

ANNUAL REPORT



The strength of results

2006



Mission

To increase our customers' quality of life with financial and insurance services that help them make informed, strategically sound choices about the management of their assets and savings. In pursuit of this mission, Banca Fideuram has from the very outset shown uncommon dedication to meeting each customer's needs with effective solutions carefully matched to their risk profile.

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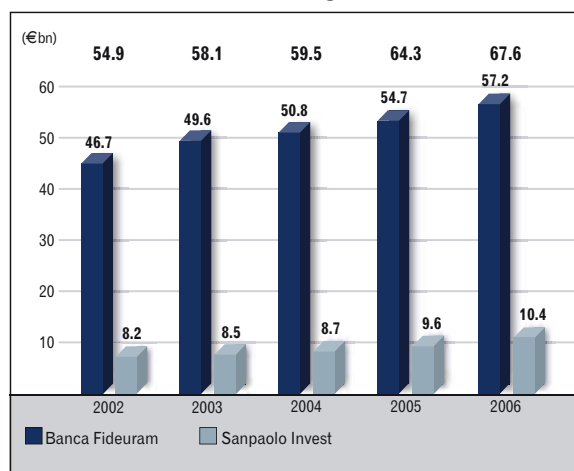
Assets Under Management (AUM)

Assets Under Management (AUM)

(€bn)

	2006	2005	% change
Mutual funds	20.2	18.8	+7
Private banking	17.6	17.3	+2
Insurance / Pension funds	14.3	14.2	+1
Securities / Current accounts	15.5	14.0	+11
Total	67.6	64.3	+5

Assets Under Management Trend



Net inflows and Network

Net inflows

(€m)

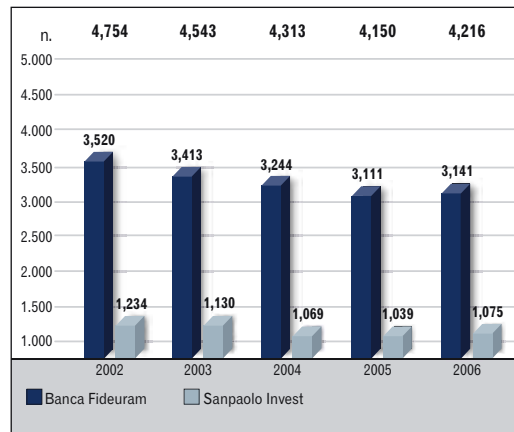
	2006	2005	% change
Mutual funds	681	372	+83
Private banking	(128)	183	n.s.
Insurance / Pension funds	(128)	375	-66
Securities / Currents accounts	1,137	292	n.s.
Total	1,818	1,222	+49

n.s.: not significant

Network

	2006	2005	% change
Private Bankers	4,216	4,150	+2

Network



Highlights

Financial highlights

(€m)

	2006	2005 (*)	% change
Net commission income	599.4	587.2	+2
Total income from financing activities	686.9	655.6	+5
Operating expenses	340.9	305.3	+12
Income/loss before tax on current operations	285.7	278.3	+3
Net income	224.4	190.8	+18
Embedded value	2,857	2,709	+5
R.o.E. (%)	30.9	28.5	
E.V.A.	182.2	153.9	+18
Cost / Income Ratio	49.4	46.6	

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



LETTER TO SHAREHOLDERS, CUSTOMERS,
PRIVATE BANKERS AND STAFF



THE STRENGTH OF RESULTS

Banca Fideuram achieved excellent results in 2006. Results that speak for themselves, testifying to the bank's ability to continue creating value, even with the instability and profound changes in the Italian financial institutions sector and its competitive scenario.

Thanks to attentive planning of our tactical and strategic initiatives in 2006, the Fideuram Group was well-placed to fully exploit improved market conditions, which saw world economic growth rising to its highest levels since 2000, with a recovery driven by rising domestic demand on the back of strong consumer spending and investments. This improvement in the economy was reflected in the business confidence indicators, which reached historical highs.

Facts and figures

Banca Fideuram once again proved itself to be a dynamic force in 2006, driven by the professionalism of its market-leading Private Banker Network.

