuers:	91	91
- Insurance companies	-	-
- Financial Institutions	-	-
- Non-financial companies	91	91
- Other	-	-
3. Units in mutual funds	141,552	5,828
4. Loans	-	-
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other parties	-	-
Total	2,858,332	2,613,474

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

	31.12.2009	31.12.2008
1. Financial assets hedged with fair value micro-hedging	865,937	743,801
a) Interest rate risk	865,937	743,801
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 risk	-	-
c) Other	-	-
Total	865,937	743,801

4.4 Financial assets available for sale: changes in the year

	Debt securities	Equities	Units in mutual funds	Loans	Total
A. Opening balance	2,607,555	91	5,828	-	2,613,474
B. Increases	916,951	-	240,917	-	1,157,868
B1. Purchases	643,281	-	235,000	-	878,281
B2. Increases in fair value	205,619	-	5,726	-	211,345
B3. Write-backs recognised in:	-	-	-	-	-
- income statement	-	-	-	-	-
- shareholders' equity	-	-	-	-	-
B4. Transfers from other categories	-	-	-	-	-
B5. Other increases	68,051	-	191	-	68,242
C. Decreases	807,817	-	105,193	-	913,010
C1. Sales	647,977	-	105,191	-	753,168
C2. Redemptions	82,189	-	-	-	82,189
C3. Decreases in fair value	33,878	-	-	-	33,878
C4. Impairment write-downs	-	-	-	-	-
- income statement	-	-	-	-	-
- shareholders' equity	-	-	-	-	-
C5. Transfers to other categories	-	-	-	-	-
C6. Other decreases	43,773	-	2	-	43,775
D. Closing balance	2,716,689	91	141,552	-	2,858,332

SECTION 5

FINANCIAL ASSETS HELD TO MATURITY - ITEM 50

5.1 Financial assets held to maturity: analysis

	Book value	Total 31.12.2009			Book value	Total 31.12.2008		
		Fair Value				Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Debts securities (*)	605,451	588,356	-	-	609,780	552,678	-	-
- Structured securities	102,032	100,991	-	-	102,396	94,605	-	-
- Other debt securities	503,419	487,365	-	-	507,384	458,073	-	-
2. Loans	-	-	-	-	-	-	-	-

(*) Includes €580,897 thousand regarding bonds which were reclassified from the available-for-sale portfolio in the first quarter of 2008. A negative reserve of €9,496 thousand was recorded under shareholders' equity for these securities, which are being amortised to profit and loss over their residual life.

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

	31.12.2009	31.12.2008
1. Debt securities	605,451	609,780
a) Governments and Central Banks	4,660	4,637
b) Other public entities	-	-
c) Banks	389,361	390,888
d) Other issuers	211,430	214,255
2. Loans	-	-
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other parties	-	-
Total	605,451	609,780
Total fair value	588,356	552,678

5.4 Financial assets held to maturity: changes in the year

	Debt securities	Loans	Total
A. Opening balance	609,780	-	609,780
B. Increases	99,691	-	99,691
B1. Purchases	1,533	-	1,533
B2. Write-backs	-	-	-
B3. Transfers from other categories	-	-	-
B4. Other increases	98,158	-	98,158
C. Decreases	104,020	-	104,020
C1. Sales	-	-	-
C2. Redemptions	1,514	-	1,514
C3. Write-downs	-	-	-
C4. Transfers to other categories	-	-	-
C5. Other decreases	102,506	-	102,506
D. Closing balance	605,451	-	605,451

SECTION 6

DUE FROM BANKS - ITEM 60

6.1 Due from banks: analysis

	31.12.2009	31.12.2008
A. Due from Central Banks: analysis	456,205	79,231
1. Term deposits	227,500	-
2. Statutory reserve	228,705	79,231
3. Repurchase agreement assets	-	-
4. Other	-	-
B. Due from banks	3,242,710	4,383,125
1. Current accounts and demand deposits	495,811	398,643
2. Term deposits	1,690,371	1,964,925
3. Other	1,046	1,819
3.1 Repurchase agreement assets	-	-
3.2 Finance leases	-	-
3.3 Other	1,046	1,819
4. Debt securities	1,055,482	2,017,738
4.1 Structured securities	268,709	110,765
4.2 Other debt securities	786,773	1,906,973
Total (book value)	3,698,915	4,462,356
Total (fair value) (*)	3,682,269	4,412,069

(*) The difference with respect to the book value was due to losses on debt securities.

6.2 Due from banks hedged with micro-hedging

	31.12.2009	31.12.2008
1. Loans hedged with fair value micro-hedging	83,591	82,507
a) Interest rate risk	83,591	82,507
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	83,591	82,507

SECTION 7

LOANS TO CUSTOMERS - ITEM 70

7.1 Loans to customers: analysis

	31.12.2009		31.12.2008	
	Performing	Impaired (*)	Performing	Impaired
1. Current accounts	793,175	5,961	727,519	2,850
2. Repurchase agreement assets	109,438	-	-	-
3. Loans	71,473	224	61,875	106
4. Credit cards, personal loans and loans with repayments deducted directly from wages	37,541	100	22,292	50
5. Finance leases	-	-	-	-
6. Factoring	-	-	-	-
7. Other transactions	73,128	351	40,166	1,854
8. Debt securities	923,394	-	995,507	-
8.1 Structured securities	154,323	-	146,548	-
8.2 Other debt securities	769,071	-	848,959	-
Total (book value)	2,008,149	6,636	1,847,359	4,860
Total (fair value) (**)	1,907,764	6,636	1,640,216	4,860

(*) Impaired assets comprised non-performing loans totalling €2,774 thousand, doubtful loans totalling €3,071 thousand and loans past due for more than 180 days totalling €791 thousand.

(**) The difference with respect to the book value was due to losses on debt securities.

7.2 Loans to customers: analysis by debtors/issuers

	31.12.2009		31.12.2008	
	Performing	Impaired	Performing	Impaired
1. Debt securities	923,394	-	995,507	-
a) Governments	754,655	-	781,429	-
b) Other public entities	-	-	-	-
c) Other issuers	168,739	-	214,078	-
- Non-financial companies	-	-	-	-
- Financial institutions	153,692	-	146,548	-
- Insurance companies	-	-	-	-
- Other	15,047	-	67,530	-
2. Loans to	1,084,755	6,636	851,852	4,860
a) Governments	-	-	-	-
b) Other public entities	143	-	48	-
c) Other parties	1,084,612	6,636	851,804	4,860
- Non-financial companies	205,265	393	168,257	359
- Financial institutions	117,961	249	92,806	231
- Insurance companies	23	-	6,104	-
- Other	761,363	5,994	584,637	4,270
Total	2,008,149	6,636	1,847,359	4,860

7.3 Loans to customers: hedged assets

	31.12.2009	31.12.2008
1. Loans hedged with fair value micro-hedging	754,655	780,394
a) Interest rate risk	754,655	780,394
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	754,655	780,394

SECTION 8

HEDGING DERIVATIVES - ITEM 80

8.1 Hedging derivatives: analysis by type of hedge and level

	Fair value 31.12.2009			Notional values 31.12.2009	Fair value 31.12.2008			Notional values 31.12.2008
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
A. Financial derivatives	-	236	-	114,920	-	-	-	-
1) Fair value	-	236	-	114,920	-	-	-	-
2) Financial flows	-	-	-	-	-	-	-	-
3) Investments outside Italy	-	-	-	-	-	-	-	-
B. Credit derivatives	-	-	-	-	-	-	-	-
1) Fair value	-	-	-	-	-	-	-	-
2) Financial flows	-	-	-	-	-	-	-	-
Total	-	236	-	114,920	-	-	-	-

8.2 Hedging derivatives: analysis by assets/liabilities hedged and type of hedge (book value)

	Fair value					Hedging of financial flows			Investments outside Italy
	Specific					Macro-hedging	Micro-hedging	Macro-hedging	
	Interest rate risk	Exchange rate risk	Credit risk	Price risk	Other risks				
1. Financial assets available for sale	9	-	-	-	-	X	-	X	X
2. Loans	227	-	-	X	-	X	-	X	X
3. Financial assets held to maturity	X	-	-	X	-	X	-	X	X
4. Portfolio	X	X	X	X	X	-	X	-	X
5. Other transactions	-	-	-	-	-	X	-	X	-
Total assets	236	-	-	-	-	-	-	-	-
1. Financial liabilities	-	-	-	X	-	X	-	X	X
2. Portfolio	X	X	X	X	X	-	X	-	X
Total liabilities	-	-	-	-	-	-	-	-	-
1. Anticipated transactions	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	-	X	-	-

SECTION 10

INVESTMENTS IN ASSOCIATES - ITEM 100

10.1 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	
A. Companies					
Studi e Ricerche Fiscali - Consortium	Rome	1	Banca Fideuram	7.500	
SIA - S.SB. S.p.A.	Milan	1	Banca Fideuram	0.019	
Società Gestione per il Realizzo S.p.A	Rome	1	Banca Fideuram	0.634	
Intesa Sanpaolo Group Services S.C.p.A.	Turin	1	Banca Fideuram	0.007	
			Sanpaolo Invest	0.001	
			Fideuram Investimenti	0.001	

1. Entities subject to significant influence.

10.2 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	Fair value
A2. Entities subject to considerable influence						
Studi e Ricerche Fiscali - Consortium	1,325	2,223	-	258	19	
SIA - S.SB. S.p.A.	276,426	325,404	16,732	174,486	4	
Società Gestione per il Realizzo S.p.A	59,760	16,722	8,839	50,387	97	
Intesa Sanpaolo Group Services S.C.p.A.	1,309,161	1,309,997	-	493,487	70	

(*) including the result in the previous column.

10.3 Investments in associates: changes in the year

	31.12.2009	31.12.2008
A. Opening balance	120	120
B. Increases	770	-
B1. Purchases	770	-
B2. Write-backs	-	-
B3. Revaluations	-	-
B4. Other increases	-	-
C. Decreases	700	-
C1. Sales	700	-
C2. Write-downs	-	-
C3. Other decreases	-	-
D. Closing balance	190	120
E. Total revaluations	-	-
F. Total adjustments	-	-

SECTION 12

PROPERTY AND EQUIPMENT - ITEM 120

12.1 Property and equipment: analysis of assets valued at cost

	31.12.2009	31.12.2008
A. Functional assets		
1.1 Owned	31,541	31,757
a) land	21,323	21,323
b) buildings	4,160	4,343
c) furniture	2,604	2,848
d) electronic equipment	1,036	533
e) other	2,418	2,710
1.2 Purchased under financial leasing agreements	-	-
a) land	-	-
b) buildings	-	-
c) furniture	-	-
d) electronic equipment	-	-
e) other	-	-
Total A	31,541	31,757
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)	31,541	31,757

12.3 Functional property and equipment: changes in the year

	Land	Buildings	Furniture	Electronic equipment	Other	Total
A. Gross opening balance	21,323	68,477	31,659	41,417	38,092	200,968
A.1 Total net impairments	-	(64,134)	(28,811)	(40,884)	(35,382)	(169,211)
A.2 Net opening balance	21,323	4,343	2,848	533	2,710	31,757
B. Increases	-	372	737	871	434	2,414
B.1 Purchases	-	-	737	871	434	2,042
B.2 Expenditures for capitalised improvements	-	371	-	-	-	371
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	-	1	-	-	-	1
C. Decreases	-	555	981	368	726	2,630
C.1 Sales	-	-	-	-	-	-
C.2 Amortization	-	555	979	364	634	2,532
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 Transfer to:	-	-	-	-	-	-
a) investment property and equipment	-	-	-	-	-	-
b) assets held for sale	-	-	-	-	-	-
C.7 Other decreases	-	-	2	4	92	98
D. Net closing balance	21,323	4,160	2,604	1,036	2,418	31,541
D.1 Total net impairments	-	64,689	29,790	41,248	36,016	171,743
D.2 Gross closing balance	21,323	68,849	32,394	42,284	38,434	203,284
E. Valuation at cost	-	-	-	-	-	-

The depreciation rates applied to property and equipment 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

	31.12.2009		31.12.2008	
	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	27,135	-	26,613	-
A.2.1 Assets valued at cost:	27,135	-	26,613	-
a) Internally generated intangible assets	-	-	-	-
b) Other assets	27,135	-	26,613	-
A.2.2 Assets valued at fair value:	-	-	-	-
a) Internally generated intangible assets	-	-	-	-
b) Other assets	-	-	-	-
Total	27,135	-	26,613	-

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. Gross opening balance	-	-	-	55,774	-	55,774
A.1 Total net impairments	-	-	-	(29,161)	-	(29,161)
A.2 Net opening balance	-	-	-	26,613	-	26,613
B. Increases	-	-	-	16,039	-	16,039
B.1 Purchases	-	-	-	16,035	-	16,035
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	-	-	-	4	-	4
C. Decreases	-	-	-	15,517	-	15,517
C.1 Sales	-	-	-	-	-	-
C.2 Write-downs	-	-	-	15,309	-	15,309
- Depreciation and amortization	X	-	-	15,309	-	15,309
- 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	-	-	-	208	-	208
D. Net closing balance	-	-	-	27,135	-	27,135
D.1 Total net adjustments	-	-	-	38,070	-	38,070
E. Gross closing balance	-	-	-	65,205	-	65,205
F. Valuation at cost	-	-	-	-	-	-

The amortization 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

	31.12.2009	31.12.2008
Breakdown of deferred tax assets:		
- Incentive payments to Personal Financial Adviser Networks	55,373	23,887
- Provisions for future charges	35,459	32,317
- Financial assets available for sale (*)	29,199	43,675
- Losses carried forward (**)	23,592	35,270
- Other	5,610	6,394
Total	149,233	141,543

(*) As a cautious measure, the tax credits accrued from 31.12.2007 regarding the losses on subsidiary Euro-Trésorerie's available-for-sale assets were not recognised.

(**) The losses carried forward regard the tax benefit of the losses accrued by the Group's French subsidiaries up to 31 December 2009.

14.2 Deferred tax liabilities: analysis

	31.12.2009	31.12.2008
Breakdown of deferred tax liabilities:		
- Financial assets available for sale	24,037	2,293
- Other	5,968	5,813
Total	30,005	8,106

14.3 Change in deferred tax assets (balancing entry in income statement)

	31.12.2009	31.12.2008
1. Opening balance	97,779	102,545
2. Increases	66,770	9,912
2.1 Deferred tax assets recognised in the year	66,259	9,796
a) from prior years	25,278	-
b) due to changes in accounting policies	-	-
c) write-backs	-	-
d) other	40,981	9,796
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	511	116
3. Decreases	45,141	14,678
3.1 Deferred tax assets reversed in the year	44,942	13,664
a) rebates	44,942	13,664
b) write-downs for uncollectibility	-	-
c) changes in accounting policies	-	-
d) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	199	1,014
4. Closing balance	119,408	97,779

14.4 Change in deferred tax liabilities (balancing entry in income statement)

	31.12.2009	31.12.2008
1. Opening balance	5,535	5,693
2. Increases	3,762	4,431
2.1 Deferred tax liabilities recognised in the year	3,761	3,135
a) from prior years	7	-
b) due to changes in accounting policies	-	-
c) other	3,754	3,135
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	1	1,296
3. Decreases	3,600	4,589
3.1 Deferred tax liabilities reversed in the year	740	463
a) rebates	667	456
b) due to changes in accounting policies	-	-
c) other	73	7
3.2 Reductions in tax rates	-	-
3.3 Other decreases	2,860	4,126
4. Closing balance	5,697	5,535

14.5 Change in deferred tax assets (balancing entry in shareholders' equity)

	31.12.2009	31.12.2008
1. Opening balance	43,764	13,013
2. Increases	7,538	33,575
2.1 Deferred tax liabilities recognised in the year	7,246	31,755
a) from prior years	-	2,222
b) due to changes in accounting policies	-	-
c) other	7,246	29,533
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	292	1,820
3. Decreases	21,477	2,824
3.1 Deferred tax liabilities reversed in the year	21,388	323
a) rebates	2,606	323
b) write-downs for uncollectibility	-	-
c) due to changes in accounting policies	-	-
d) other	18,782	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	89	2,501
4. Closing balance (*)	29,825	43,764

(*) Principally deferred tax assets regarding losses on available-for-sale debt securities.

14.6 Change in deferred tax liabilities (balancing entry in shareholders' equity)

	31.12.2009	31.12.2008
1. Opening balance	2,571	5,042
2. Increases	21,890	3,353
2.1 Deferred tax liabilities recognised in the year	21,808	3,173
a) from prior years	-	-
b) due to changes in accounting policies	-	-
c) other	21,808	3,173
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	82	180
3. Decreases	153	5,824
3.1 Deferred tax liabilities reversed in the year	64	4,502
a) rebates	64	-
b) due to changes in accounting policies	-	-
c) other	-	4,502
3.2 Reductions in tax rates	-	-
3.3 Other decreases	89	1,322
4. Closing balance (*)	24,308	2,571

(*) Principally deferred tax liabilities regarding gains on available-for-sale debt securities.

14.7 Other information

The Italian companies in the Banca Fideuram Group again availed themselves of the "istituto del consolidato fiscale nazionale" tax consolidation regime in 2009 as subsidiaries of parent company Intesa Sanpaolo. This tax consolidation regime, which is governed by special regulations, provides for the aggregation of the taxable income of all the Group companies involved, and a single payment of IRES corporate income tax by the parent company in its role as "consolidating company".

SECTION 16

OTHER ASSETS - ITEM 160

16.1 Other assets: analysis

	31.12.2009	31.12.2008
Accrued commission income	163,650	136,058
Prepaid expense relating to Network incentive costs (*)	135,011	135,126
Due from Personal Financial Advisers	110,852	99,413
Clearing accounts and other receivables	87,652	47,130
Due from tax authority	36,029	16,894
Prepaid expense relating to Unit Linked insurance commissions (**)	13,198	14,317
Unprocessed transactions relating to securities transactions	1,751	25,113
Other	24,662	36,417
Total	572,805	510,468

(*) Prepaid expense regarding the bonuses for the managed assets (quality)/insurance/net inflow targets set in the 2002-2009 schemes and linked in value to the length of the contractual relationships with customers.

(**) Prepaid expense on commission expense paid to the Networks and linked in value to the commission income from the policies sold in the period 2003 - 2009.