These strengths attracted many new talents, simultaneously ensuring we took care of our customers' interests with attention and dedication, while innovating and extending our range of products. All this enabled us to achieve strong results that mean we can look to the future with even greater confidence.

Financial results

The Banca Fideuram Group ended 2006 with **consolidated net income** of €224.4m, up 17.6% on the result for the previous financial year (€190.8m).

Net commission income totalled €599.4m, up €12.2m on the €587.2m achieved in 2005 (+2.1%). This increase was principally due to growth in average assets under management with recurring fees, which rose from €43.2bn to €46.6bn (+7.9%), testifying to the strength of our income statement. **R.O.E.** was the best in the sector at **30.9%**, improving on the figure of 28.5% for 2005. The Group's **Cost/Income ratio** was 49.4% compared to 46.6% in 2005.

The Banca Fideuram Group's **Assets Under Management** totalled €67.6bn at 31.12.2006, up 5.1% on the figure for 2005 (€64.3bn) due to healthy total net inflows (€1.8bn) and the strong performance of the assets themselves.

Managed savings accounted for €52.1bn of this total, up 3.4% on the figure for 2005 (€50.3bn), amounting to 77% of total assets under management.

The **total net inflows** of the Fideuram and Sanpaolo Invest Networks were €1,818m in 2006 compared to €1,222m in 2005 (+48.8%).

Key fact and figures



A growing network

At 31.12.2006, there were **4,216** Private Bankers in the Fideuram and Sanpaolo Invest Networks compared to 4,150 at 31.12.2005, in contrast to the market trend which saw the number of financial consultants decline by approximately 3% in 2006. **An intense targeted recruitment programme** resulted in the induction of **288 new Private Bankers** in 2006, improving substantially on the achievements of the previous 12 months (172 new Private Bankers). The 288 new professionals recruited comprised 101 from banks and **158 from competitor financial consultant networks**. The new Private Bankers that were recruited contributed over €700m to total net inflows, accounting for approximately 40% of the total result.

Close to our customers

The Group had a total of approximately **671,000 customers** at 31.12.2006, whose profile is developing in line with the bank's strategy of focusing on the high and medium-high end of the market, with the mass market segment declining (and accounting for the majority of the 22,000 customers less than in 2005), while all other segments showed **growth** averaging 4%, with peaks of **over 10% for the high-net-worth segment**".

A customer **satisfaction** survey was carried out to gain greater insights into our customers. 87% of customers described themselves as satisfied with the overall service received from Banca Fideuram, a further increase on the result of our 2003 survey (+2%). Satisfaction with our Private Bankers was outstanding (92%), as was that with our investment solutions (76%), which showed a 4 percentage point improvement.

The **number of customers subscribed to our online services** came to **175,000**, up 16,000 on 2005. **Fideuram Online** continued to achieve strong growth in both number of customers and total Internet transactions (**over 1,250,000** - including stock market instructions, bank transfers, other payment instructions and instructions regarding funds and asset management - an **increase of 13% on 2005**). The site will be further enhanced in 2007, with new and extended online features, products and services, together with new instruction functions for our home banking services.

Special attention was focused on ensuring **compliance with the regulations governing the suitability of customer investments**, based on the directives of the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB), which has led us to develop a complete system for managing and monitoring financial risk (**Value at Risk**) based on the analysis of individual customer portfolios and profiles.

A leading-edge range of products and services

We have completely updated our product range over the past 18 months, with the result that it fully supports our decision to be "on the customer's side at all times", thereby avoiding any potential conflicts of interest.

The solutions for our **managed savings** products were developed to offer innovative management styles (flexible and total return), and to extend our multimanager and multibrand architecture strategies.

Successful synergies were thus created between our own management expertise and the expertise of leading international investment houses in three main areas:

- Management strategies developed exclusively for Banca Fideuram customers.
- A much wider choice of private banking investment solutions and unit-linked funds, with the possibility of accessing a large number of funds/SICAVs (70 investment houses) and thereby increasing portfolio diversification, exploiting new market opportunities.
- Important new agreements for the direct distribution of third-party funds/SICAVs, with the addition of 6 new investment houses of high standing, meaning our customers can now count on a total of **11 investment houses**.