Liabilities

SECTION 1

DUE TO BANKS - ITEM 10

1.1 Due to banks: analysis

	31.12.2009	31.12.2008
1. Due to Central Banks	-	-
2. Due to banks	607,756	452,864
2.1 Current accounts and demand deposits	560,609	364,065
2.2 Term deposits	47,137	42,850
2.3 Loans	10	45,949
2.3.1 Repurchase agreement liabilities	10	45,949
2.3.2 Other	-	-
2.4 Debts from commitments to repurchase own equity instruments	-	-
2.5 Other debts	-	-
Total	607,756	452,864
Fair value	607,756	452,864

SECTION 2

DUE TO CUSTOMERS - ITEM 20

2.1 Due to customers: analysis

	31.12.2009	31.12.2008
1. Current accounts and demand deposits	7,335,872	5,911,962
2. Term deposits	84,376	276,129
3. Loans	313,455	2,070,042
3.1 Repurchase agreement liabilities	313,455	2,070,042
3.2 Other	-	-
4. Debts from commitments to repurchase own equity instruments	-	-
5. Other debts	2,852	4,369
Total	7,736,555	8,262,502
Fair value	7,736,555	8,262,502

SECTION 3

DEBT ON ISSUE - ITEM 30

3.1 Debt on issue: analysis

	31.12.2009				31.12.2008			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities	-	-	-	-	202,440	204,620	-	-
1. Bonds	-	-	-	-	202,440	204,620	-	-
1.1 Structured	-	-	-	-	-	-	-	-
1.2 Other	-	-	-	-	202,440	204,620	-	-
2. Other securities	-	-	-	-	-	-	-	-
2.1 Structured	-	-	-	-	-	-	-	-
2.2 Other	-	-	-	-	-	-	-	-
Total	-	-	-	-	202,440	204,620	-	-

SECTION 4

FINANCIAL LIABILITIES HELD FOR TRADING - ITEM 40

4.1 Financial liabilities held for trading: analysis

	31.12.2009					31.12.2008				
	Nominal value	Fair Value			FV*	Nominal value	Fair Value			FV*
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
A. Cash Liabilities										
1. Due to banks	-	-	-	-	-	-	-	-	-	-
2. Due to customers	1	-	5	-	5	1	25	2	-	27
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	1	-	5	-	5	1	25	2	-	27
B. Derivatives										
1. Financial derivatives	X	-	39,498	-	X	X	-	82,833	-	X
1.1 Held for trading	X	-	39,498	-	X	X	-	82,833	-	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	-	39,498	-	X	X	-	82,833	-	X
Total (A+B)	X	-	39,503	-	X	X	25	82,835	-	X

FV* : Fair value calculated excluding any changes in value due to changes in the credit rating of the issuer with respect to the issue date.

SECTION 6

HEDGING DERIVATES - ITEM 60

6.1 Hedge derivatives: analysis by type of hedge and level

	Fair value 31.12.2009			Nominal value 31.12.2009	Fair value 31.12.2008			Nominal value 31.12.2008
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
A. Financial derivatives	-	276,024	-	2,615,391	-	307,357	-	2,698,716
1. Fair value	-	276,024	-	2,615,391	-	307,357	-	2,698,716
2. Financial flows	-	-	-	-	-	-	-	-
3. Investments outside Italy	-	-	-	-	-	-	-	-
B. Credit derivatives	-	-	-	-	-	-	-	-
1. Fair value	-	-	-	-	-	-	-	-
2. Financial flows	-	-	-	-	-	-	-	-
Total	-	276,024	-	2,615,391	-	307,357	-	2,698,716

6.2 Hedging derivatives: analysis by portfolio hedged and type of hedging

	Fair value					Hedging of financial flows			Investments outside Italy
	Interest rate risk	Exchange rate risk	Specific		Other risks	Macro- hedging	Micro- hedging	Macro- hedging	
Credit risk			Price risk						
1. Financial assets available for sale	182,920	-	-	-	-	X	-	X	X
2. Loans	93,104	-	-	X	-	X	-	X	X
3. Financial assets held to maturity	X	-	-	X	-	X	-	X	X
4. Portfolio	X	X	X	X	X	-	X	-	X
5. Other transactions	-	-	-	-	-	X	-	X	-
Total assets	276,024	-	-	-	-	-	-	-	-
1. Financial liabilities	-	-	-	X	-	X	-	X	X
2. Portfolio	X	X	X	X	X	-	X	-	X
Total liabilities	-	-	-	-	-	-	-	-	-
1. Anticipated transactions	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	-	X	-	-

SECTION 10

OTHER LIABILITIES - ITEM 100

10.1 Other liabilities: analysis

	31.12.2009	31.12.2008
Due to Personal Financial Advisers	199,691	173,927
Clearing accounts and other payables	131,839	79,615
Amounts to be collected by customers	44,909	33,799
Due to suppliers	43,342	59,836
Payroll and social security payables	28,591	26,435
Other tax liabilities	13,151	27,448
Other	36,938	38,005
Total	498,461	439,065

SECTION 11

EMPLOYMENT TERMINATION INDEMNITIES - ITEM 110

11.1 Employment termination indemnities: changes in the year

	31.12.2009	31.12.2008
A. Opening balance	24,793	26,191
B. Increases	1,927	1,483
B1. Provision for the year	1,133	1,195
B2. Other increases	794	288
C. Decreases	3,134	2,881
C1. Indemnities paid	3,037	2,872
C2. Other decreases	97	9
D. Closing balance	23,586	24,793

SECTION 12

PROVISIONS FOR RISKS AND CHARGES - ITEM 120

12.1 Provisions for risks and charges: analysis

	31.12.2009	31.12.2008
1. Company pension funds	-	-
2. Other provisions for risks and charges	310,527	248,941
2.1 Litigation	91,071	86,651
2.2 Provision for restructuring plan and other	15,633	21,514
2.3 Personal Financial Advisers' termination indemnities and incentives	56,376	51,217
2.4 Network Loyalty Schemes	128,816	89,559
2.5 Other provisions	18,631	-
Total	310,527	248,941

2.1 The provisions for litigation comprise the provisions set aside to cover potential losses on litigation, including claims from receivers and the provisions connected with the Group policy regarding corporate securities in default.

2.2 The provision for restructuring plan and other comprise early retirement incentives and the provisions set aside to pay seniority bonuses to employees.

2.3 The Provision for Personal Financial Advisers' termination indemnities and incentives 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 Personal Financial Advisers that had left the Group in the previous 5 financial years. The Provision also included the incentive compensation payable upon the achievement of performance targets set aside under the "New Collective Economic Agreement for Agents in the Commerce Sector" of 26 February 2002.

2.4 The Provisions for the Network Loyalty Schemes represent the best estimate of the amount required to discharge the obligation at the accounting reference date, calculated using actuarial valuations.

2.5 The item other provisions principally consisted of a €17,275 thousand provision for the estimated expense that the Group could be required to incur to settle a dispute with the Italian Inland Revenue regarding the tax deduction of the Banca Fideuram Personal Financial Adviser Network Loyalty Schemes.

12.2 Provisions for risks and charges: changes in the year

	Total	
	Pension funds	Other provisions
A. Opening balance	-	248,941
B. Increases	-	91,905
B1. Provisions for the year	-	82,437
B2. Changes due to the passage of time	-	4,345
B3. Changes due to changes in the discount rate	-	104
B4. Other increases	-	5,019
C. Decreases	-	30,319
C1. Utilisation in the year	-	17,530
C2. Changes due to changes in the discount rate	-	-
C3. Other decreases	-	12,789
D. Closing balance	-	310,527

SECTION 15

SHAREHOLDERS' EQUITY - ITEMS 140, 160, 170, 180, 190, 200 AND 220

15.1 "Capital" and "Treasury shares": analysis

The share capital and share premium reserve were the same as the amounts for the corresponding items in Banca Fideuram's shareholders' equity. The reserves included Banca Fideuram's remaining reserves and Group changes in the shareholders' equity of the companies included in the consolidation.

At 31 December 2009, 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 treasury shares at 31 December 2009.

15.2 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	-
- full paid-up	980,290,564	-
- partially paid-up	-	-
A.1 Treasury shares (-)	-	-
A.2 Outstanding shares: opening balance	980,290,564	-
B. Increases	-	-
B.1. New issues	-	-
- Cash issues:	-	-
- business combination transactions	-	-
- conversion of bonds	-	-
- exercise of warrants	-	-
- other	-	-
- Free issues:	-	-
- for employees	-	-
- for directors	-	-
- other	-	-
B.2 Sale of treasury shares	-	-
B.3 Other increases	-	-
C. Decreases	-	-
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	-	-
C.3 Company sale transactions	-	-
C.4 Other decreases	-	-
D. Outstanding shares: closing balance	980,290,564	-
D.1 Treasury shares (+)	-	-
D.2 Shares at end of financial year	980,290,564	-
- full paid-up	980,290,564	-
- partially paid-up	-	-

OTHER INFORMATION

1. Guarantees and commitments

	31.12.2009	31.12.2008
1. Financial guarantees	86,691	78,769
a) Banks (*)	13,287	14,070
b) Customers	73,404	64,699
2. Commercial guarantees	5,957	8,870
a) Banks	-	-
b) Customers	5,957	8,870
3. Commitments to grant finance	7,502	18,090
a) Banks	6,023	17,607
i) certain to be called on	6,023	17,607
ii) not certain to be called on	-	-
b) Customers	1,479	483
i) certain to be called on	1,240	418
ii) not certain to be called on	239	65
4. Commitments underlying credit derivatives: protection sales	-	-
5. Assets pledged as security for third-party liabilities	-	-
6. Other commitments	384	314
Total	100,534	106,043

(*) As of 31.12.2009, the commitments to the Italian deposit guarantee systems are recognised under financial guarantees to banks. As of 31.12.2008 a total of €11,968 thousand were consequently reclassified under Commitments to grant finance (not certain to be called on) to ensure consistency of presentation.

2. Assets pledged as security for own liabilities and commitments

	31.12.2009	31.12.2008
1. Financial assets held for trading	-	-
2. Financial assets designated at fair value	-	-
3. Financial assets available for sale	68,979	203,426
4. Financial assets held to maturity	-	98,707
5. Due from banks	266,232	1,396,702
6. Loans to customers	4,450	151,447
7. Property and equipment	-	-

5. Administration and trading on behalf of third parties

	31.12.2009
1. Execution of customer instructions	1,257,835
a) Purchases	539,186
1. Settled	538,168
2. Not settled	1,018
b) Sales	718,649
1. Settled	712,935
2. Not settled	5,714
2. Portfolio management	237,561
a) Individual	237,561
b) Collective	-
3. Custody and administration of securities	
a) Third-party securities held on deposit: connected with activities as depositary bank (excluding portfolio management)	53,365,696
1. Securities issued by companies included in the consolidation	-
2. Other securities	53,365,696
b) Third-party securities held on deposit (excluding portfolio management): other	36,915,097
1. Securities issued by companies included in the consolidation	-
2. Other securities	36,915,097
c) Third-party securities deposited with third parties	22,197,993
d) Portfolio securities deposited with third parties	6,011,037
4. Other transactions	13,403,388

PART C

NOTES TO THE CONSOLIDATED INCOME STATEMENT

SECTION 1

INTEREST - ITEMS 10 AND 20

1.1 Interest income and similar income: analysis

	Debt securities	Loans	Other transactions	2009 Total	2008 Total
1. Financial assets held for trading	582	-	-	582	785
2. Financial assets designated at fair value	24	-	-	24	49
3. Financial assets available for sale	96,028	-	-	96,028	154,209
4. Financial assets held to maturity	9,642	-	-	9,642	27,943
5. Due from banks	57,113	46,834	-	103,947	222,657
6. Loans to customers	37,030	24,903	-	61,933	73,053
7. Hedging derivatives	X	X	-	-	5,164
8. Other assets	X	X	410	410	485
Total	200,419	71,737	410	272,566	484,345

1.2 Interest income and similar income: hedging gains and losses

	2009	2008
A. Hedging gains	-	124,934
B. Hedging losses	-	119,770
C. Net gains / losses (A-B)	-	5,164

1.3 Interest income and similar income: other information

1.3.1 Interest income on financial assets denominated in foreign currencies

	2009	2008
On financial assets denominated in foreign currencies	7,246	18,778

1.4 Interest expense and similar expense: analysis

	Debts	Securities	Other liabilities	2009 Total	2008 Total
1. Due to Central Banks	-	X	-	-	-
2. Due to banks	3,547	X	-	3,547	29,362
3. Due to customers	64,746	X	-	64,746	278,613
4. Debt on issue	X	5,693	-	5,693	17,930
5. Financial liabilities held for trading	-	-	-	-	-
6. Financial liabilities designated at fair value	-	-	-	-	-
7. Other liabilities and provisions	X	X	72	72	223
8. Hedging derivatives	X	X	40,881	40,881	-
Total	68,293	5,693	40,953	114,939	326,128

1.5 Interest expense and similar expense: hedging gains and losses

	2009	2008
A. Hedging gains	29,186	-
B. Hedging losses	70,067	-
C. Net gains / losses (A-B)	(40,881)	-

1.6 Interest expense and similar expense: other information

1.6.1 Interest expenses on liabilities denominated in foreign currencies

	2009	2008
On liabilities denominated in foreign currencies	445	2,368

SECTION 2

COMMISSION INCOME AND EXPENSE - ITEMS 40 AND 50

2.1 Commission income: analysis

	2009	2008
a) Guarantees given	448	425
b) Credit derivatives	-	-
c) Management, brokerage and advisory services:	810,182	854,917
1. Trading in financial instruments	5,638	4,221
2. Currency trading	96	89
3. Portfolio management:	145,413	147,786
3.1 Individual	109,522	114,999
3.2 Collective	35,891	32,787
4. Custody and administration of securities	9,264	9,321
5. Depository bank	17,266	16,721
6. Placement of securities	46,831	63,708
7. Receipt and transmission of instructions	22,548	15,339
8. Advisory services	6,150	4,290
8.1 Regarding investments	6,150	4,290
8.2 Regarding investment structure	-	-
9. Supply of third-party services	556,976	593,442
9.1 Portfolio management	375,435	402,341
9.1.1 Individual	7,364	9,446
9.1.2 Collective	368,071	392,895
9.2 Insurance products	175,331	185,939
9.3 Other products	6,210	5,162
d) Collection and payment services	6,443	5,757
e) Securitization services	-	-
f) Factoring services	-	-
g) Tax collection services	-	-
h) Management of multilateral trading systems	-	-
i) Processing and management of current accounts	7,465	7,794
j) Other services	19,521	23,090
Total	844,059	891,983

2.2 Commission expense: analysis

	2009	2008
a) Guarantees received	-	-
b) Credit derivatives	-	-
c) Management and brokerage services:	393,112	409,970
1. Trading in financial instrument	697	516
2. Currency trading	23	97
3. Portfolio management:	27,233	19,263
3.1 Owned	27,199	19,263
3.2 On behalf of third parties	34	-
4. Custody and administration of securities	4,837	4,230
5. Placement of financial instruments	-	-
6. Sales of financial products, products and services through non-branch channels	360,322	385,864
d) Collection and payment services	2,199	2,358
e) Other services	7,261	11,241
Total	402,572	423,569

SECTION 3

DIVIDENDS AND SIMILAR INCOME - ITEM 70

3.1 Dividends and similar income: analysis

	2009		2008	
	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	-	-	-	-
C. Financial assets designated at fair value	-	-	-	-
D. Investments in associates	57	X	84	X
Total	57	-	84	-

SECTION 4

NET PROFIT (LOSS) ON TRADING ACTIVITIES - ITEM 80

4.1 Net profit (loss) on trading activities: analysis

	Gains	Trading profits	Losses	Trading losses	Net gains or losses
1. Financial assets held for trading	58	4,051	-	(339)	3,770
1.1 Debt securities	43	4,012	-	(236)	3,819
1.2 Equities	-	35	-	(102)	(67)
1.3 Units in mutual funds	15	4	-	(1)	18
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	1,104
4. Derivatives:	6	9,850	-	(667)	9,930
4.1 Financial derivatives:	6	9,850	-	(667)	9,930
- Debt derivatives and interest rate derivatives	6	9,847	-	(667)	9,186
- Equity derivatives and index derivatives	-	3	-	-	3
- Currencies and gold	X	X	X	X	741
- Other	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
Total	64	13,901	-	(1,006)	14,804

SECTION 5

NET PROFIT (LOSS) ON HEDGING DERIVATIVES - ITEM 90

5.1 Net profit (loss) on hedging derivatives: analysis

	2009	2008
A. Profit on:		
A.1 Fair value hedge derivatives	136,779	4,725
A.2 Hedged financial assets (fair value)	29,580	365,360
A.3 Hedged financial liabilities (fair value)	-	-
A.4 Financial derivatives hedging financial flows	-	-
A.5 Assets and liabilities denominated in foreign currencies	-	-
Total profit on hedging derivatives (A)	166,359	370,085
B. Loss on:		
B.1 Fair value hedge derivatives	(27,934)	(362,237)
B.2 Hedged financial assets (fair value)	(137,301)	(4,726)
B.3 Hedged financial liabilities (fair value)	-	-
B.4 Financial derivatives hedging financial flows	-	-
B.5 Assets and liabilities denominated in foreign currencies	-	-
Total loss on hedging activities (B)	(165,235)	(366,963)
C. Net profit (loss) on hedging derivatives (A-B)	1,124	3,122

SECTION 6

NET PROFIT (LOSS) FROM SALE AND REPURCHASE - ITEM 100

6.1 Net profit (loss) from sale and repurchase: analysis

	2009			2008		
	Profit	Loss	Net profit/ loss	Profit	Loss	Net profit/ loss
Financial assets						
1. Due from banks	2,383	(3,329)	(946)	15,586	(2,450)	13,136
2. Loans to customers	367	-	367	125	-	125
3. Financial assets available for sale	559	(3,104)	(2,545)	6,849	(16,956)	(10,107)
3.1 Debt securities	368	(3,104)	(2,736)	217	(10,694)	(10,477)
3.2 Equity	-	-	-	-	-	-
3.3 Units in mutual funds	191	-	191	6,632	(6,262)	370
3.4 Loans	-	-	-	-	-	-
4. Financial assets held to maturity	-	-	-	-	-	-
Total assets	3,309	(6,433)	(3,124)	22,560	(19,406)	3,154
Financial liabilities						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Debt on issue	-	-	-	24	-	24
Total liabilities	-	-	-	24	-	24

SECTION 7

NET PROFIT (LOSS) ON FINANCIAL ASSETS/LIABILITIES DESIGNATED AT FAIR VALUE - ITEM 110

7.1 Net profit (loss) on financial assets/liabilities designated at fair value: analysis

	Profit	Profit on disposal	Loss	Loss on disposal	Net profit or loss
1. Financial assets	23,708	328	(1)	(121)	23,914
1.1 Debt securities (*)	23,708	328	(1)	(121)	23,914
1.2 Equities	-	-	-	-	-
1.3 Units in mutual funds	-	-	-	-	-
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. Credit and financial derivatives	-	-	-	-	-
Total	23,708	328	(1)	(121)	23,914

(*) The profit principally regarded the insurance policies taken out for Personal Financial Advisers as part of the Network Loyalty Schemes.