As part of this strategy, we also launched an initiative to increase the range of products and services specifically for private customers through the introduction of alternative asset classes. Lastly, new investment solutions were launched through the repackaged Irish Unit platform developed by Eurizon Life.

Our **non-discretionary savings** solutions were further strengthened with the development of the "Fideuram Stars" certificates platform, which allows customers to access a choice of investment options with advanced derivative structures.

A member of the Eurizon Financial Group

As announced, Banca Fideuram was delisted on 18 January 2007, following the Eurizon Financial Group's voluntary Public Purchase Offer. This is a reassuring development in every way. Banca Fideuram and its subsidiaries are now contributing fully as a "prestige asset" to the results of a European-scale group that is committed to continuous growth. And the results we have achieved and will continue to achieve are the greatest guarantee for all of us.

Banca Fideuram and Sanpaolo Invest's Private Bankers can therefore face the future with confidence, knowing that their customer focus can count on increasingly substantial and efficient support, able to bring them ever more competitive new products and services.

Our future

Banca Fideuram has been a winning business concept and a unique presence on the market for many years, with a team capable of outstanding performance and results. A team that has shown an extraordinary ability to adapt to a wealth of internal and external changes without losing sight of its main objective - sound growth dedicated to the creation of value. This clarity of purpose and practical thinking mean we see change as an essential part of our lives, as a source of opportunities and challenges, as a force to engage with in a spirit of confident commitment. It is in this spirit, strengthened by the results we have achieved, that Banca Fideuram will continue to play a leading role in the future, supported by the dynamism of our parent company, **and above all by the strength of our many talents and constant determination.**

I would therefore like to end by thanking our Private Bankers, our colleagues at Banca Fideuram and Eurizon, and everyone else who has contributed to the outstanding results we achieved in 2006.

Rossino Angeli

Board of Directors

Vincenzo Pontolillo*	Chairman
Salvatore Maccarone*	Deputy Chairman
Massimo Arrighi*	Managing Director
Franca Cirri Fignagnani*	Director
Mario Greco*	Director
Riccardo Faini**	Director
Giuseppe Fontana	Director
Giorgio Forti	Director
Giampietro Nattino	Director

* Members of the Executive Committee

Danilo Intreccialagli	Secretary of the Board of Directors
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Board of Auditors

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

General Management

Giuseppe Rosnati	General Manager
Donato Gualdi	Deputy General Manager
Alberto Maria Maturi	Deputy General Manager - C.F.O.

Audit Committee

Salvatore Maccarone	Chairman
Riccardo Faini**	Director
Giorgio Forti	Director

Remuneration Committee

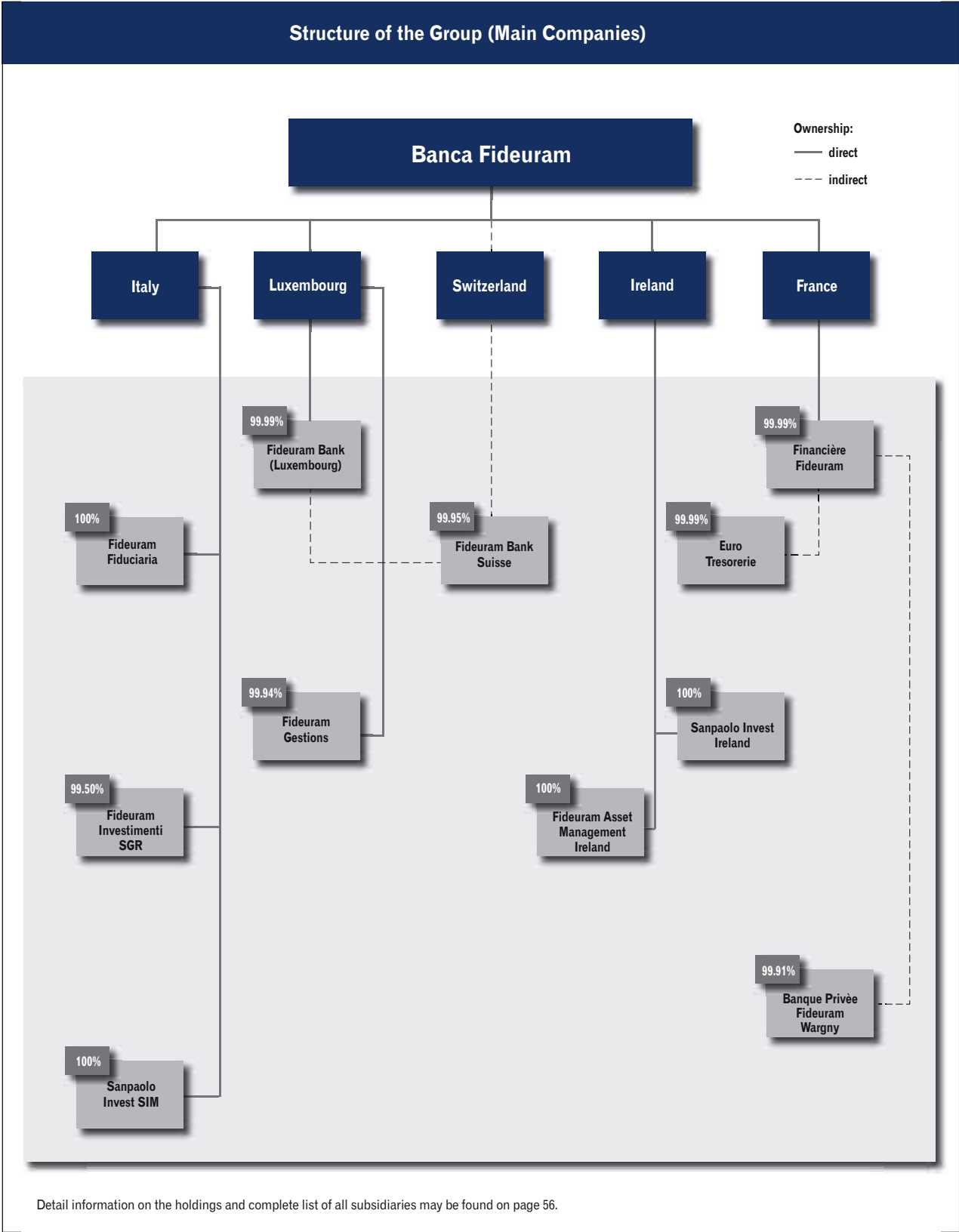
Giuseppe Fontana	Chairman
Riccardo Faini**	Director
Salvatore Maccarone	Director

Auditing Company

Reconta Ernst & Young S.p.A.

** Prof. Faini passed away on 20 January 2007







Managed savings environment

Assets (source Bank of Italy) (€bn)

	2005	2004	2003	2002	2001
Household financial assets in Italy (HFA)	3,260	3,040	2,861	2,765	2,730
Managed savings (MS)	1,119	1,175	1,090	950	911
- Mutual funds	417	400	404	361	404
- Private banking	513	449	418	403	410
- Life insurance technical reserves (*)	355	313	272	228	196
- Pension funds (*)	34	31	29	27	60
- Adjustments	(200)	(18)	(33)	(69)	(159)
MS as % of HFA	34%	39%	38%	34%	33%

Flows (source Bank of Italy) (€bn)

	2005	2003	2003	2002	2001
Household financial assets in Italy (HFA)	103	89	109	129	142
Managed savings (MS)	69	59	71	43	35
- Mutual funds	(4)	(15)	11	(12)	(20)
- Private banking	35	14	5	4	27
- Life insurance technical reserves (*)	42	41	44	32	32
- Pension funds (*)	4	2	2	1	(9)
- Adjustments	(8)	17	9	18	5
MS as % of HFA	67%	66%	65%	33%	25%

(*) Life insurance and Pension funds of 2005 are estimated.