SECTION 8

NET IMPAIRMENT ON FINANCIAL ASSETS - ITEM 130

8.1 Net impairment on loans: analysis

	Adjustments		Portfolio	Write-backs				2009 Total	2008 Total
	Specific			Specific		Portfolio			
	Write-offs	Other		Interest	Other write-backs	Interest	Other write-backs		
A. Due from banks	-	-	(32)	-	-	-	24	(8)	12
- Loans	-	-	-	-	-	-	24	24	12
- Debt securities	-	-	(32)	-	-	-	-	(32)	-
B. Loans to customers	-	(921)	(452)	596	658	-	-	(119)	(2,951)
- Loans	-	(921)	-	596	658	-	-	333	(2,951)
- Debt securities	-	-	(452)	-	-	-	-	(452)	-
C. Total	-	(921)	(484)	596	658	-	24	(127)	(2,939)

8.4 Net impairment on other financial transactions: analysis

	Adjustments		Portfolio	Write-backs				2009 Total	2008 Total
	Specific			Specific		Portfolio			
	Write-offs	Other		Interest	Other write-backs	Interest	Other write-backs		
A. Guarantees issued	-	(49)	-	-	34	-	-	(15)	(577)
B. Credit derivatives	-	-	-	-	-	-	-	-	-
C. Commitments to grant finance	-	-	-	-	-	-	-	-	-
D. Other transactions	-	-	-	-	-	-	-	-	-
E. Total	-	(49)	-	-	34	-	-	(15)	(577)

SECTION 11

ADMINISTRATIVE EXPENSES - ITEM 180

11.1 Personnel expenses: analysis

	2009	2008
1) Employees	118,848	131,092
a) Wages and salaries	85,545	81,466
b) Social security contributions	21,387	20,476
c) Termination indemnities	-	-
d) Pension costs	2,726	2,655
e) Provision for employee termination indemnities	1,049	943
f) Provision for retirement benefits and similar obligations:	-	-
- defined contribution	-	-
- defined benefit	-	-
g) Payments to external supplementary pension funds:	5,134	5,234
- defined contribution	5,134	5,234
- defined benefit	-	-
h) Costs arising from payment agreement based on own equity instruments	-	-
i) Other employee benefits	3,007	20,318
2) Other staff	396	4,545
3) Directors and auditors	1,819	2,149
4) Retired staff	-	-
Total	121,063	137,786

11.2 Average number of employees by category

	2009
Employees:	1,423
a) Executives	63
b) Managers	734
c) Other employees	626
Other staff	5

11.4 Other employee benefits

This item principally comprised seniority and other bonuses. In 2008, this item included €16,230 thousand early-retirement incentives.

11.5 Other administrative expenses: analysis

	2009	2008
IT costs	11,497	10,782
- Software maintenance and upgrades	6,214	6,097
- Maintenance and rental of electronic equipment	942	305
- Data transmission	1,178	1,326
- Rental of office equipment	1,872	581
- Telephone	1,522	2,776
- Recovery of IT costs	(231)	(303)
Property management costs	37,639	34,683
- Property rent	30,155	27,804
- Maintenance of rented property	663	480
- Maintenance of own property	88	163
- Security	1,117	892
- Cleaning	1,438	1,382
- Power	2,387	2,333
- Miscellaneous building costs	2,230	2,191
- Recovery of property management costs	(439)	(562)
General expenses	26,814	22,589
- Postage and telegraphic expenses	3,887	2,579
- Office supplies	1,851	2,159
- Transport and counting of valuables	507	610
- Couriers and transport	2,233	2,355
- Search and information services	4,708	3,812
- Other expenses	13,715	11,169
- Recovery of general expenses	(87)	(95)
Professional and insurance costs	13,808	19,250
- Professional fees	8,099	13,256
- Legal advice and court fees	4,990	4,363
- Bank and customer insurance premiums	757	1,661
- Recovery of professional and insurance costs	(38)	(30)
Promotional and advertising expenses	5,279	10,477
- Advertising and entertainment	5,956	10,914
- Recovery of promotional and advertising expenses	(677)	(437)
Indirect personnel expenses	5,990	7,033
- Indirect personnel expenses	6,039	7,033
- Recovery of indirect personnel expenses	(49)	-
Services by third parties	82,675	86,410
- Expenses for services by third parties	15,001	7,842
- Expenses for outsourcing within the Group	67,683	78,569
- Recovery of services by third parties	(9)	(1)
Total other administrative costs net of indirect taxes	183,702	191,224
Indirect taxes		
- Stamp duty	21,085	20,387
- Substitute tax (Italian Presidential Decree. 601/73)	180	48
- Local council property tax	200	202
- Other indirect taxes	1,856	1,882
- Recovery of indirect taxes (*)	(44)	(247)
Total indirect taxes	23,277	22,272
Total other administrative expenses	206,979	213,496

(*) As of the financial statements at 31.12.2009, the recovery of indirect taxes is recognised in item 220: Other income (expense).

A total of €19,891 thousand regarding 31.12.2008 was consequently reclassified in this item to ensure consistency of presentation.

SECTION 12

NET PROVISIONS FOR RISKS AND CHARGES - ITEM 190

12.1 Net provisions for risks and charges: analysis

	2009	2008
Litigation and claims from receivers	16,561	16,812
Contractual indemnities due to Personal Financial Advisers	5,730	6,586
Costs relating to the Personal Financial Adviser Networks' Loyalty Schemes (*)	41,117	5,936
Other (**)	18,461	-
Total	81,869	29,334

(*) Included €21,532 thousand gains on the insurance policies taken out under the Personal Financial Advisers Networks' Loyalty Schemes. At 31.12.2008 this item included losses totalling €16,006 thousand.

(**) Included €17,275 thousand to cover the estimated expense that the Group could be required to incur to settle a dispute with the Italian Inland Revenue regarding the tax deductions of the Banca Fideuram Personal Financial Adviser Networks' Loyalty Schemes.

SECTION 13

DEPRECIATION OF PROPERTY AND EQUIPMENT - ITEM 200

13.1 Depreciation of property and equipment: analysis

	Depreciation	Net adjustments for impairment losses	Write-backs	Net adjustments
A. Property and equipment				
A.1 Owned	2,532	-	-	2,532
- Functional property and equipment	2,532	-	-	2,532
- Investment property and equipment	-	-	-	-
A.2 Purchased under finance lease arrangements	-	-	-	-
- Functional property and equipment	-	-	-	-
- Investment property and equipment	-	-	-	-
Total	2,532	-	-	2,532

SECTION 14

AMORTIZATION OF INTANGIBLE ASSETS - ITEM 210

14.1 Amortization of intangible assets: analysis

	Depreciation	Net adjustments for impairment losses	Write-backs	Net adjustments
A. Intangible assets				
A.1 Owned	15,309	-	-	15,309
- Generated internally	-	-	-	-
- Other	15,309	-	-	15,309
A.2 Purchased under finance lease arrangements	-	-	-	-
Total	15,309	-	-	15,309

SECTION 15

OTHER INCOME (EXPENSE) - ITEM 220

15.1 Other expense: analysis

	2009	2008
Brokerage expenses	1,066	876
Personal Financial Advisers - related expenses	4,805	1,516
Other expenses	596	946
Total	6,467	3,338

15.2 Other income: analysis

	2009	2008
Brokerage income (*)	597	176
Recovery of expenses	19,407	19,946
Other income	2,735	7,456
Total	22,739	27,578

(*) As of the financial statements at 31.12.2009, the recovery of indirect taxes is recognised in item 220: Other income (expense). A total of €19,891 thousand regarding 31.12.2008 was consequently reclassified in this item to ensure consistency of presentation.

SECTION 19

GAIN/LOSS FROM DISPOSAL OF INVESTMENTS - ITEM 270

19.1 Gain/loss from disposal of investments: analysis

	2009 Total	2008 Total
A. Buildings	-	335
- Gains from sales	-	335
- Losses from sales	-	-
B. Other assets	-	-
- Gains from sales	-	-
- Losses from sales	-	-
Gain/loss	-	335

SECTION 20

INCOME TAXES - ITEM 290

20.1 Income taxes: analysis

	2009	2008
1. Current taxes (-)	(51,394)	(52,823)
2. Changes to current taxes for prior years (+/-)	(19,599)	-
3. Reduction in current taxes for the year (+)	4,197	-
4. Change in deferred tax assets (+/-)	21,317	2,700
5. Change in deferred tax liabilities (+/-)	(358)	1,058
6. Income taxes for the year (-)	(45,837)	(49,065)

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

	2009
Taxable income	224,267
Standard tax rate applicable	32.30%
Theoretical tax burden	72,438
Tax impact with respect to:	
Different tax rates applying to foreign subsidiaries	(33,340)
Non-deductible costs	965
IRAP regional business tax and minor effects	5,774
Actual tax burden	45,837

SECTION 22

MINORITY INTEREST - ITEM 330

22.1 Breakdown of item 330 "Minority interest"

	2009	2008
Minority interest	76	51

SECTION 24

EARNINGS PER SHARE

24.1 Average number of diluted capital ordinary shares

	2009		2008	
	Ordinary shares	Savings shares	Ordinary shares	Savings shares
Weighted average shares (number)	980,290,564	-	980,290,564	-
Income attributable to different share classes (€k)	178,354	-	176,121	-
Basic earnings per share (€)	0.182	-	0.180	-
Diluted earnings per share (€)	0.182	-	0.180	-

PART D

TOTAL COMPREHENSIVE INCOME

Components of total comprehensive income

	Gross amount	Income tax	Net amount
10. Net profit (loss) for the year	224,267	(45,837)	178,430
Other comprehensive income			
20. Financial assets available for sale	197,641	(37,465)	160,176
a) Changes in fair value	176,422	(35,844)	140,578
b) Reclassifications to income statement	23,077	(4,162)	18,915
- Adjustments for impairment losses	-	-	-
- Income (losses) on disposal	23,077	(4,162)	18,915
c) Other changes	(1,858)	2,541	683
30. Property and equipment	-	-	-
40. Intangible assets	-	-	-
50. Hedging of foreign investments	-	-	-
a) Changes in fair value	-	-	-
b) Reclassifications to income statement	-	-	-
c) Other changes	-	-	-
60. Hedging of financial flows	-	-	-
a) Changes in fair value	-	-	-
b) Reclassifications to income statement	-	-	-
c) Other changes	-	-	-
70. Exchange rate differences	(46)	-	(46)
a) Changes in value	(46)	-	(46)
b) Reclassifications to income statement	-	-	-
c) Other changes	-	-	-
80. Non-current assets held for sale	-	-	-
a) Changes in fair value	-	-	-
b) Reclassifications to income statement	-	-	-
c) Other changes	-	-	-
90. Actuarial profit (losses) on defined benefit plans	-	-	-
100. Revaluation reserves related to investments carried at equity	-	-	-
a) Changes in fair value	-	-	-
b) Reclassifications to income statement	-	-	-
- Adjustments for impairment losses	-	-	-
- Income (losses) on disposal	-	-	-
c) Other changes	-	-	-
110. Total other comprehensive income	197,595	(37,465)	160,130
120. Total comprehensive income	421,862	(83,302)	338,560
130. Total comprehensive income attributable to minority interest	112	(36)	76
140. Total comprehensive income attributable to parent company	421,750	(83,266)	338,484

PART E

INFORMATION ON RISKS AND RELATED HEDGING POLICIES

1.1 CREDIT RISK

Qualitative information

General information

The Banca Fideuram Group's lending activities essentially support its core business of providing investment services to private customers. In line with Group strategies, loans to customers as a rule consist of short-term loans, are supported by collateral or bank guarantees and are 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. Loans to customers largely consisted of short-term loans, mostly current account overdrafts linked directly to the Banca Fideuram Group's private banking business.

In order to manage the credit risk of loans to customers, the Group generally obtains collateral or bank guarantees, principally bonds or shares listed on major regulated markets or products sold by the Banca Fideuram Group (mutual funds, discretionary accounts or insurance products).

The Group loan portfolio therefore has a low overall exposure to credit risk.

Committed to continually improving the services we offer our customers, the Group is engaged in a process of steadily developing its lending business, while continuing to target private banking customers who hold investment instruments and maintaining highly-effective risk management.

Credit risk management policies

Organisational aspects

The Group's overall lending business and management of the loan portfolio risk profile in particular are governed by internal Lending Policy regulations that follow the guidelines issued by parent company Intesa Sanpaolo.

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 problem loans and impaired loans.

The offering and granting of level one loans is carried out in accordance with said scheme of delegated authority at the Group's main branches located in 7 different areas, whereas the offering and granting of higher-level loans is managed in the Group's central offices. 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

The Group's credit strategies are directed towards the efficient selection of individual loans through an appropriate creditworthiness analysis and towards systematic monitoring and constant supervision of relations designed to promptly detect any symptoms of impairment regarding either the loans or supporting collateral/guarantees.

This activity, which is carried out during every stage in the lending process (enquiry, granting and monitoring) consists of a critical analysis of all the relevant indicators, the periodic review of every position and the systematic evaluation of the adequacy of any credit risk guarantees obtained. 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. Risk monitoring and measurement tools and techniques developed within the Intesa Sanpaolo Group are also used to this end.

Credit risk mitigation techniques

The Group generally obtains collateral or bank guarantees to mitigate the credit risk of loans to customers. Loans secured by collateral or bank guarantees accounted for 73% of loans to customers at 31.12.2009.

The types of collateral obtained are generally financial instruments listed on regulated markets and products distributed by the Banca Fideuram Group (funds, discretionary accounts and insurance policies) which meet previously specified liquidity requirements. 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 differentially as a precautionary measure when calculating the credit limit to be granted, with a view to protecting the Group against any fluctuations in market value.

The concentration of collateral in issuers is very low, 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 collateral or 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.

Loans assessed as high risk, confirmed over time, are intercepted and allocated to other categories appropriate to their risk profile.

These loans are classified as non-performing loans when the borrower is insolvent or in a substantially equivalent situation, as doubtful loans when the borrower is in a situation which is objectively one of temporary difficulty that they are likely to overcome in an appropriate period of time, and as restructured loans when a deterioration in the financial conditions of the debtor leads the Group to agree to a change in the original contractual conditions. Lastly, loans that are overdue and/or which have been past due continuously for at least 180 days are also considered problem loans.

The different types of problem loans, their management and the procedures for transferring performing positions to impaired assets are all governed by the Group'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 accounted for a very small percentage of total loans (0.1% 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.

Any loss in value of performing loans and overdue loans is 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, however, yet being known at the time of valuation.

Loans to customers: loan quality

(€m)

	31.12.2009		31.12.2008		change
	Net exposure	%	Net exposure	%	Net exposure
Non-performing loans	2.7	0.1	2.9	0.2	(0.2)
Doubtful loans and restructured loans	3.1	0.2	0.8	-	2.3
Loans receivable/overdue	0.8	-	1.1	0.1	(0.3)
Impaired assets	6.6	0.3	4.8	0.3	1.8
Performing loans	1,084.8	53.9	851.9	46.0	232.9
Securities issued	923.4	45.8	995.5	53.7	(72.1)
Loans to customers	2,014.8	100.0	1,852.2	100.0	162.6

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 value)

	Banking Group					Other companies		Total
	Non-performing loans	Doubtful loans	Restructured loans	Overdue loans	Other assets	Impaired	Other	
1. Financial assets held for trading	-	-	-	-	56,576	-	-	56,576
2. Financial assets available for sale	-	-	-	-	2,716,689	-	-	2,716,689
3. Financial assets held to maturity	-	-	-	-	605,451	-	-	605,451
4. Due from banks	-	-	-	-	3,698,915	-	-	3,698,915
5. Loans to customers	2,774	3,071	-	791	2,008,149	-	-	2,014,785
6. Financial assets designated at fair value	-	-	-	-	218,723	-	-	218,723
7. Financial assets held for sale	-	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	-	236	-	-	236
Total at 31.12.2009	2,774	3,071	-	791	9,304,739	-	-	9,311,375
Total at 31.12.2008	2,858	862	-	1,140	9,807,603	-	-	9,812,463

A.1.2 Analysis of exposures by portfolio and credit quality (gross and net values)

	Impaired assets			Performing assets			Total (net exposure)
	Gross exposure	Specific adjustments	Net Exposure	Gross exposure	Portfolio adjustments	Net Exposure	
A. Banking Group							
1. Financial assets held for trading	-	-	-	X	X	56,576	56,576
2. Financial assets available for sale	-	-	-	2,716,689	-	2,716,689	2,716,689
3. Financial assets held to maturity	-	-	-	605,451	-	605,451	605,451
4. Due from banks	-	-	-	3,698,975	(60)	3,698,915	3,698,915
5. Loans to customers	18,657	(12,021)	6,636	2,010,912	(2,763)	2,008,149	2,014,785
6. Financial assets designated at fair value	-	-	-	X	X	218,723	218,723
7. Financial assets held for sale	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	X	X	236	236
Total A	18,657	(12,021)	6,636	9,032,027	(2,823)	9,304,739	9,311,375
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 designated at fair value	-	-	-	X	X	-	-
7. Financial assets held for sale	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	X	X	-	-
Total B	-	-	-	-	-	-	-
Total at 31.12.2009	18,657	(12,021)	6,636	9,032,027	(2,823)	9,304,739	9,311,375
Total at 31.12.2008	17,260	(12,400)	4,860	9,529,768	(2,718)	9,807,603	9,812,463