Key ratios

	2006	2005	2004	2003	2002 pro-forma (*)
CUSTOMER FINANCIAL ASSETS					
Net inflows into managed savings (€m)	681	930	434	3,559	(1,154)
Total net inflows (€m)	1,818	1,222	(798)	1,203	2,055
Assets Under Management (€m)	67,591	64,312	59,469	58,129	54,883
OPERATING STRUCTURE					
Private Bankers (no.)	4,216	4,150	4,313	4,543	4,754
Employees (no.) (**)	1,106	1,866	1,824	1,995	2,007
Private Bankers' offices (no.)	256	257	263	261	267
Branches (no.)	94	91	89	88	87
Rating (Standard & Poor's) Long term: AA- Short term: A-1+ Outlook: Stable					
CONSOLIDATED FINANCIAL RESULTS					
Consolidated net income (€m)				224.4	190.8
Consolidated shareholders' equity (€m)				760.3	692.7
Consolidated net earnings per share (€)				0.2319	0.1976
Diluted consolidated net earnings per share (€)				0.2317	0.1975
Dividend (€)				0.209	0.170
PROFITABILITY RATIOS					
R.O.E. (%)				30.9	28.5
Cost / Income ratio (%)				49.4	46.6
Staff costs / total income from financing activities (%)				17.5	20.9
Net income / Average Assets Under Management (%)				0.34	0.31
E.V.A. (€m)				182.2	153.9
Embedded value (€m)				2,857	2,709

(*) The pro-forma 2002 figures were calculated assuming that Sanpaolo Invest was acquired with effect from 1.1.2002.

(**) The figure provided for total staff at 31 december 2006 does not include the 198 personnel of the companies held for sale belonging to the Fideuram Wargny and 554 personnel belonging to the DOE which was transferred to the company Universo Servizi in the second quarter of the year.

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

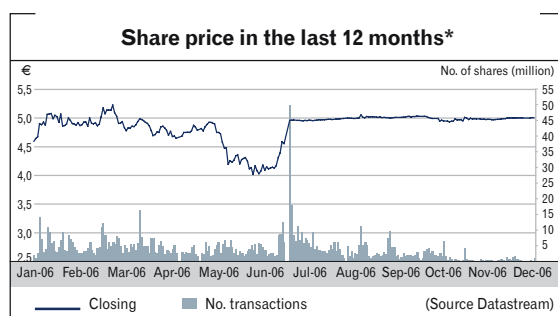
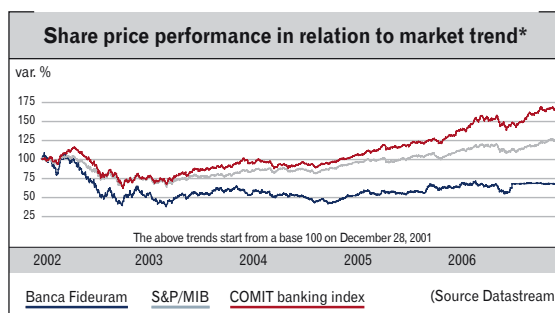
Banca Fideuram Share Information

	2006	2005	2004 ⁽¹⁾	2003	2002
Share price ⁽²⁾					
- end period (€)	4.996	4.590	3.810	4.710	4.480
- maximum (€)	5.220	4.945	4.394	5.765	9.687
- minimum (€)	4.011	3.811	3.029	3.333	3.472
Market capitalisation (€m)	4,898	4,500	3,735	4,617	4,392

(1) The prices between the beginning of the year and 29.11.2004, the day before the spin-off of the holding in Fideuram Vita to Sanpaolo IMI had legal effect, were adjusted applying a factor of $k=0.822342$.

(2) Reference prices (Source: Datastream)

Share price performance



* Following the partial spin-off of Banca Fideuram, the Banca Fideuram price series up to 29.11.2004, the day before the spin-off of the holding in Fideuram Vita to Sanpaolo IMI had legal effect, was adjusted by a factor of $k=0.822342$ to make the graphs comparable.