A.1.3 Banking Group - Cash and off-balance-sheet exposures to banks: gross and net values

	Gross exposure	Specific adjustments	Portfolio adjustments	Net Exposure
A. Cash exposures				
a) Non-performing loans	-	-	X	-
b) Doubtful loans	-	-	X	-
c) Restructured loans	-	-	X	-
d) Overdue loans	-	-	X	-
e) Other assets	5,077,361	X	(60)	5,077,301
Total A	5,077,361	-	(60)	5,077,301
B. Off-balance-sheet exposures				
a) Impaired	-	-	X	-
b) Other	27,465	X	-	27,465
Total B	27,465	-	-	27,465
Total A+B	5,104,826	-	(60)	5,104,766

A.1.6 Banking Group - Cash and off-balance-sheet exposures to customers: gross and net values

	Gross exposure	Specific adjustments	Portfolio adjustments	Net exposure
A. Cash exposure				
a) Non-performing loans	14,343	(11,569)	X	2,774
b) Doubtful loans	3,443	(372)	X	3,071
c) Restructured loans	-	-	X	-
d) Overdue loans	871	(80)	X	791
e) Other assets	4,193,701	X	(2,763)	4,190,938
Total A	4,212,358	(12,021)	(2,763)	4,197,574
B. Off-balance-sheet exposures				
a) Impaired	1,892	(592)	X	1,300
b) Other	108,269	X	-	108,269
Total B	110,161	(592)	-	109,569
Total (A+B)	4,322,519	(12,613)	(2,763)	4,307,143

A.1.7 Banking Group - Cash exposure to customers: changes in gross impaired exposures

	Non-performing loans	Doubtful loans	Restructured loans	Overdue loans
A. Gross exposure at beginning of period	15,025	974	-	1,261
- Including: loans disposed of but not written off	-	-	-	-
B. Increases	782	2,829	-	813
B.1 Transfers from performing loans	296	2,252	-	812
B.2 Transfers from other categories of impaired exposures	184	528	-	-
B.3 Other increases	302	49	-	1
C. Decreases	1,464	360	-	1,203
C.1 Transfers to performing loans	-	-	-	658
C.2 Write-offs	619	176	-	-
C.3 Collections	652	-	-	-
C.4 Disposals	-	-	-	-
C.5 Transfers to other categories of impaired exposures	-	184	-	528
C.6 Other decreases	193	-	-	17
D. Gross exposure at end of period	14,343	3,443	-	871
- Including: loans disposed of but not written off	-	-	-	-

A.1.8 Banking Group - Cash exposure to customers: changes in total adjustments

	Non-performing loans	Doubtful loans	Restructured loans	Overdue loans
A. Total adjustments at beginning of period	12,167	112	-	121
- Including: loans disposed of but not written off	-	-	-	-
B. Increases	1,219	398	-	97
B.1 Adjustments	448	398	-	75
B.2 Transfers from other categories of impaired exposures	-	-	-	-
B.3 Other increases	771	-	-	22
C. Decreases	1,817	138	-	138
C.1 Write-backs from period-end valuations	744	37	-	138
C.2 Write-backs on collections	335	-	-	-
C.3 Write-offs	620	101	-	-
C.4 Transfers to other categories of impaired exposures	-	-	-	-
C.5 Other decreases	118	-	-	-
D. Total adjustments at end of period	11,569	372	-	80
- Including: loans disposed of but not written off	-	-	-	-

A.2 Classification of exposures by external rating

A.2.1 Banking Group - Analysis of cash and off-balance-sheet exposures by external rating (book values)

	External rating class						No rating	Total
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. Cash exposures	3,481,062	1,903,350	669,620	30,983	-	116	3,189,744	9,274,875
B. Derivatives	885	1,889	-	-	-	-	33,726	36,500
B.1 Financial derivatives	885	1,889	-	-	-	-	33,726	36,500
B.2 Credit derivatives	-	-	-	-	-	-	-	-
C. Guarantees issued	1,632	-	-	-	-	1,300	89,716	92,648
D. Commitments to grant finance	2,439	-	-	-	-	-	5,447	7,886
Total	3,486,018	1,905,239	669,620	30,983	-	1,416	3,318,633	9,411,909

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

A.3 Distribution of guaranteed exposures by type of guarantee

A.3.1 Banking Group - Exposure of guaranteed loans to banks

	Value of net exposure	Secured guarantees		
		Buildings	Securities	Other collateral
1. Guaranteed cash exposures:	60,520	-	-	-
1.1 Fully guaranteed	60,520	-	-	-
- including impaired	-	-	-	-
1.2 Partially guaranteed	-	-	-	-
- including impaired	-	-	-	-
2. Guaranteed off-balance-sheet exposures:	-	-	-	-
2.1 Fully guaranteed	-	-	-	-
- including impaired	-	-	-	-
2.2 Partially guaranteed	-	-	-	-
- including impaired	-	-	-	-

A.3.2 Banking Group - Exposure of guaranteed loans to customers

	Value of net exposure	Secured guarantees		
		Buildings	Securities	Other collateral
1. Guaranteed cash exposures:	794,361	68,803	625,280	50,581
1.1 Fully guaranteed	535,441	68,483	425,072	34,403
- Including impaired	508	362	2	-
1.2 Partially guaranteed	258,920	320	200,208	16,178
- Including impaired	1,528	-	1,132	-
2. Guaranteed off-balance-sheet exposures:	65,418	239	60,182	3,414
2.1 Fully guaranteed	59,832	239	55,248	3,357
- Including impaired	296	-	296	-
2.2 Partially guaranteed	5,586	-	4,934	57
- Including impaired	180	-	68	-

Personal guarantees										Total
Credit Linked Notes	Credit derivatives					Endorsement credit				
	Governments and Central Banks	Other public entities	Banks	Other parties	Governments and Central Banks	Other public entities	Banks	Other parties		
-	-	-	-	-	-	-	-	60,000	-	60,000
-	-	-	-	-	-	-	-	60,000	-	60,000
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-

Personal guarantees										Total
Credit Linked Notes	Credit derivatives					Endorsement credit				
	Governments and Central Banks	Other public entities	Banks	Other parties	Governments and Central Banks	Other public entities	Banks	Other parties		
-	-	-	-	-	-	-	-	5,842	1,827	752,333
-	-	-	-	-	-	-	-	5,842	1,407	535,207
-	-	-	-	-	-	-	-	-	145	509
-	-	-	-	-	-	-	-	-	420	217,126
-	-	-	-	-	-	-	-	-	176	1,308
-	-	-	-	-	-	-	-	920	68	64,823
-	-	-	-	-	-	-	-	920	68	59,832
-	-	-	-	-	-	-	-	-	-	296
-	-	-	-	-	-	-	-	-	-	4,991
-	-	-	-	-	-	-	-	-	-	68

B. Distribution and concentration of loans

B.1 Banking Group - Analysis of cash and off-balance-sheet exposures to customers by sector (book values)

	Governments			Other public entities			Financial institutions		
	Net Exposure	Specific adjustments	Portfolio adjustments	Net Exposure	Specific adjustments	Portfolio adjustments	Net Exposure	Specific adjustments	Portfolio adjustments
A. Cash exposures									
A.1 Non-performing loans	-	-	X	-	-	X	248	(1,532)	X
A.2 Doubtful loans	-	-	X	-	-	X	1	-	X
A.3 Restructured loans	-	-	X	-	-	X	-	-	X
A.4 Overdue loans	-	-	X	-	-	X	-	-	X
A.5 Other exposures	1,631,567	X	(57)	143	X	-	693,481	X	(1,244)
Total A	1,631,567	-	(57)	143	-	-	693,730	(1,532)	(1,244)
B. Off-balance-sheet exposures									
B.1 Non-performing loans	-	-	X	-	-	X	-	-	X
B.2 Doubtful loans	-	-	X	-	-	X	-	-	X
B.3 Other impaired assets	-	-	X	-	-	X	-	-	X
B.4 Other exposures	-	X	-	-	X	-	26,546	X	-
Total B	-	-	-	-	-	-	26,546	-	-
Total 31.12.2009	1,631,567	-	(57)	143	-	-	720,276	(1,532)	(1,244)
Total 31.12.2008	1,631,844	-	-	48	-	-	623,886	(1,550)	(449)

Insurance companies			Non-financial companies			Other parties		
Net Exposure	Specific adjustments	Portfolio adjustments	Net Exposure	Specific adjustments	Portfolio adjustments	Net Exposure	Specific adjustments	Portfolio adjustments
-	-	X	351	(2,337)	X	2,175	(7,700)	X
-	-	X	39	(8)	X	3,031	(364)	X
-	-	X	-	-	X	-	-	X
-	-	X	3	-	X	788	(80)	X
325,659	X	-	440,747	X	(312)	1,099,341	X	(1,150)
325,659	-	-	441,140	(2,345)	(312)	1,105,335	(8,144)	(1,150)
-	-	X	-	-	X	-	-	X
-	-	X	1,031	(566)	X	59	(6)	X
-	-	X	194	(19)	X	16	(1)	X
3,420	X	-	39,507	X	-	38,796	X	-
3,420	-	-	40,732	(585)	-	38,871	(7)	-
329,079	-	-	481,872	(2,930)	(312)	1,144,206	(8,151)	(1,150)
282,127	-	-	429,991	(3,151)	(499)	1,038,761	(8,276)	(1,718)

B.2 Banking Group - Analysis of cash and off-balance-sheet exposures to customers by region (book values)

	Italy		Other European countries	
	Net Exposure	Total adjustments	Net Exposure	Total adjustments
A. Cash exposures				
A.1 Non-performing loans	2,436	(8,845)	338	(2,724)
A.2 Doubtful loans	3,070	(372)	-	-
A.3 Restructured loans	-	-	-	-
A.4 Overdue loans	791	(80)	-	-
A.5 Other exposures	2,936,162	(1,722)	1,153,314	(1,041)
Total A	2,942,459	(11,019)	1,153,652	(3,765)
B. Off-balance-sheet exposures				
B.1 Non-performing loans	-	-	-	-
B.2 Doubtful loans	1,090	(572)	-	-
B.3 Other assets deteriorate	210	(20)	-	-
B.4 Other exposures	81,143	-	26,750	-
Total B	82,443	(592)	26,750	-
Total 31.12.2009	3,024,902	(11,611)	1,180,402	(3,765)
Total 31.12.2008	2,786,903	(12,630)	1,126,815	(3,012)

B.3 Banking Group - Analysis of cash and off-balance-sheet exposures to banks by region (book values)

	Italy		Other European countries	
	Net Exposure	Total adjustments	Net Exposure	Total adjustments
A. Cash exposures				
A.1 Non-performing loans	-	-	-	-
A.2 Doubtful loans	-	-	-	-
A.3 Restructured loans	-	-	-	-
A.4 Overdue loans	-	-	-	-
A.5 Other exposures	2,505,591	(4)	2,065,023	(18)
Total A	2,505,591	(4)	2,065,023	(18)
B. Off-balance-sheet exposures				
B.1 Non-performing loans	-	-	-	-
B.2 Doubtful loans	-	-	-	-
B.3 Other assets deteriorate	-	-	-	-
B.4 Other exposures	19,807	-	7,637	-
Total B	19,807	-	7,637	-
Total 31.12.2009	2,525,398	(4)	2,072,660	(18)
Total 31.12.2008	2,461,496	-	2,998,987	-

America		Asia		Rest of the world	
Net Exposure	Total adjustments	Net Exposure	Total adjustments	Net Exposure	Total adjustments
-	-	-	-	-	-
1	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
91,202	-	1	-	10,259	-
91,203	-	1	-	10,259	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
376	-	-	-	-	-
376	-	-	-	-	-
91,579	-	1	-	10,259	-
83,733	(1)	18	-	9,188	-

America		Asia		Rest of the world	
Net Exposure	Total adjustments	Net Exposure	Total adjustments	Net Exposure	Total adjustments
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
414,624	(10)	91,358	(28)	705	-
414,624	(10)	91,358	(28)	705	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	21	-
-	-	-	-	21	-
414,624	(10)	91,358	(28)	726	-
450,598	-	701	(52)	67	-

C. SECURITISATION AND SALE OF ASSET TRANSACTIONS

C.1 Securitisation transactions

Quantitative information

C.1.1 Banking Group - 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:	271,263	270,871	-	-	-	-
a) Impaired	-	-	-	-	-	-
b) Other	271,263	270,871	-	-	-	-

C.1.3 Banking Group - 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
A.1 BBVA Consumo						
- consumer loans	22,411	(73)	-	-	-	-
A.2 Cedulas						
- residential mortgage	49,035	-	-	-	-	-
A.3 TDA 24						
- residential mortgage	6,600	(20)	-	-	-	-
A.4 Santander Hipotecario2						
- residential mortgage	29,674	(96)	-	-	-	-
A.5 Patrimonio Uno						
- non-residential mortgage	6,454	(18)	-	-	-	-
A.6 Capital Mortgage						
- residential mortgage	21,902	(66)	-	-	-	-
A.7 Cordusio						
- residential mortgage	21,142	(69)	-	-	-	-
A.8 AYT Cajas						
- residential mortgage	68,276	-	-	-	-	-
A.9 Intesa Sec 3						
- residential mortgage	32,583	(50)	-	-	-	-
A.10 CM-CIC						
- residential mortgage	5,235	-	-	-	-	-
A.11 Entry funding						
- loans to small and medium enterprises	7,559	-	-	-	-	-

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	
Net exposures	Adjustments/write-backs	Net exposures	Adjustments/write-backs	Net exposures	Adjustments/write-backs	Net exposures	Adjustments/write-backs	Net exposures	Adjustments/write-backs	Net exposures	Adjustments/write-backs
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
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-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-

C.1.4 Banking Group - Exposures from securitisations broken down by portfolio and exposures

	Financial assets held for trading	Financial assets designated at fair value	Financial assets available for sale	Financial assets held to maturity	Loans	31.12.2009 Total	31.12.2008 Total
1. Cash exposures	-	-	5,235	117,311	148,325	270,871	339,351
- Senior	-	-	5,235	117,311	148,325	270,871	339,351
- Mezzanine	-	-	-	-	-	-	-
- Junior	-	-	-	-	-	-	-
2. Off-balance-sheet exposures	-	-	-	-	-	-	-
- Senior	-	-	-	-	-	-	-
- Mezzanine	-	-	-	-	-	-	-
- Junior	-	-	-	-	-	-	-

C.2 Disposal Transactions

C.2.1 Banking Group - Assets disposed of but not written off

	Financial assets held for trading			Financial assets designated at fair value			Financial assets available for sale		
	A	B	C	A	B	C	A	B	C
A. Cash assets	-	-	-	-	-	-	711,532	-	-
1. Debt securities	-	-	-	-	-	-	711,532	-	-
2. Equities	-	-	-	-	-	-	-	-	-
3. Units in mutual funds	-	-	-	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-	-	-	-
B. Derivatives	-	-	-	X	X	X	X	X	X
Total 31.12.2009	-	-	-	-	-	-	711,532	-	-
Including impaired	-	-	-	-	-	-	-	-	-
Total 31.12.2008	-	-	-	-	-	-	1,641,557	-	-
Including impaired	-	-	-	-	-	-	-	-	-

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)

Financial assets held to maturity			Due from banks			Loans to customers			Total	
A	B	C	A	B	C	A	B	C	31.12.2009	31.12.2008
-	-	-	266,233	-	-	4,450	-	-	982,215	3,545,142
-	-	-	266,233	-	-	4,450	-	-	982,215	3,545,142
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	-	-
-	-	-	266,233	-	-	4,450	-	-	982,215	-
-	-	-	-	-	-	-	-	-	-	-
98,707	-	-	1,630,464	-	-	174,414	-	-	-	3,545,142
-	-	-	-	-	-	-	-	-	-	-

C.2.2 Banking Group - Financial liabilities regarding financial assets disposed of but not written off

	Financial assets held for trading	Financial assets designated at fair value	Financial assets available for sale	Financial assets held to maturity	Due from banks	Loans to customers	Total
1. Due to customers	-	-	36,530	-	273,445	3,480	313,455
a) regarding assets recognised in full	-	-	36,530	-	273,445	3,480	313,455
b) regarding assets partially recognised	-	-	-	-	-	-	-
2. Due to banks	-	-	10	-	-	-	10
a) regarding assets recognised in full	-	-	10	-	-	-	10
b) regarding assets partially recognised	-	-	-	-	-	-	-
3. Debt on issue	-	-	-	-	-	-	-
a) regarding assets recognised in full	-	-	-	-	-	-	-
b) regarding assets partially recognised	-	-	-	-	-	-	-
Total 31.12.2009	-	-	36,540	-	273,445	3,480	313,465
Total 31.12.2008	-	-	261,900	90,409	1,389,964	150,100	1,892,373

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, acts as treasury manager for the Banca Fideuram Group and plays a central role in managing market risk.

The business areas and companies in the Banca Fideuram Group that generate market risk operate independently, within clearly-defined and closely-governed limits which are set out in an Investment Policy that is approved and regularly reviewed by the Board of Directors.

The Board of Directors draws on the support of an Investment Committee, composed of the following permanent members: the Managing Director (who is also the Chairman of the Committee), the Chief Financial Officer (CFO), the Finance Director, the Banca Fideuram Risk Management Director, and the Risk Management and General Manager of subsidiary Euro-Trésorerie. The following may also be invited to participate depending on the matters under consideration: the Banca Fideuram Administration and Reporting Director, the Banca Fideuram Marketing and Products Director, The Banca Fideuram Network Director and the Economic Research Director of subsidiary Fideuram Investimenti. The Committee meets at least quarterly to analyse the performance of the Banca Fideuram Group's investments, proposing strategic guidelines to the Managing Director. The Managing Director provides quarterly reports to the Board of Directors on the investment choices made and on the performance of the Group's portfolios.

The Finance Director informs the Managing Director and CFO about the investment choices made and the profitability of the portfolios at monthly intervals and likewise keeps the Investment Committee periodically informed at regular intervals. The Risk Management Manager informs the Managing Director, CFO and Finance Director on the use of the operating limits monthly and likewise keeps the Investment Committee informed at regular intervals.

The Investment Policy is applied both to the bank portfolio and to the trading book, specifying limits for containing financial risk with a view to optimising profitability and maintaining financial solidity.

The policy splits investments in securities into a liquidity portfolio and an investment portfolio. The former has a cautious minimum size and financial characteristics which limit risk to ensure immediate liquidity. The Investment Portfolio varies in size depending on the structure of the Group's inflows, investments and shareholders' equity.

The composition of the securities holdings is governed by limits with respect to asset allocation, rating, currency area, geographical area, sector concentration and counterparty. Market risk and stop loss limits are likewise specified.

A dedicated Risk Management Unit, independent of the operating unit concerned, is responsible for monitoring that the limits specified are respected and for measuring market risk.

Trading book

The trading book is tailored to support the requirements of the Group's retail customer transactions, is marginal in size and has a very low risk level in terms of Value at Risk.

It includes a securities component resulting from secondary market transactions with customers, and foreign exchange and exchange rate derivative transactions, which are likewise engaged in to meet the needs of our customers and of the managed assets companies in the Group. The trading book risk measured in terms of 10-day Value at Risk with a confidence level of 99% was extremely low at the end of the year (€1.4m at 31 December 2009).

Bank portfolio

The bank portfolio comprises long-term investment securities and interest rate hedge derivatives. The market risk of this portfolio mainly regards the management of investments in securities. The Group's exposure to interest rate risk is, moreover, also influenced by other typical banking balance sheet items (customer deposits and loans). The financial risk of the bank portfolio is measured using the following methods:

- Value at Risk (VaR)
- Sensitivity analysis.

The Value at Risk is the maximum potential amount that the portfolio could lose over the subsequent 20 working days with a confidence interval of 99%, and is calculated in relation to the volatility and the historical correlations observed between the individual risk factors over the previous 500 working days. VaR is a risk measurement applied to securities holdings which takes interest rates, credit spreads and volatility into account.

At the end of December 2009, the Value at Risk was €70m (€89m at 31 December 2008), with the main components being credit spread risk and the increase in the fixed rate portfolio.

(€m)

	Q1 2009	Q2 2009	Q3 2009	Q4 2009
20-day VaR (diversified)	100.43	109.40	124.14	100.31
- Interest rate VaR	22.51	27.02	28.64	29.04
- Credit spread VaR	87.61	93.38	104.41	79.88
- Volatility VaR	2.76	2.41	5.04	4.35

The Group used derivatives (mainly interest rate swaps) to hedge interest rate risk following a strategy that involved buying swaps linked to the individual fixed-coupon bonds in the portfolio. This strategy provided our long-term securities holdings with very effective protection against interest rate risk.

We maintained a strategy of not hedging over a short-to-medium-term time horizon in the year, increasing the portfolio's exposure to interest rate fluctuations. This strategy exposed our securities holdings positively to the falling interest rates that had been considered highly probable following the expansionary monetary policy decisions of the monetary authorities.

The risk of the loan issuer spread widening was not hedged and the Group's investment choices were moreover focused on issuers of high credit standing.

The table of credit spread VaR over time above clearly shows the stressed scenario of this risk factor. There was a steady increase in credit-spread volatility in all the sectors and rating categories in which the bank portfolio is diversified under the Group's investment policy. This high variability affected all the primary issuers of the Banca Fideuram Group's securities holdings. VaR in the last quarter shows this risk factor returning to less extreme levels.

Analysis of the securities holdings reveals high loan quality, with 28% of the investments involving securities with triple and double A ratings, 54% involving securities with A ratings and 17% securities with BBB ratings. The remainder were mainly unrated bank securities.

Where risk concentration is concerned, the securities holdings are highly-diversified as a result of the stringent limits specified by the Investment Policy, which limits the maximum exposure to any single group to 5% of the total holdings.

Asset Liability Management

The Group's total exposure to interest rate risk is monitored using Asset Liability Management (ALM) techniques to determine the shift sensitivity and sensitivity of 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, is calculated taking into account the risk generated by customer demand deposits and other assets and liabilities of the bank portfolio sensitive to shifts in the interest rate curve. This sensitivity was -€33m at the end of December.

Fair Value measurement of financial assets and liabilities

The Group has developed a pricing methodology for the valuation of financial products which rigorously implements the provisions of the IAS/IFRS international accounting standards.

The Group consistently calculates the fair value of financial instruments directly from their market value. Wherever possible, the official prices on active markets are adopted as this market value, otherwise the value is obtained using pricing models based on the values of comparable securities and on market parameters.

In situations where the market is not operating normally, which is to say when there is an insufficient number of continuous transactions and the bid/ask spread and volatility are not sufficiently low, it is however necessary to abandon the principle of obtaining the fair value directly from market prices and to apply models that mostly use market parameters to calculate an appropriate fair value for the financial instruments.

The following are considered in assessing whether a market is operating normally:

- Constant availability of price contributions
- Constant reliability of price contributions
- Size of the bid/offer spread.

In the absence of an active market, the fair value is determined using valuation techniques which ultimately aim to establish the price that the financial instrument would have had on the measurement date in an arm's-length exchange motivated by normal business considerations. These techniques include:

- Reference to market values that can be indirectly linked to the financial instrument being valued and can be obtained from products with similar risk characteristics (comparable approach).
- Valuations performed using - even only partially - inputs that are not obtained from observable market parameters, using estimates and assumptions formulated by the valuer (mark-to-model).

There is no choice regarding which of these methodologies is chosen, with priority being given to market information, which has to take precedence.

The priority of market prices is put into practice through an automatic process based on market maker prices. The valuation price is calculated as the average of the prices available, selected using objectively identified criteria.

The number of contributions, the bid/ask spread and the reliability of the contributors are monitored daily, enabling the Group to keep market prices as the appropriate prime parameter for measuring fair value.

All the Group's securities holdings are valued at market bid prices (mark to market) to ensure the maximum transparency of the values in the financial statements. This ensures the overall holdings meet the ready liquidity criteria for items in the financial statements.

A mark to model automatically fed by market data providers and based on commonly-accepted valuation processes is used for the valuation of derivatives.

The derivatives in the bank portfolio consisted entirely of Interest Rate Swaps.

Fair value hedges

The Group used fair value hedge derivatives to reduce its exposure to adverse changes in fair value caused by interest rate fluctuations, mainly using interest rate swaps and derivative contracts to hedge its investments in fixed rate bonds in particular.

The Risk Management Unit is responsible for assessing hedge effectiveness, carrying out prior assessments of the conditions that make hedge accounting applicable and formally documenting each hedging relationship.

Hedge effectiveness is assessed using prospective tests when the hedges are taken out, followed by retrospective tests at monthly intervals.

Exposure to securitised products

The securitised products in the bank portfolio were mainly issues with high ratings and almost all met central bank eligibility criteria. These securitised products accounted for 19.4% of held-to-maturity assets, 7.3% of securities in the loan portfolio and 0.2% of available-for-sale financial assets. The geographical distribution of these instruments, which was focused in the Eurozone, prioritised mortgage-backed securities.

No particular pricing tensions emerged regarding the instruments in the portfolio during the year.

Name	Type	Rating	Face value (€)	Assets securitised	Eligible	IAS Portfolio	Book Value (thousands of euros)
SANTANDER HIPOTECARIO 2	MBS	AA	30,270,490	Spanish residential mortgages	YES	L&R	29,674
TDA 24	MBS	AAA	6,937,878	Spanish residential mortgages	NO	L&R	6,600
CORDUSIO	MBS	AAA	21,445,417	Italian residential mortgages	YES	L&R	21,142
CAPITAL MORTGAGE	MBS	AAA	23,212,980	Italian residential mortgages	YES	L&R	21,902
INTESA SEC. 3	MBS	AAA	33,033,872	Italian residential mortgages	YES	L&R	32,583
PATRIMONIO UNO	CMBS	AAA	6,629,408	Italian non-residential mortgages	YES	L&R	6,454
BBVA CONSUMO	CLO	AAA	22,574,143	Spanish consumer loans	YES	L&R	22,411
ENTRY FUNDING	CLO	BBB-	9,033,287	German business loans	NO	L&R	7,559
CM-CIC	COVERED	AAA	5,000,000	French residential mortgages	YES	AFS	5,235
AYT CAJAS	COVERED	AAA	70,000,000	Spanish residential mortgages	YES	HTM	68,276
CEDULAS	COVERED	AAA	50,000,000	Spanish residential mortgages	YES	HTM	49,035

Legend:

MBS = Mortgage-Backed Security
 CMBS = Commercial Mortgage-Backed Security
 CLO = Collateralized Loan Obligation
 COVERED = Covered Bond
 L&R = Loans & Receivables
 AFS = Financial assets available for sale
 HTM = Financial assets held to maturity

Exchange rate risk

Exchange rate risk is defined as the possibility of fluctuations in market exchange rates generating either positive or negative changes in the value of the Group's net assets. The principle sources of exchange rate risk are:

- Loans to and deposits by corporate and/or retail customers in foreign currencies.
- Purchases of securities and/or shares or other financial instruments in foreign currencies.
- Conversion of foreign subsidiaries' assets, liabilities and income into the functional currency.
- Buying and selling of foreign currencies.
- Collection and/or payment of interest, commission, dividends or administrative costs in foreign currencies.

Spot and forward transactions on foreign exchange markets were mainly entered into with the aim of optimising proprietary risk arising in relation to the buying and selling of foreign currencies to and from customers. A minority of these transactions were entered into by subsidiary Fideuram Bank Luxembourg, which executes hedging transactions for institutional customers (Group Funds). Exchange rate risk is mitigated by the practice of funding in the same currency as the assets, while the residual exposures are included in the trading book, where exchange rate risk is measured in terms of Value at Risk.

The financial instruments concerned were mainly spot and forward exchange rate transactions, forex swaps and currency options.

1.2.3 EXCHANGE RATE RISK

Quantitative information

1. Distribution by currency of denomination of assets and liabilities and derivatives

	Currency					
	US dollar	Sterling	Yen	Australian dollar	Swiss franc	Other currencies
A. Financial assets	40,700	970	11,575	2	57,354	92,313
A.1 Debt securities	-	-	-	-	-	-
A.2 Equities	-	-	-	-	-	-
A.3 Due from banks	37,339	887	10,368	2	56,202	92,179
A.4 Loans to customers	3,361	83	1,207	-	1,152	134
A.5 Other financial assets	-	-	-	-	-	-
B. Other assets	1,551	246	13	-	969	235
C. Financial liabilities	304,121	12,418	80,894	27,910	28,920	39,746
C.1 Due to banks	94,176	67	20,698	23	48	2,217
C.2 Due to customers	209,945	12,351	60,196	27,887	28,872	37,529
C.3 Debt securities	-	-	-	-	-	-
C.4 Other financial liabilities	-	-	-	-	-	-
D. Other liabilities	215	173	-	-	4,053	204
E. Financial derivatives	2,694,826	1,008,545	193,772	78,477	130,342	459,880
- Options	-	907	-	-	-	11,197
+ Long positions	-	907	-	-	-	5,564
+ Short positions	-	-	-	-	-	5,633
- Other derivatives	2,694,826	1,007,638	193,772	78,477	130,342	448,683
+ Long positions	1,484,194	522,297	126,752	45,766	50,543	194,034
+ Short positions	1,210,632	485,341	67,020	32,711	79,799	254,649
Total assets	1,526,445	524,420	138,340	45,768	108,866	292,146
Total liabilities	1,514,968	497,932	147,914	60,621	112,772	300,232
Balance (+/-)	11,477	26,488	(9,574)	(14,853)	(3,906)	(8,086)

1.2.4 DERIVATIVES

A. Financial derivatives

A.1 Regulatory trading book: period-end notional and average values

	31.12.2009 Total		31.12.2008 Total	
	Over the counter	Central Counterparties	Over the counter	Central Counterparties
1. Debt securities and interest rate derivatives	252,382	-	2,240,256	-
a) Options	-	-	-	-
b) Swap	-	-	830,000	-
c) Forward	252,382	-	1,410,256	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
2. Equity derivatives and index derivatives	12	-	77	-
a) Options	-	-	-	-
b) Swap	-	-	-	-
c) Forward	12	-	77	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
3. Currencies and gold	3,449,873	-	2,652,026	-
a) Options	23,353	-	-	-
b) Swap	-	-	-	-
c) Forward	3,426,520	-	2,652,026	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
4. Commodities	-	-	-	-
5. Other underlyings	-	-	-	-
Total	3,702,267	-	4,892,359	-
Average value	2,448,543	-	4,189,685	-

A.2 Bank portfolio: period-end notional and average values

A.2.1 Hedging

	31.12.2009 Total		31.12.2008 Total	
	Over the counter	Central Counterparties	Over the counter	Central Counterparties
1. Debt securities and interest rate derivatives	2,730,311	-	2,698,716	-
a) Options	-	-	-	-
b) Swap	2,730,311	-	2,698,716	-
c) Forward	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
2. Equity derivatives and index derivatives	-	-	-	-
a) Options	-	-	-	-
b) Swap	-	-	-	-
c) Forward	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
3. Currencies and gold	-	-	-	-
a) Options	-	-	-	-
b) Swap	-	-	-	-
c) Forward	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
4. Commodities	-	-	-	-
5. Other underlyings	-	-	-	-
Total	2,730,311	-	2,698,716	-
Average value	2,478,729	-	2,996,533	-

A.3 Financial derivatives: gross positive fair value - analysis by product

	Positive fair value			
	31.12.2009		31.12.2008	
	Over the counter	Central Counterparties	Over the counter	Central Counterparties
A. Regulatory trading book	36,264	-	68,860	-
a) Options	20	-	-	-
b) Interest rate swap	-	-	421	-
c) Cross currency swap	-	-	-	-
d) Equity swaps	-	-	-	-
e) Forward	36,244	-	68,439	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
B. Hedging bank portfolio	236	-	-	-
a) Options	-	-	-	-
b) Interest rate swap	236	-	-	-
c) Cross currency swap	-	-	-	-
d) Equity swaps	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
C. Bank portfolio other derivatives	-	-	-	-
a) Options	-	-	-	-
b) Interest rate swap	-	-	-	-
c) Cross currency swap	-	-	-	-
d) Equity swaps	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
Total	36,500	-	68,860	-

A.4 Financial derivatives: gross negative fair value - analysis by product

	Negative fair value			
	31.12.2009		31.12.2008	
	Over the counter	Central Counterparties	Over the counter	Central Counterparties
A. Regulatory trading book	39,498	-	82,833	-
a) Options	126	-	-	-
b) Interest rate swap	-	-	2,647	-
c) Cross currency swap	-	-	-	-
d) Equity swaps	-	-	-	-
e) Forward	39,372	-	80,186	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
B. Hedging bank portfolio	276,024	-	307,357	-
a) Options	-	-	-	-
b) Interest rate swap	276,024	-	307,357	-
c) Cross currency swap	-	-	-	-
d) Equity swaps	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
C. Bank portfolio other derivatives	-	-	-	-
a) Options	-	-	-	-
b) Interest rate swap	-	-	-	-
c) Cross currency swap	-	-	-	-
d) Equity swaps	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
Total	315,522	-	390,190	-

A.5 OTC financial derivatives: regulatory trading book - notional values, gross positive and negative fair value by counterparty - Contracts other than compensation agreements

	Governments and Central Banks	Other public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other parties
1. Debt securities and interest rate derivatives							
- notional values	-	-	252,382	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
2. Equity derivatives and index derivatives							
- notional values	-	-	12	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
3. Currencies and gold							
- notional values	-	-	1,463,932	1,862,394	119,865	-	3,682
- positive fair value	-	-	7,535	25,271	3,420	-	38
- negative fair value	-	-	18,245	21,123	25	-	105
- future exposure	-	-	14,486	18,624	1,198	-	37
4. Other values							
- notional values	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-

A.8 OTC financial derivatives: bank portfolio - notional values, gross positive and negative fair value by counterparty - Compensation agreements

	Governments and Central Banks	Other public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other parties
1. Debt securities and interest rate derivatives							
- notional values	-	-	2,730,311	-	-	-	-
- positive fair value	-	-	236	-	-	-	-
- negative fair value	-	-	276,024	-	-	-	-
2. Equity derivatives and index derivatives							
- notional values	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
3. Currencies and gold							
- notional values	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
4. Other values							
- notional values	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

A.9 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	3,702,267	-	-	3,702,267
A.1 Debt derivatives and interest rate derivatives	252,382	-	-	252,382
A.2 Equity derivatives and index derivatives	12	-	-	12
A.3 Currency derivatives and gold derivatives	3,449,873	-	-	3,449,873
A.4 Financial derivatives on other instruments	-	-	-	-
B. Bank portfolio	-	39,000	2,691,311	2,730,311
B.1 Debt derivatives and interest rate derivatives	-	39,000	2,691,311	2,730,311
B.2 Equity derivatives and index derivatives	-	-	-	-
B.3 Currency derivatives and gold derivatives	-	-	-	-
B.4 Financial derivatives on other instruments	-	-	-	-
Total 31.12.2009	3,702,267	39,000	2,691,311	6,432,578
Total 31.12.2008	4,292,359	605,000	2,693,716	7,591,075

C. Financial and credit derivatives

C.1 OTC financial and credit derivatives: net fair values and future exposure by counterparty

	Governments and Central Banks	Other public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other parties
1) Bilateral agreements: financial derivatives							
- Positive fair value	-	-	236	-	-	-	-
- Negative fair value	-	-	276,024	-	-	-	-
- Future exposure	-	-	40,565	-	-	-	-
- Net counterparty risk	-	-	40,801	-	-	-	-
2) Bilateral agreements: credit derivatives							
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	-	-	-	-	-
- Future exposure	-	-	-	-	-	-	-
- Net counterparty risk	-	-	-	-	-	-	-
3) Cross-product agreements							
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	-	-	-	-	-
- Future exposure	-	-	-	-	-	-	-
- Net counterparty risk	-	-	-	-	-	-	-

1.3 LIQUIDITY RISK

Qualitative information

The Banca Fideuram Group benefits from strong structural liquidity, resulting from liquidity from customer deposits and traditionally modest customer lending, the management of which has been developed and consolidated both through operational reorganisation, with the centralisation of the liquidity of our subsidiaries in Banca Fideuram, and through the implementation of operating strategies governed by our risk management regulations.