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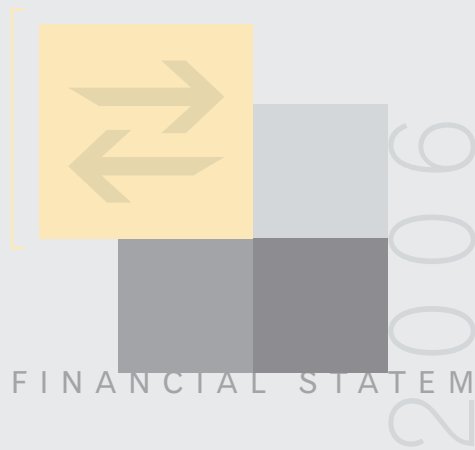
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CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

Consolidated Balance Sheet

(Reclassified - €m)

	31.12.2006	31.12.2005	change amount	%
ASSETS				
Cash and cash equivalents	22.6	21.7	0.9	+4.1
Financial assets (other than loans and financial assets held to maturity)	3,088.0	761.1	2,326.9	n.s.
Financial assets held to maturity	3.5	4.7	(1.2)	-25.5
Due from banks	5,098.1	4,624.0	474.1	+10.3
Loans to customers	1,065.0	1,125.5	(60.5)	-5.4
Hedging derivatives	10.9	-	10.9	n.s.
Equity investments	1.6	-	1.6	n.s.
Tangible assets	45.3	51.1	(5.8)	-11.4
Intangible assets	6.2	24.7	(18.5)	-74.9
Tax assets	96.2	68.3	27.9	+40.8
Non-current assets and groups of assets held for sale	136.6	170.6	(34.0)	-19.9
Other assets	538.5	416.3	122.2	+29.4
TOTAL ASSETS	10,112.5	7,268.0	2,844.5	+39.1
LIABILITIES				
Due to banks	225.5	287.5	(62.0)	-21.6
Due to customers	7,672.4	5,138.6	2,533.8	+49.3
Debt securities in issue	354.3	353.5	0.8	+0.2
Financial liabilities held for trading	15.7	3.3	12.4	n.s.
Hedging derivatives	42.6	-	42.6	n.s.
Tax liabilities	24.1	40.9	(16.8)	-41.1
Liabilities associated with groups of assets held for sale	162.0	164.0	(2.0)	-1.2
Other liabilities	636.3	365.7	270.6	+74.0
Provisions for risks and charges	219.1	221.6	(2.5)	-1.1
Minority interests	0.2	0.2	-	-
Shareholders' equity	760.3	692.7	67.6	+9.8
TOTAL LIABILITIES	10,112.5	7,268.0	2,844.5	+39.1

n.s.: not significant

Consolidated Income Statement

(Reclassified - €m)

	2006	2005 (*)	change amount	%
NET INTEREST INCOME	78.9	45.5	33.4	+73.4
Net commission income	599.4	587.2	12.2	+2.1
Net gains or losses on financial assets and liabilities	8.6	22.9	(14.3)	-62.4
TOTAL INCOME FROM FINANCING ACTIVITIES	686.9	655.6	31.3	+4.8
Net adjustments for impairment losses	0.6	(0.9)	1.5	n.s.
NET GAINS OR LOSSES ON FINANCING ACTIVITIES	687.5	654.7	32.8	+5.0
Staff costs	(120.0)	(136.8)	16.8	-12.3
Other administrative costs	(205.3)	(142.3)	(63.0)	+44.3
Other operating income/expense	(3.5)	1.0	(4.5)	n.s.
Net adjustments to tangible and intangible assets	(12.1)	(27.2)	15.1	-55.5
OPERATING EXPENSES	(340.9)	(305.3)	(35.6)	+11.7
Net provisions for risks and charges	(61.0)	(71.1)	10.1	-14.2
Income on equity investments	0.1	-	0.1	n.s.
INCOME/LOSS BEFORE TAX ON CURRENT OPERATIONS	285.7	278.3	7.4	+2.7
Income taxes for the year on current operations	(32.7)	(52.6)	19.9	-37.8
Income/losses after tax on non-current assets held for sale	(28.5)	(34.8)	6.3	-18.1
Minority interests in net income/loss for the year	(0.1)	(0.1)	-	-
NET INCOME	224.4	190.8	33.6	+17.6

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

n.s.: not significant



MAIN RESULTS AND STRATEGIES

THE ECONOMIC SCENARIO

World economic growth continued to be strong during 2006 despite the slowdown in the American economy.

In the **U.S.A.**, there was a significant downturn in the economy from the second quarter, principally caused by the crisis in the residential building sector and in certain manufacturing sectors. Consumer spending growth remained strong, however, accelerating significantly towards the end of the year, stimulated by a sharp improvement in the consumer prices trend. These factors led the Federal Reserve to interrupt the cycle of interest rate increases it had embarked upon in June 2004, after having raised rates from 4.25% at the beginning of the year to 5.25% at the end of June, identifying rising inflation as the principal risk for the US economy.

In **Asia**, China continued to enjoy strong economic growth, with a significant improvement in its balance of trade surplus, while the Japanese economy slowed down in the second and third quarters of the year, following quite buoyant growth in the first. The Bank of Japan increased interest rates in July for the first time since 2000, suggesting that the Japanese economy has gradually emerged from its period of deflation.

In the **Eurozone**, the macroeconomic scenario improved substantially on 2005. Growth rose to its highest level since 2000, accelerating particularly sharply in the first half of the year. This recovery was driven by rising domestic demand, consumer spending and investments. The improvement in the economy was also reflected in the business confidence indicators, which reached historical highs. Following four years of very modest growth, the Italian economy was drawn along in the

Eurozone's cyclical recovery, albeit with moderate growth. These signs of a positive economic scenario led the European Central Bank to continue with the interest rate increases it had embarked on in December 2005, raising them five times in the course of the year, which took them to 3.50% in December 2006 and 3.75% in March 2007.

In 2006, the US and European stock markets performed well in the second half of the year, following a sharp correction that occurred in May and June. By the end of the year, the S&P 500 index in the USA and DJ-Stoxx 600 in Europe had reached their highest levels since early 2001. In Japan, the Nikkei recovered in the second half of the year, but was, conversely, unable to reclaim the highs that had been reached in early Spring.

The bond market saw a steady increase in government bond yields during the first half of the year both in the U.S.A. and in the Eurozone, in line with the continued restrictive monetary policies of the Federal Reserve and European Central Bank, followed by a downward yield trend in the second half of the year as a result of changed interest rate expectations.



OVERVIEW OF CONSOLIDATED OPERATING RESULTS

The Banca Fideuram Group ended 2006 with **consolidated net income** of €224.4m, up 17.6% on the result for the previous financial year (€190.8m). **R.O.E.** was 30.9%, improving on the figure of 28.5% for 2005.

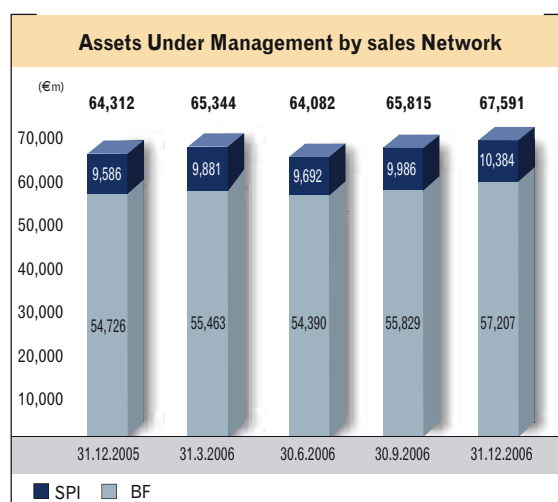
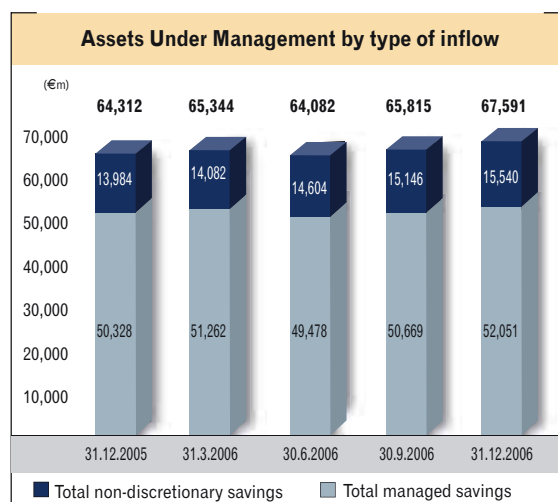
Our performance in 2006 enabled us to improve our principal profit margins compared to 2005, with increased net interest income (+€33.4m) and net commission income (+€12.2m), as well as lower provisions set aside (-€10.1m). The increase in these items more than offset the increase in operating expenses (+€35.6m).