Analysis of the consolidated financial statements shows the central position of customer deposits in liabilities, which totalled €7.7bn at year end and principally comprised deposits that were highly stable over time. More volatile markets, more exposed to crisis of confidence situations, such as the money market (through interbank loans), play a more limited role in funding the Group's assets. Liquidity from liabilities is for the most part invested in a bond portfolio, selected paying considerable attention to liquidity risk so that a substantial proportion consists of eligible and readily-negotiable securities.

This in particular involves splitting the investments into two main portfolios - a liquidity portfolio and an investment portfolio - in accordance with our Investment Policy, with the aim of always having securities that offer immediate liquidity in the portfolio. The minimum liquidity portfolio level was calculated cautiously, taking the volatility of customer deposits into account.

In accordance with parent company Intesa Sanpaolo's guidelines, the Group has, moreover, adopted a liquidity monitoring system based on the quantification of inflows and outflows, using appropriate cautious estimates for those balance sheet items which behave differently from contractual items.

Following the implementation of the Intesa Sanpaolo Group's liquidity risk management guidelines, the Banca Fideuram Group has centred its attention and monitoring both on indicators which quantify short-term risk and on structural liquidity indicators, aiming to monitor and manage mismatch risk regarding the medium-to-long term maturities of assets and liabilities.

The short-term liquidity policy amongst other things requires the liquidity balance, calculated as the difference between inflows (or readily-available funds) and outflows, to be positive for short-term maturities (less than 18 months) at all times. The liquidity balance sheet is formed taking into

account the maturities of certain flows, appropriate valuations of readily-liquid assets (including debt securities which could be made eligible irrespective of their contractual maturities) and the quantification of uncertain flows based on an estimate of their behavioural coefficients. The inflows and outflows considered for a time horizon of less than one month produced a positive liquidity balance of €1.8bn, and there were no critical cumulative liquidity gap situations with respect to minimum liquidity thresholds for subsequent periods, with the 18-month cumulative balance at year end being positive to the tune of €1,9bn.

Structural liquidity is analysed using an indicator based on the regulatory requirement concerning the financial statement item regarding the conversion of maturities (Bank of Italy Regulation 2), adjusted in accordance with more stringent concepts regarding the liquidity of securities, which sets internal limits on the conversion of maturities with the aim of preventing medium-long term loan transactions from giving rise to excessive imbalances requiring short-term financing. The value of this indicator was over €0.9bn at the end of December.

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	Unspecified maturity
Cash assets	1,097,651	566,514	117,003	585,666	1,181,480	140,550	90,482	1,880,058	3,470,732	9,072
A.1 Government securities	9,585	-	-	-	4,041	17,304	1,553	6,123	1,588,380	-
A.2 Other debt securities	26,285	-	-	10,019	54,281	78,035	80,206	1,827,562	1,836,513	164
A.3 Units in mutual funds	132,748	-	-	-	-	-	-	-	-	8,908
A.4 Loans	929,033	566,514	117,003	575,647	1,123,158	45,211	8,723	46,373	45,839	-
- Banks	64,855	457,457	117,003	572,572	1,120,164	40,000	-	-	-	-
- Customers	864,178	109,057	-	3,075	2,994	5,211	8,723	46,373	45,839	-
Cash liabilities	7,063,811	455,470	56,750	77,738	176,458	16,632	499	-	-	-
B.1 Deposits and current accounts	7,060,296	420,923	450	1,664	39,263	8,445	-	-	-	-
- Banks	94,237	368,340	-	-	25,000	-	-	-	-	-
- Customers	6,966,059	52,583	450	1,664	14,263	8,445	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	3,515	34,547	56,300	76,074	137,195	8,187	499	-	-	-
Off-balance-sheet transactions	747,717	583,725	-	1,776,194	269,038	445,010	17,057	275,010	10,936	33
C.1 Financial derivatives with exchange of capital	309,078	579,001	-	1,776,194	267,412	412,048	-	246,042	-	-
- Long positions	294,469	153,193	-	912,774	157,993	139,020	-	21	-	-
- Short positions	14,609	425,808	-	863,420	109,419	273,028	-	246,021	-	-
C.2 Financial derivatives without exchange of capital	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans receivable	420,000	-	-	-	-	20,000	-	-	-	-
- Long positions	220,000	-	-	-	-	-	-	-	-	-
- Short positions	200,000	-	-	-	-	20,000	-	-	-	-
C.4 Commitments to grant finance	256	4,724	-	-	-	3,416	-	257	-	9
- Long positions	-	639	-	-	-	-	-	257	-	9
- Short positions	256	4,085	-	-	-	3,416	-	-	-	-
C.5 Financial guarantees issued	18,383	-	-	-	1,626	9,546	17,057	28,711	10,936	24

(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	Unspecified maturity
Cash assets	5,577	69,416	34,708	-	-	-	-	416	-	-
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 Units in mutual funds	-	-	-	-	-	-	-	-	-	-
A.4 Loans	5,577	69,416	34,708	-	-	-	-	416	-	-
- Banks	2,632	69,416	34,708	-	-	-	-	-	-	-
- Customers	2,945	-	-	-	-	-	-	416	-	-
Cash liabilities	211,129	95,646	-	-	112	10	-	-	-	-
B.1 Deposits and current accounts	211,129	95,646	-	-	112	10	-	-	-	-
- Banks	7,407	89,546	-	-	-	-	-	-	-	-
- Customers	203,722	6,100	-	-	112	10	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	177,159	965,154	2,495	1,323,011	134,454	366,351	403	-	-	-
C.1 Financial derivatives with exchange of capital	107,743	894,259	2,495	1,323,011	134,454	366,351	-	-	-	-
- Long positions	43,260	543,960	-	598,250	81,980	279,835	-	-	-	-
- Short positions	64,483	350,299	2,495	724,761	52,474	86,516	-	-	-	-
C.2 Financial derivatives without exchange of capital	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans receivable	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Commitments to grant finance	69,416	70,895	-	-	-	-	-	-	-	-
- Long positions	-	70,147	-	-	-	-	-	-	-	-
- Short positions	69,416	748	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	-	-	-	-	-	-	403	-	-	-

(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	Unspecified maturity
Cash assets	1,275	-	7,510	1,652	-	-	577	563	-	-
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 Units in mutual funds	-	-	-	-	-	-	-	-	-	-
A.4 Loans	1,275	-	7,510	1,652	-	-	577	563	-	-
- Banks	1,206	-	7,510	1,652	-	-	-	-	-	-
- Customers	69	-	-	-	-	-	577	563	-	-
Cash liabilities	60,243	20,653	-	-	-	-	-	-	-	-
B.1 Deposits and current accounts	60,243	20,653	-	-	-	-	-	-	-	-
- Banks	46	20,653	-	-	-	-	-	-	-	-
- Customers	60,197	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	49,059	47,012	-	119,196	18,361	-	-	-	-	-
C.1 Financial derivatives with exchange of capital	20,521	47,012	-	119,196	18,361	-	-	-	-	-
- Long positions	6,517	45,986	-	67,206	18,361	-	-	-	-	-
- Short positions	14,004	1,026	-	51,990	-	-	-	-	-	-
C.2 Financial derivatives without exchange of capital	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans receivable	28,538	-	-	-	-	-	-	-	-	-
- Long positions	14,269	-	-	-	-	-	-	-	-	-
- Short positions	14,269	-	-	-	-	-	-	-	-	-
C.4 Commitments to grant finance	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	-	-	-	-	-	-	-	-	-	-

(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	Unspecified maturity
Cash assets	617	13,481	-	36,216	9,437	330	275	539	-	-
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 Units in mutual funds	-	-	-	-	-	-	-	-	-	-
A.4 Loans	617	13,481	-	36,216	9,437	330	275	539	-	-
- Banks	594	13,481	-	36,216	9,437	-	13	-	-	-
- Customers	23	-	-	-	-	330	262	539	-	-
Cash liabilities	28,731	69	-	-	61	-	58	-	-	-
B.1 Deposits and current accounts	28,731	69	-	-	61	-	58	-	-	-
- Banks	48	-	-	-	-	-	-	-	-	-
- Customers	28,683	69	-	-	61	-	58	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	62,857	29,497	-	27,422	9,437	384	58	-	-	-
C.1 Financial derivatives with exchange of capital	50,051	29,497	-	27,422	9,437	-	58	-	-	-
- Long positions	17	10,026	-	26,422	-	-	58	-	-	-
- Short positions	50,034	19,471	-	1,000	9,437	-	-	-	-	-
C.2 Financial derivatives without exchange of capital	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans receivable	12,806	-	-	-	-	-	-	-	-	-
- Long positions	6,403	-	-	-	-	-	-	-	-	-
- Short positions	6,403	-	-	-	-	-	-	-	-	-
C.4 Commitments to grant finance	-	-	-	-	-	384	-	-	-	-
- Long positions	-	-	-	-	-	384	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	-	-	-	-	-	-	-	-	-	-

(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	Unspecified maturity
Cash assets	970	-	-	-	-	-	-	-	-	-
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 Units in mutual funds	-	-	-	-	-	-	-	-	-	-
A.4 Loans	970	-	-	-	-	-	-	-	-	-
- Banks	887	-	-	-	-	-	-	-	-	-
- Customers	83	-	-	-	-	-	-	-	-	-
Cash liabilities	12,286	132	-	-	-	-	-	-	-	-
B.1 Deposits and current accounts	12,286	132	-	-	-	-	-	-	-	-
- Banks	67	-	-	-	-	-	-	-	-	-
- Customers	12,219	132	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	47,803	641,883	-	362,374	12,375	-	-	-	-	-
C.1 Financial derivatives with exchange of capital	19,653	641,855	-	362,374	12,375	-	-	-	-	-
- Long positions	3,387	326,157	-	181,286	12,375	-	-	-	-	-
- Short positions	16,266	315,698	-	181,088	-	-	-	-	-	-
C.2 Financial derivatives without exchange of capital	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans receivable	28,150	-	-	-	-	-	-	-	-	-
- Long positions	14,075	-	-	-	-	-	-	-	-	-
- Short positions	14,075	-	-	-	-	-	-	-	-	-
C.4 Commitments to grant finance	-	28	-	-	-	-	-	-	-	-
- Long positions	-	14	-	-	-	-	-	-	-	-
- Short positions	-	14	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	-	-	-	-	-	-	-	-	-	-

(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	Unspecified maturity
Cash assets	4,444	1,448	50,391	37,481	-	-	-	-	-	-
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 Units in mutual funds	-	-	-	-	-	-	-	-	-	-
A.4 Loans	4,444	1,448	50,391	37,481	-	-	-	-	-	-
- Banks	4,310	1,448	50,391	37,481	-	-	-	-	-	-
- Customers	134	-	-	-	-	-	-	-	-	-
Cash liabilities	65,493	2,065	193	-	11	-	61	-	-	-
B.1 Deposits and current accounts	65,493	2,065	193	-	11	-	61	-	-	-
- Banks	777	1,625	-	-	-	-	-	-	-	-
- Customers	64,716	440	193	-	11	-	61	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	162,716	372,734	12,411	119,215	1,332	531	70	-	-	-
C.1 Financial derivatives with exchange of capital	134,879	370,295	12,411	119,215	1,332	531	64	-	-	-
- Long positions	21,268	203,075	12,411	68,049	-	-	-	-	-	-
- Short positions	113,611	167,220	-	51,166	1,332	531	64	-	-	-
C.2 Financial derivatives without exchange of capital	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans receivable	25,398	-	-	-	-	-	-	-	-	-
- Long positions	12,699	-	-	-	-	-	-	-	-	-
- Short positions	12,699	-	-	-	-	-	-	-	-	-
C.4 Commitments to grant finance	2,439	2,439	-	-	-	-	-	-	-	-
- Long positions	-	2,439	-	-	-	-	-	-	-	-
- Short positions	2,439	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	-	-	-	-	-	-	6	-	-	-

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 regulations and organisational processes for measuring, managing and controlling operational risk. This sees the Intesa Sanpaolo Group adopting the Advanced Model (internal model) for calculating its capital requirement with respect to operational risk over an initial scope of consolidation which includes banks and companies in its Area Banks Division in particular. Certain companies which currently adopt the Standardised Method will gradually be migrating to Advanced Models from 2010.

The Intesa Sanpaolo Group has a centralised operational risk management unit in its Risk Management Department that is responsible for designing, implementing and managing the methodological and organisational framework and for measuring risk profiles, auditing 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, are involved in and have been assigned responsibilities for measuring, 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, ensuring the smooth operation, efficiency and effectiveness of the operational risk management system over time and deciding matters regarding compliance with the criteria for calculating the capital requirement. 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 control systems and the procedures used for determining the capital requirement. The Internal Audit Department is responsible for periodically auditing the operational risk management system and 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 Unit in the Risk Management Department is responsible for organising and maintaining the body of activities provided for by the operational risk management system (collection and structured recording of information on the events which generate

operational losses, scenario analyses and the evaluation of risks associated with the Group's operating context).

The other companies in the Group have also developed suitable Operational Risk Management governance systems in accordance with the parent company's guidelines.

The Integrated Self-Diagnosis Process, which has been carried out yearly since 2008, supports the following:

- The identification, measurement, monitoring and mitigation of operational risk
- The creation of synergies with other control and compliance units in the company that manage compliance with certain specific laws, regulations and matters (Italian Legislative Decree 231/05 and Law 262/05) or carry out effectiveness tests on the controls on company processes.

Overall, the Self-Diagnosis process showed good operational risk management and contributed to extending the dissemination of a corporate culture focused on continuous operational risk management.

The internal model for calculating capital absorption takes all the main sources of quantitative and qualitative information into account (self-diagnosis). The quantitative part is based on analysis of the historical data regarding internal events (monitored, verified and managed by a dedicated IT system) and external events (through the Operational Riskdata eXchange Association). The qualitative part (scenario analyses) is on the other hand 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 measuring the potential financial impact of particularly severe operational risk events.

The capital at risk is therefore considered to be the minimum amount at Group level which would be required to meet the maximum potential loss that could be incurred. The capital at risk is estimated using a Loss Distribution Approach (a statistical model for calculating the Value at Risk of operational losses), which is applied both to the quantitative data and the results of the scenario analysis over a one-year time horizon, with a confidence interval of 99.9%. This method 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.

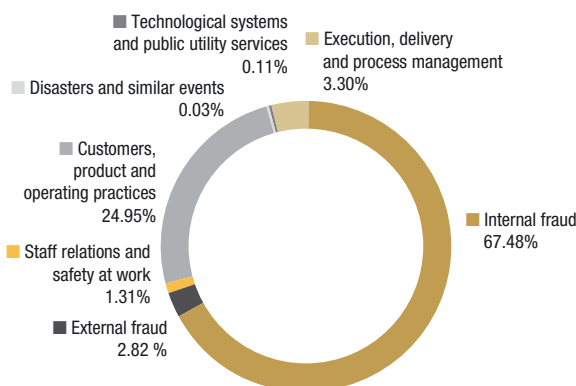
Operational risk monitoring is carried out using an integrated reporting system that provides management with the information required to manage and/or mitigate the risks assumed. A structured training programme became fully operational for staff actively involved in the operational risk management and mitigation process in the Banca Fideuram Group to provide continuous support for the risk management process.

QUANTITATIVE INFORMATION

The Banca Fideuram Group uses the Standard Method (or TSA - Traditional Standardised Approach) for calculating its capital requirement.

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

Analysis of Operational Loss for the 2009 financial year



The Banca Fideuram Group continued its work on improving the processes and controls in place to mitigate risk and contain loss, and participated fully in every initiative launched by Intesa Sanpaolo.

Legal risk

The Group is involved in civil and tax law suits and criminal proceedings as part of its normal business operations.

The Group monitors pending cases constantly in consultation with external legal advisers, examining them in the light of the relevant contractual documents, the conduct concerned, internal investigations and any critical areas highlighted by the aforesaid legal advisers during cases. The Group has set aside provisions for litigation to amongst other things cover the liabilities that could be incurred, according to internal and external legal advice, as a result of pending legal and other disputes. At 31 December 2009, these provisions totalled €91.1m.

The total amount of the provisions and the sum of the annual provisions set aside are calculated by management on the basis of the probability estimated by external and internal legal advisers of the proceedings having negative outcomes. As a consequence of said process, certain pending proceedings in which the Group is involved and regarding which a negative outcome is considered either remote or not quantifiable are not included in the provisions for litigation.

The number and value of pending proceedings were not sufficient to have any eventual significant impact on the business, assets or financial situation of the Group at 31 December 2009.

The management opinion is that the provisions set aside are sufficient and appropriate to cover the disbursements which could be incurred with respect to pending disputes in the following categories in particular:

1) Cases regarding alleged unlawful and/or improper conduct by former Personal Financial Advisers

The majority of legal proceedings against the Group regard requests for compensation for damages in response to alleged unlawful conduct by former Banca Fideuram or Sanpaolo Invest Personal Financial Advisers. The Group's involvement where damaging events of this kind are concerned is linked to the fact that it is considered jointly and severally liable with its Personal Financial Advisers pursuant to article 31, subparagraph 3 of the Italian Finance Consolidation Act (TUF), which states "The licensed entity conferring the appointment is jointly and severally responsible for any damages to third parties caused by the financial adviser, even when responsibility for said damages has been ascertained in a court of criminal law".

This type of complaint is in most cases due to acts of appropriation, forged signatures on contractual forms and the issue of false reports to customers.

In July 2009, Banca Fideuram took out financial adviser misconduct insurance with Lloyd's of London through the broker AON S.p.A. with a policy covering claims consequent upon unlawful acts committed by Banca Fideuram and Sanpaolo Invest Personal Financial Advisers for amounts in excess of €3m. The annual per-claim limit provided for in the policy is €15m (to cover all complaints, including out-of-court settlements, regarding the unlawful/improper conduct of a single Personal Financial Adviser). At 31 December 2009, none of the unlawful acts which had emerged during the period of cover had reached said €3m excess.

2) Cases regarding securities in default and losses on investments in financial products.

Litigation initiated by customers requesting the cancellation of and/or compensation for damages arising from the purchase of securities in default and cases in which the customer alleges noncompliance with the regulations governing the provision of investment services and activities, consequently requesting the cancellation of transactions, refunding of the principal invested and/or compensation for damages.

3) Disputes initiated by former Personal Financial Advisers regarding alleged breaches of their agency contract

There are a small number of litigation of this kind initiated by former Banca Fideuram and Sanpaolo Invest Personal Financial Advisers, resulting from the bank's and stockbroker's normal operations, which involve complaints regarding alleged breach of contract. They are mainly requests for the payment of various different termination indemnities, commission and compensation for damages.

4) Disputes regarding banking and other operations

These cases are mainly requests for compensation regarding banking operations (e.g. capitalisation of interest, claims from receivers and the disposal of pledged assets) and/or miscellaneous complaints which do not fall within any other category.

5) Disputes regarding supervisory investigations

This category concerns two pending judgements at the Court of Cassation and Rome Court of Appeal respectively, currently on appeal from the Court of Cassation. These see Sanpaolo Invest opposing the Ministry of the Economy and Finance and the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB), which launched two penalty proceedings following supervisory investigations, the first regarding the years 1992-1997 and the second 2005.

In particular:

- Sanpaolo Invest and the managers involved contest the imposition of financial penalties totalling €213,000 in the first case and €296,500 in the second, and more generally the inefficiencies and/or omissions in its management processes alleged by the Supervisory Authority. The CONSOB's investigations into the years 1992-1997 led to the formulation of a number of objections regarding the alleged inadequacy of the procedures in place with Personal Financial Advisers for the provision of services and, likewise, the alleged inadequacy of the controls on said procedures, failure to notify the Board of Auditors of Personal Financial Advisers irregularities and failure to provide a register of the audits performed. The Rome Court of Appeal found in favour of the defence presented by Sanpaolo Invest and the managers concerned, annulling the penalties. The Court of Cassation overturned the Rome Court of Appeal's judgment following an appeal by the CONSOB and Italian Ministry of the Economy and Finance, remitting the case to the Rome Court of Appeal, where it is still pending with the hearing set for 20 May 2010. The CONSOB's 2005 investigation was launched in relation to an audit on the efficiency of the management processes and internal audit system. The penalty proceedings for alleged violations of regulatory provisions, principally regarding internal auditing, led to the imposition of administrative monetary penalties totalling €296,500. Sanpaolo Invest formulated its own conclusions in the course of the proceedings, highlighting the fact that its present procedures comply with the current regulations. An appeal against these penalties at the Rome Court of Appeal was rejected. The company and managers therefore filed an appeal, which is still pending, at the Court of Cassation.
- On 8 October 2009, Banca Fideuram paid an administrative penalty, as jointly responsible, which the Italian Ministry of the Economy and Finance had imposed on the manager of the Rome Area Main Branch. These proceedings regarded a failure to report a financial transaction that took place in 2001 which the investigating authority considered suspicious pursuant to Italian Decree Law 143/1991 converted into Law 197/1991. On 27.09.2004, the bank received a report from the Ravenna Financial Police (Guardia di Finanza) alleging that the bank had failed to report a suspicious transaction which took place in June 2001 and regarding two cash deposits totalling ITL 6.4bn into a current account opened at one of the bank's branches. The bank requested that the proceedings be terminated, producing rebuttals with which it contested the report and emphasised, among other things, that the deposit came through a relationship established with a Trust Company in the Group. The proceedings were settled with payment of the penalty.

6) Tax disputes

Banca Fideuram received a report from the Latium Regional Tax Police (Polizia Tributaria) concerning the 2003 and 2004 tax years, questioning the tax period adopted by the bank for the tax deduction of the Personal Financial Advisers Network Loyalty Schemes, together with a number of other lesser matters. Following this report, the bank was served a notice of assessment by the competent office of the Italian Inland Revenue regarding Corporate Income Tax (IRPEG) and Regional Business Tax (IRAP) for the year 2003, against which the bank promptly appealed. The hearing before the Provincial Tax Commission on 3 April 2009 found against the bank. The bank filed an appeal in second instance to reverse said current judgement. As a further consequence of the visit by the Tax Police and regarding the same financial statement items as for 2003, the bank received notices of assessment in July of this year regarding IRES corporate income tax and IRAP regional business tax for the 2004 tax year, against which the bank filed an appeal within the required time. The Latium Regional Office of the Italian Inland Revenue subsequently and again with regard to the bonus scheme with the highest value, conducted a specific investigation regarding the 2005 and 2006 tax years. The investigation concluded with a report questioning the tax deduction of the expense over a long-term time horizon in a similar manner as for the prior periods, requiring its deferral to the end of the scheme period.

The bank decided to settle the disputes, agreeing to the Latium Regional Office of the Inland Revenue's objections to avoid a tax dispute over a simple matter of accruals accounting. The Group thus set aside amounts at year-end under the provisions for risks and charges equal to the total penalties and applicable interest required to settle the disputes for all the years in question, from 2003 to 2008, adopting the most appropriate procedures for each year concerned.

Lastly, and likewise as a consequence of the report regarding the 2003 and 2004 tax years, the bank was also served a notice of assessment for a smaller amount regarding VAT. The bank is still waiting to present its appeal in this matter to the competent Provincial Tax Commission.

During 2007, following a report prepared by the Latium Regional Tax Police (Polizia Tributaria), 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. The Rome Provincial Tax Commission largely found in favour of the company's appeal, with the exception of for one minor amount. The provisions set aside in prior years allow this cost to be met without any charge to the income statement.

PART F

INFORMATION ON CONSOLIDATED SHAREHOLDERS' EQUITY

SECTION 1

CONSOLIDATED SHAREHOLDERS' EQUITY

A. Qualitative information

The share capital and share premium reserve were the same as the amounts for the corresponding items in Banca Fideuram's shareholders' equity. The item Other reserves comprises Banca Fideuram's remaining reserves and Group changes in the shareholders' equity of the companies included in the consolidation.

At 31 December 2009, 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 treasury shares at 31 December 2009.

B. Quantitative information

B.1 Consolidated shareholders' equity: analysis by type of company

	Banking group	Insurance companies	Other companies	Consolidation eliminations and adjustments	Total
Capital	186,255	-	-	-	186,255
Share premium reserve	9,138	-	-	-	9,138
Reserves	540,460	-	-	-	540,460
Capital instruments	-	-	-	-	-
Treasury shares (-)	-	-	-	-	-
Valuation reserves	(149,880)	-	-	-	(149,880)
- Financial assets available for sale	(169,911)	-	-	-	(169,911)
- Property and equipment	-	-	-	-	-
- Intangible assets	-	-	-	-	-
- Hedging of foreign investments	-	-	-	-	-
- Hedging of financial flows	-	-	-	-	-
- Exchange rate differences	1,089	-	-	-	1,089
- Non-current assets held for sale	-	-	-	-	-
- Actuarial Profit (Loss) on defined-benefit pension plans	-	-	-	-	-
- Revaluation reserves related to investments carried at equity	-	-	-	-	-
- Special revaluation laws	18,942	-	-	-	18,942
Profit (Loss) for the year (+/-) of group and third parties	178,354	-	-	-	178,354
Shareholders equity	764,327	-	-	-	764,327

B.2 Valuation reserves for financial assets available for sale: analysis

	Banking group		Insurance companies		Other companies		Consolidation eliminations and adjustments		Total 31.12.2009	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	47,742	(219,779)	-	-	-	-	-	-	47,742	(219,779)
2. Equities	27	-	-	-	-	-	-	-	27	-
3. Units in mutual funds	2,099	-	-	-	-	-	-	-	2,099	-
4. Loans	-	-	-	-	-	-	-	-	-	-
Total 31.12.2009	49,868	(219,779)	-	-	-	-	-	-	49,868	(219,779)
Total 31.12.2008	4,719	(334,806)	-	-	-	-	-	-	4,719	(334,806)

B.3 Valuation reserves for financial asset available for sale: changes in the year

	Debt securities	Equities	Units in mutual funds	Loans
1. Opening balance	(327,499)	29	(2,617)	-
2. Increases	188,201	-	4,716	-
2.1 Increases in fair value	162,888	-	4,716	-
2.2 Reclassifications from negative reserves to the income statement	18,954	-	-	-
- following impairment	-	-	-	-
- following disposal	18,954	-	-	-
2.3 Other increases	6,359	-	-	-
3. Decreases	32,739	2	-	-
3.1 Reductions in fair value	27,024	2	-	-
3.2 Adjustments for impairment losses	-	-	-	-
3.3 Reclassifications from positive reserves to the income statement: following disposal	39	-	-	-
3.4 Other decreases	5,676	-	-	-
4. Other decreases	(172,037)	27	2,099	-

PART G

BUSINESS COMBINATION TRANSACTIONS OF COMPANIES OR COMPANY DIVISIONS

Integration of the Banca CR Firenze Personal Financial Adviser Network

On 11 May 2009, the Group completed the operation integrating the Banca CR Firenze Personal Financial Adviser Network decided by the Banca Fideuram Board of Directors on 27 January 2009. The company division acquired regarded the agency relationships between Banca CR Firenze and its Personal Financial Advisers, the contractual relationships regarding distribution and sales, the block transfer of the customer banking relationships, a number of lease contracts for Personal Financial Advisers' offices and certain tangible assets regarding said offices.

This operation involved the following transactions:

- The transfer to subsidiary Sanpaolo Invest SIM of the Banca CR Firenze division handling the activities of its Personal Financial Advisers, through a €284,760 capital increase in kind involving the issue of 2,034 new ordinary shares for a total value of €600,000 (including a share premium component of € 315,240).
- The transfer from Banca CR Firenze to Banca Fideuram, as a Block Transfer in accordance with article 58 of the Italian Banking Consolidation Act, of the banking contractual relationships and contractual relationships with Personal Financial Adviser customers regarding investment services which Sanpaolo Invest is not authorised to provide.
- The subsequent transfer to Banca Fideuram on 26 June of the holding that Banca CR Firenze acquired in Sanpaolo Invest following the transfer, to restore a total controlling interest.

The net amounts paid by Banca Fideuram, on the basis of an independent expert's valuation, were as follows:

- €6.1m for purchasing the Sanpaolo Invest shares from Banca CR Firenze (including €5.4m deducted from the reserves net of tax in accordance with the Group policy regarding business combinations under common control). These amounts were net of a €3.5m contractual rebate regarding a price adjustment for the reduction in assets under management transferred.
- €1.8m for the block transfer of the contractual relationships (also deducted from the reserves in the amount of €1.2m net of tax).

PART H

TRANSACTIONS WITH RELATED PARTIES

1. Information on remuneration of senior managers with strategic responsibilities

Form of remuneration	31.12.2009
(€k)	
Short-term benefits (*)	7,289
Post-employment benefits (**)	178
Other long-term benefits	-
Employment termination indemnity	-
Payment in shares	-
Other remuneration (***)	314
Total remuneration paid to senior managers with strategic responsibilities	7,781

(*) Includes the fixed and variable remuneration of Directors since they are considered comparable to the payroll costs and social security contributions borne by the Group for employees.

(**) Includes the Group contribution to the pension funds and employment termination indemnities calculated in accordance with the law and company regulations.

(***) Regards remuneration paid to members of the Boards of Auditors and Supervisory Body.

TRANSACTIONS WITH RELATED PARTIES

Banca Fideuram is wholly owned and controlled directly by Intesa Sanpaolo S.p.A.

On 17 March 2009, the Banca Fideuram Board of Directors authorised the merger of Fideuram France S.A. and Financière Fideuram S.A., subject to a prior reduction in the share capital of Fideuram France to cover its accrued losses. Following the reduction in the share capital of Fideuram France and the purchase of all minority shareholder shares by Financière Fideuram, the latter's Board of Directors decided on 2 September 2009 to dissolve the company without winding up Fideuram France by merging it with Financière Fideuram. The transaction was completed with the removal of the companies from the Register of Companies on 16 October 2009.

The Banca Fideuram Board of Directors' meeting of 7 April 2009 approved a capital increase for Intesa Sanpaolo Group Services, a consortium joint-stock company established by Intesa Sanpaolo to provide operating, property and logistics services to Group companies, with an injection of €50,000, simultaneously authorising a new contract with Intesa Sanpaolo, which amends the outsourcing contract currently in force, for the provision of the following services:

- Purchase of goods and services.
- Provision of financial information.
- Organisation and security.
- Operating services.
- Information systems.

The cost of these services totalled €65.6m in 2009.

Subsidiaries Sanpaolo Invest SIM and Fideuram Investimenti SGR also subscribed to the capital increase of Intesa Sanpaolo Group Services, with an injection of €10,000 each.

On 11 May 2009, the operation integrating the Banca CR Firenze Personal Financial Adviser Network decided at the Banca Fideuram Board of Directors' Meeting of 27 January 2009 was completed. This operation involved the following transactions:

- The transfer to subsidiary Sanpaolo Invest SIM of the Banca CR Firenze division handling the activities of its Personal Financial Advisers to Sanpaolo Invest SIM, through a €284,760 capital increase in kind involving the issue of 2,034 new ordinary shares for a total value of €600,000 (including a share premium component of €315,240).
- The transfer from Banca CR Firenze to Banca Fideuram, as a Block Transfer in accordance with article 58 of the Italian Banking Consolidation Act, of the banking contractual relationships and contractual relationships with Personal Financial Adviser customers regarding investment services which Sanpaolo Invest is not authorised to provide.
- The subsequent transfer to Banca Fideuram on 26 June of the holding that Banca CR Firenze acquired in Sanpaolo Invest following the transfer, to restore a total controlling interest.

The net amounts paid by Banca Fideuram, on the basis of an independent expert's valuation, were as follows:

- €6.1m for purchasing the Sanpaolo Invest shares from Banca CR Firenze (including €5.4m deducted from the reserves net of tax in accordance with the Group policy regarding business combinations

under common control). These amounts were net of a €3.5m contractual rebate regarding a price adjustment for the reduction in assets under management transferred.

- €1.8m for the block transfer of the contractual relationships (also deducted from the reserves in the amount of €1.2m net of tax).

On 12 May 2009, the Banca Fideuram Board of Directors authorised the subscription of sixteen bonds issued by subsidiary Euro-Trésorerie S.A. with a total nominal value of €414m and maturities between June 2010 and November 2014. On 21 July 2009, the Board consequently approved a change to a line of credit in place for the subscription of bonds, forming part of the loans granted to Euro-Trésorerie, to align it with the total nominal value of the bonds subscribed by the bank.

Committed to improving wherever possible the production and operating structure serving the Group's distribution of investment services and financial, insurance and pension products, the Banca Fideuram Board of Directors' Meeting of 21 July 2009 approved the adoption of a new distribution model in which Banca Fideuram plays the role of main distributor commissioned by our distribution product companies. Banca Fideuram will make use of the work of Sanpaolo Invest SIM for these activities, with the latter acting as sub-distributor following the prior agreement of the product companies. Sanpaolo Invest SIM will act exclusively on behalf of Banca Fideuram in accordance with a vertical integration model of the product and service distribution processes which will initially be applied to our relations with the product companies in the Banca Fideuram Group and subsequently be extended to our relations with third-party companies as well. The contracts implementing the new distribution model have, moreover, been drafted taking the opportunity to more effectively identify and govern those activities closely connected with and which are instrumental to the provision of said distribution and/or sub-distribution service as well as to the business relations already in place between the companies in the Banca Fideuram Group. The payments under these agreements were determined following criteria of mutually beneficial terms for both parties.

The transfer of Banca Fideuram's depositary bank activities to Intesa Sanpaolo Servizi Transazionali S.p.A. (ISST), a company wholly owned by Intesa Sanpaolo, was completed on 14 December 2009. Banca Fideuram also entered into a ten-year agreement with ISST on said date to pay monetary compensation for any deviations from the commission projections in the report pursuant to article 2343 ter of the Italian Civil Code by independent expert Rothschild S.p.A., which is to say any early termination of the commission flow connected with the related depositary bank business.

This operation, which was approved by the Banca Fideuram Board of Directors on 27 January 2009, was completed through the following transactions:

- The transfer by Banca Fideuram to ISST (with a capital increase for the transferring company) of the company division responsible for its depositary bank business, comprising the Fideuram Funds and Eurizon Funds current account assets and liabilities and the service agreements in force with EurizonVita and Fideuram Investimenti.
- The subsequent sale to Intesa Sanpaolo on 29 December 2009 of the holding that Banca Fideuram had acquired in ISST, to restore Intesa Sanpaolo's full control of said company.

The payments Banca Fideuram received for said operation totalled €17.4m (including €16.5m credited to the reserves net of tax in accordance with the Group policy on business combinations under common control). The agreement of sale stipulates that Banca Fideuram shall indemnify and hold harmless Intesa Sanpaolo in respect of any liabilities regarding the company division due to events, acts, operations or circumstances which occurred prior to the date when the operation came into effect, not reflected in the finalised financial position as stated at the time of transfer.

In accordance with the law and the internal procedures issued by the bank and its parent company Intesa Sanpaolo, all other transactions with related parties during the year were conducted under arms-length conditions as for unrelated parties of corresponding nature and risk, or - in the absence of any reference - under mutually-beneficial conditions, verified taking all related circumstances and the distinctive characteristics of the transaction and Group interests into account. The Group did not in any case engage in any atypical or unusual transactions and/or transactions under non-standard financial and contractual conditions for the types of related parties concerned.

Banca Fideuram's other relations with its subsidiaries, as well as its relations with Intesa Sanpaolo and the latter's subsidiaries, form part of the bank's ordinary operations. Banca Fideuram principally uses the brokerage services of Banca IMI for buying and selling securities. The Group networks marketed, under arm's-length conditions, the bonds issued by Intesa Sanpaolo and Banca IMI, achieving total sales of approximately €1.7bn in the year. There were no insider transactions in the year with individuals performing director-level, management or auditing functions at Banca Fideuram, parent company Intesa Sanpaolo or any other companies in the Group.

The Italian companies in the Banca Fideuram Group again availed themselves of the "istituto del consolidato fiscale nazionale" tax consolidation regime in 2009 as subsidiaries of parent company Intesa Sanpaolo. This tax consolidation regime, which is governed by special regulations, provides for the aggregation of the taxable income of all the Group companies involved, and a single payment of IRES corporate income tax by the parent company in its role as "consolidating company".

Relationships with companies in the Intesa Sanpaolo Group

(€k)

	Assets	Liabilities	Guarantees and commitments	Income	Expenses
Parent company					
Intesa Sanpaolo S.p.A.	1,209,050	391,351	1,275	66,016	14,960
Companies subject to significant influence by the parent company					
Consorzio Studi e Ricerche Fiscali	-	520	-	-	5
Companies controlled by the parent company					
Banca dell'Adriatico S.p.A.	94	-	-	231	-
Banca di Credito Sardo S.p.A.	6	-	-	10	-
Banca IMI S.p.A.	126	63,233	-	36,619	22,077
Banco di Napoli S.p.A.	268	200	-	552	281
Banca Infrastrutture Innovazione e Sviluppo S.p.A.	-	-	357	-	-
Cassa di Risparmio del Friuli Venezia Giulia S.p.A.	486	-	-	315	-
Cassa di Risparmio del Veneto S.p.A.	49	-	-	139	-
Cassa di Risparmio in Bologna S.p.A.	108	-	-	255	-
Cassa di Risparmio di Firenze S.p.A.	29,153	6	-	699	141
Cassa di Risparmio di Forlì e della Romagna S.p.A.	121	-	-	213	-
Cassa di Risparmio di Venezia S.p.A.	37	-	-	68	-
Eurizon Investimenti A.I. SGR S.p.A.	2,872	-	-	4,167	-
Eurizon Capital S.A.	295	-	-	807	-
Eurizon Capital SGR. S.p.A.	1,376	2	-	5,553	-
EurizonLife Ltd.	2,036	1,492	-	8,036	665
Eurizon Tutela S.p.A.	97	416	-	919	4
Eurizon Vita S.p.A.	259,329	314,694	-	165,751	8,704
Fondi di Fideuram Gestions	34,210	224,323	-	82,100	2,672
Intesa Sanpaolo Bank Ireland Plc	-	-	-	20	41
Intesa Sanpaolo Group Services S.c.p.A.	306	2,301	-	378	61,917
Intesa Sanpaolo Private Banking S.p.A.	-	26	-	-	103
Intesa Sec. 3 S.r.l.	32,632	-	-	927	-
Leasint S.p.A.	44	-	-	94	-
Sanpaolo Bank S.A.	46	733	-	10	754
Setefi - Servizi Telematici Finanziari per il Terziario S.p.A.	-	-	-	-	2,054
Société Européenne de Banque S.A.	1,120,789	-	-	30,665	3,329

PART I

PAYMENT AGREEMENTS BASED ON OWN EQUITY INSTRUMENTS

B. Quantitative information

1. Changes in the year

	31.12.2009			31.12.2008		
	Number of options	Average price	Average maturity	Number of options	Average price	Average maturity
A. Opening balance	-	-	-	5,738,832	4.074	June-December 2008
B. Increases	-	-	X	-	-	X
B.1 New issues	-	-	X	-	-	X
B.2 Other increases	-	-	X	-	-	X
C. Decreases	-	-	X	5,738,832	-	X
C.1 Cancelled	-	-	X	2,540,378	-	X
C.2 Exercised	-	-	X	-	-	X
C.3 Expired	-	-	X	-	-	X
C.4 Other decreases	-	-	X	3,198,454	-	X
D. Closing balance	-	-	-	-	-	-
E. Options exercisable at end of financial year	-	-	-	-	-	-

PART L

SEGMENT REPORTING

(€m)

	Managed Financial Assets	Life Insurance Assets	Banking Services and Other	31.12.2009 Total	31.12.2008 Total
Net interest income	-	-	157.6	157.6	158.2
Net gains or losses on financial assets and liabilities	-	-	15.3	15.3	(10.2)
Commission income	492.1	245.8	106.1	844.0	892.0
- Front end	26.7	13.0	85.5	125.2	119.0
- Recurring	465.4	232.8	20.6	718.8	773.0
- Other	-	-	-	-	-
Commission expense	(213.8)	(120.2)	(68.5)	(402.5)	(423.6)
- Front end	(14.5)	(7.0)	(28.8)	(50.3)	(49.1)
- Recurring	(153.9)	(95.6)	(10.0)	(259.5)	(283.2)
- Other	(45.4)	(17.6)	(29.7)	(92.7)	(91.3)
Net commission income	278.3	125.6	37.6	441.5	468.4
- Front end	12.2	6.0	56.7	74.9	69.9
- Recurring	311.5	137.2	10.6	459.3	489.8
- Other	(45.4)	(17.6)	(29.7)	(92.7)	(91.3)
Operating income before net impairment	278.3	125.6	210.5	614.4	616.4
Operating expenses	(172.1)	(29.4)	(126.4)	(327.9)	(327.1)
Other	(29.3)	(13.2)	(4.1)	(46.6)	(44.1)
Profit before tax	76.9	83.0	80.0	239.9	245.2
Average Client Assets	29,957	12,868	20,358	63,183	64,326
Client Assets as at 31.12.2009	33,583	13,451	20,767	67,801	60,507
Key ratios					
Cost/Income ratio	62.0%	23.6%	60.1%	53.7%	52.7%
Gross total income / Average Client Assets	0.3%	0.6%	0.4%	0.4%	0.4%
Net commission income / Average Client Assets	0.9%	1.0%	0.2%	0.7%	0.7%





CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

IN ACCORDANCE WITH ARTICLE 154 BIS
OF ITALIAN LEGISLATIVE DECREE NO. 58
OF 24 FEBRUARY 1998

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH ARTICLE 154 BIS OF ITALIAN LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998

1. The undersigned Matteo Colafrancesco - as Banca Fideuram Managing Director and General Manager - and Paolo Bacciga - as Banca Fideuram Senior Manager Responsible for the Preparation of the Company Accounts - hereby certify, also taking into consideration the provisions of article 154 bis, subparagraphs 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998, that said financial statements are:

- suitable for the characteristics of the company and
- that the bank has fully applied the administrative and accounting procedures for preparing the consolidated financial statements during 2009.

2. The evaluation of the suitability and effective application of the administrative and accounting procedures for preparing the consolidated financial statements at 31 December 2009 was carried out using methodologies developed in line with the COSO framework and, for the IT part, COBIT, which are widely internationally accepted as reference frameworks for internal control systems¹.

3. In addition, the undersigned also certify as follows:

3.1 The consolidated financial statements at 31 December 2009:

- have been prepared in accordance with the applicable international accounting standards recognised in the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002,
- correspond with the accounting books and records,
- have been prepared in accordance with Italian Legislative Decree No. 38/2005 and, where applicable, Italian Legislative Decree No. 87/1992, as well as the provisions implementing them issued by the Bank of Italy for financial statements and by the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB) for listed issuers,
- are suitable for providing a faithful and proper representation of the financial position of the issuer and of the companies included in the consolidation.

3.2 The Directors' Report contains a reliable analysis of the performance, operating results and financial situations of the issuer and of the companies included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed.

12 March 2010

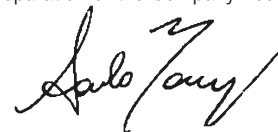
Matteo Colafrancesco

Managing Director and
General Manager



Paolo Bacciga

Senior Manager Responsible for the
Preparation of the Company Accounts



1. The COSO Framework was developed by the Committee of Sponsoring Organizations of the Treadway Commission, a US body dedicated to improving the quality of company information by providing guidance on ethical standards and an effective system of corporate governance and organisation. The COBIT Framework - Control Objectives for IT and related technology - is a set of guidance materials developed by the IT Governance Institute, a US body that aims to develop and improve corporate standards in the IT sector.





INDEPENDENT
AUDITORS' REPORT

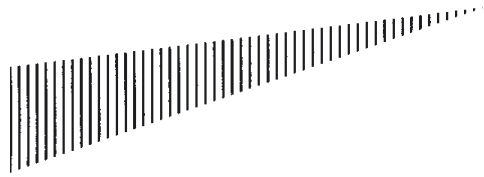
Independent auditors' report

pursuant to art. 156 of Legislative Decree No. 58 of February 24, 1998
(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, 2009, comprising the balance sheet, the income statement, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree no. 38/2005 is 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. Our audit was made in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards and procedures, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such 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.

With respect to the consolidated financial statements of the prior year, presented for comparative purposes, which have been restated to apply IAS 1, reference should be made to our report dated March 23, 2009.
3. In our opinion, the consolidated financial statements of the Banca Fideuram Group at December 31, 2009 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree no. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the Banca Fideuram Group for the year then ended.
4. As indicated in the directors' report, the Board of Management and the Supervisory Board of the parent company Intesa Sanpaolo S.p.A. of February 23, 2010 resolved to start the listing process and the related global public offering of Banca Fideuram S.p.A.'s shares. On February 25, 2010 the Board of Directors of Banca Fideuram S.p.A. resolved, as per its competence, the start of the activities related to the listing process.



5. The management of Banca Fideuram S.p.A. is responsible for the preparation of the directors' report in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the directors' report with the financial statements as required by law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the directors' report is consistent with the consolidated financial statements of the Banca Fideuram Group as of December 31, 2009.

Rome, March 15, 2010

Reconta Ernst & Young S.p.A.
signed by: Alberto M. Pisani, Partner





SCHEDULES

RECONCILIATIONS

Reconciliation of reclassified consolidated balance sheet and consolidated balance sheet

(€m)

Reclassified balance sheet - Assets	Consolidated balance sheet - Assets	31.12.2009	31.12.2008
Cash and cash equivalents		77.2	29.1
	<i>Item 10 - Cash and cash equivalents</i>	77.2	29.1
Financial assets (other than loans and financial assets held to maturity)		3,133.7	2,894.2
	<i>Item 20 - Financial assets held for trading</i>	56.7	96.7
	<i>Item 30 - Financial assets designated at fair value</i>	218.7	184.0
	<i>Item 40 - Financial assets held to maturity</i>	2,858.3	2,613.5
Financial assets held to maturity		605.5	609.8
	<i>Item 50 - Financial assets held to maturity</i>	605.5	609.8
Due from banks		3,698.9	4,462.4
	<i>Item 60 - Due from banks</i>	3,698.9	4,462.4
Loans to customers		2,014.8	1,852.2
	<i>Item 70 - Loans to customers</i>	2,014.8	1,852.2
Hedging derivatives		0.2	-
	<i>Item 80 - Hedging derivatives</i>	0.2	-
Investments in associates		0.2	0.1
	<i>Item 100 - Investments in associates</i>	0.2	0.1
Property and equipment		31.5	31.8
	<i>Item 120 - Property and equipment</i>	31.5	31.8
Intangible assets		27.1	26.6
	<i>Item 130 - Intangible assets</i>	27.1	26.6
Tax assets		161.3	148.4
	<i>Item 140 - Tax assets</i>	161.3	148.4
Non-current assets and groups of assets held for sale		-	-
	<i>Item 150 - Non-current assets and groups of assets held for sale</i>	-	-
Other assets		572.9	510.4
	<i>Item 160 - Other assets</i>	572.9	510.4
Total assets	Total assets	10,323.3	10,565.0

Reclassified balance sheet - Liabilities	Consolidated balance sheet - Liabilities	31.12.2009	31.12.2008
Due to banks		607.8	452.9
	<i>Item 10 - Due to banks</i>	<i>607.8</i>	<i>452.9</i>
Due to customers		7,736.6	8,262.5
	<i>Item 20 - Due to customers</i>	<i>7,736.6</i>	<i>8,262.5</i>
Debt on issue		-	202.4
	<i>Item 30 - Debt on issue</i>	<i>-</i>	<i>202.4</i>
Financial liabilities held for trading		39.5	82.9
	<i>Item 40 - Financial liabilities held for trading</i>	<i>39.5</i>	<i>82.9</i>
Hedging derivatives		276.0	307.4
	<i>Item 60 - Hedging derivatives</i>	<i>276.0</i>	<i>307.4</i>
Tax liabilities		66.3	31.0
	<i>Item 80 - Tax liabilities</i>	<i>66.3</i>	<i>31.0</i>
Other liabilities		522.1	463.8
	<i>Item 100 - Other liabilities</i>	<i>498.5</i>	<i>439.0</i>
	<i>Item 110 - Provision for employment termination indemnities</i>	<i>23.6</i>	<i>24.8</i>
Provisions for risks and charges		310.5	248.9
	<i>Item 120 - Provisions for risks and charges</i>	<i>310.5</i>	<i>248.9</i>
Minority interest		0.2	0.2
	<i>Item 210 - Minority interest</i>	<i>0.2</i>	<i>0.2</i>
Equity holders from Parent Company		764.3	513.0
	<i>Items 140, 160, 170, 180, 190, 200, 220 - Equity holders from Parent Company</i>	<i>764.3</i>	<i>513.0</i>
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	10,323.3	10,565.0

Reconciliation of reclassified consolidated income statement and consolidated income statement

(€m)

Reclassified consolidated income statement	Consolidated income statement	2009	2008
Net interest income	<i>Item 30 Net interest income</i>	157.6	158.2
Net profit (loss) on financial assets and liabilities		15.3	(10.2)
	<i>Item 80 Net profit (loss) on trading activities</i>	14.8	(14.6)
	<i>Item 90 Net profit (loss) on hedging derivatives</i>	1.1	3.1
	<i>Item 100 a) Net profit (loss) on sale/repurchase of loans</i>	(0.5)	13.3
	<i>Item 100 b) Net profit (loss) on sale/repurchase of financial assets available for sale</i>	(2.5)	(10.1)
	<i>Item 110 Net profit (loss) on financial assets and liabilities designated at fair value</i>	23.9	(17.9)
	<i>- Item 190 (partial) Return on insurance policies for network Loyalty Schemes</i>	(21.5)	16.0
Net commission income	<i>Item 60 Net commission income</i>	441.5	468.4
Operating income before net impairment		614.4	616.4
Net impairment of financial assets		(0.1)	(3.5)
	<i>Item 130 a) Net impairment on loans</i>	(0.1)	(2.9)
	<i>Item 130 b) Net impairment on other financial transactions</i>	-	(0.6)
Operating income		614.3	612.9
Personnel expenses		(125.9)	(121.6)
	<i>Item 180 a) Personnel expenses</i>	(121.1)	(137.8)
	<i>- Item 180 a) (partial) Utilisation of/allocations to redundancy provisions</i>	(4.8)	16.2
Other administrative expenses		(184.2)	(189.9)
	<i>Item 180 b) Other administrative expenses</i>	(207.0)	(213.5)
	<i>- Item 180 b) (partial) Cost of integrating Banca CR Firenze Network</i>	3.1	-
	<i>- Item 180 b) (partial) Costs regarding Banca Fideuram's 40th anniversary and strategic advisory</i>	-	3.7
	<i>Item 220 (partial) Recovery of indirect taxes</i>	19.7	19.9
Depreciation of property and equipment and amortization of intangible assets		(17.8)	(15.6)
	<i>Item 200 Depreciation of property and equipment</i>	(2.5)	(2.9)
	<i>Item 210 Amortization of intangible assets</i>	(15.3)	(12.7)
Operating expenses		(327.9)	(327.1)
Net provisions for risks and charges		(43.1)	(45.3)
	<i>Item 190 Net provisions for risks and charges</i>	(81.9)	(29.3)
	<i>- Item 190 (partial) Return on insurance policies for network Loyalty Schemes</i>	21.5	(16.0)
	<i>- Item 190 (partial) Provision for tax disputes</i>	17.3	-
Gain from disposal of investments		-	0.3
	<i>Item 270 Gain from disposal of investments</i>	-	0.3
Other income (expense)		(3.4)	4.4
	<i>Item 220 Other income (expense)</i>	16.3	24.3
	<i>- Item 220 (partial) Recovery of indirect taxes</i>	(19.7)	(19.9)
Profit before tax		239.9	245.2
Income taxes		(57.7)	(56.5)
	<i>Item 290 Income taxes</i>	(45.8)	(49.1)
	<i>- Item 290 (partial) Tax impact on utilisation of/allocations to redundancy provisions</i>	1.3	(4.5)
	<i>- Item 290 (partial) Tax impact on cost of integrating Banca CR Firenze Network</i>	(1.0)	-
	<i>- Item 290 (partial) Tax impact on costs regarding Banca Fideuram's 40th anniversary and strategic advisory</i>	-	(1.2)
	<i>- Item 290 (partial) Utilisation of provision for excess taxes</i>	(12.2)	(1.7)
Non-recurring expenses net of tax		(3.7)	(12.5)
	<i>Item 180 a) (partial) Utilisation of/allocations to redundancy provisions</i>	4.8	(16.2)
	<i>Item 180 b) (partial) Cost of integrating Banca CR Firenze Network</i>	(3.1)	-
	<i>Item 180 b) (partial) Costs regarding Banca Fideuram's 40th anniversary and strategic advisory</i>	-	(3.7)
	<i>Item 190 (partial) Provision for tax disputes</i>	(17.3)	-
	<i>Item 290 (partial) Tax impact on utilisation of/allocations to redundancy provisions</i>	(1.3)	4.5
	<i>Item 290 (partial) Tax impact on cost of integrating Banca CR Firenze Network</i>	1.0	-
	<i>Item 290 (partial) Tax impact on costs regarding Banca Fideuram's 40th anniversary and strategic advisory</i>	-	1.2
	<i>Item 290 (partial) Utilisation of provision for excess taxes</i>	12.2	1.7
Minority interest		(0.1)	(0.1)
	<i>Item 330 Minority interest</i>	(0.1)	(0.1)
Net Profit	Item 340 Parent company interest in net profit (loss) for the year	178.4	176.1





GLOSSARY

Advisor

Financial advisor who assists companies involved in corporate finance transactions. Their tasks include providing advisory 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.

Client Assets (CA)

These assets comprise:

- Managed assets, which include mutual funds and pension funds, discretionary accounts and life insurance technical reserves.
- Non-managed assets, 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 treasury 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 expenses and depreciation and amortization on the one hand, to operating income before net impairment 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 profit 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 profit. The expected return is generally taken to equal the net return on 12-month Treasury Bills issued at the beginning of the year, plus a market risk premium which is assumed to be constant at 4.5 percent over the periods concerned.

Exchange rate risk

The risk that the fair value or future 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 Personal Financial Advisers.

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 with loans that are overdue/past due at period end according to Bank of Italy rules.

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.

Personal Financial Advisers

Professionals registered in the Italian National Register of Financial Advisers, including insurance consultants.

Discretionary accounts

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.

Rating Agency

Independent specialist company which assigns a rating to an issuer's ability to redeem the financial instruments it has issued. These ratings are expressed in a combination of letters or digits (e.g. AAA; A+; BB; B-).

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 profit to average shareholders' equity for the last two years.

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.

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