Net income was, moreover, reduced by the €12m estimated expenses relating to the French companies held for sale belonging to the Wargny Group. This amount included a loss for the year of €5.7m, a net provision of €22m that was calculated on the assumption that the subsidiaries Banque Privée Fideuram Wargny and Fideuram Wargny Gestion S.A. would be wound up, and - under income taxes - a tax benefit of €15.7m regarding the losses accrued up to 31 December 2006.

The Group's **Cost/Income ratio** was 49.4% compared to 46.6% in 2005.

The Banca Fideuram Group's **Assets Under Management** totalled €67.6bn at 31.12.2006, up 5.1% on the figure at 31.12.2005 (€64.3bn) due to healthy total net inflows (€1.8bn) and the strong performance of the assets themselves. Managed savings accounted for €52.1bn of this total, up 3.4% on the figure for 2005 (€50.3bn), amounting to 77% of total assets under management.

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



Total net inflows were €1,818m in 2006 compared to €1,222m in 2005 (+48.8%). Net inflows into non-discretionary savings totalled €1,137m, up substantially on the figure of €292m for 2005 (+€845m). Conversely, net inflows into managed savings (€681m) were down on the previous financial year (€930m).

As at 31.12.2006, the **number of Private Bankers** in the Fideuram and Sanpaolo Invest networks had grown to 4,216 (4,150 as at 31.12.2005).

Total staff came to 1,106 employees at that date, compared to 1,638 at 31.12.2005. This figure did



not include the staff of the French companies in the Fideuram Wargny Group, which were recognised as assets held for sale. The 532 reduction in the total number of employees was mainly due to the transfer of our Divisional Operating Engine (DOE) to the company Universo Servizi on 1 May 2006.

Bank branches and **Private Bankers' offices** totalled 94 and 256 respectively at 31.12.2006, with Sanpaolo Invest SIM accounting for 161 of the latter.

The bank's customers totalled approximately 671,000 at 31.12.2006, a decrease of 22,000 on the figure at 31.12.2005 which was, however, concentrated in the mass market segment, while all other segments showed average growth of 4%, with peaks of over 10% for the high-net-worth segment.

The number of customers subscribed to our online services came to 175,000 (159,000 at 31.12.2005), up 16,000 on the previous financial year.

EURIZON FINANCIAL GROUP

Banca Fideuram is controlled by Eurizon Financial Group S.p.A. (a wholly-owned subsidiary of Sanpaolo IMI S.p.A. - now Intesa Sanpaolo S.p.A.), which held 95.12% of its share capital at 31 December 2006 (including the own shares held by Banca Fideuram).

On 12 August 2006, Eurizon launched a voluntary public offer to buy all the ordinary shares in Banca Fideuram with a view to delisting the bank.

The offer, which regarded 248,351,341 Banca Fideuram ordinary shares, amounting to 25.3% of the bank's share capital, closed on 25 October 2006. At the end of the offer period, a total of 174,844,689 ordinary shares in Banca Fideuram had been transferred, amounting to 17.84% of the share capital.

Following the offer, Eurizon owned a total of 906,783,912 ordinary shares, which amounted to 92.50% of Banca Fideuram's share capital and was thus above the threshold specified in article 108 of the Italian Finance Consolidation Act (TUF) for launching a residual public offer to buy all the remaining outstanding shares.

On 20 November 2006, Eurizon therefore launched a compulsory residual public offer to buy all the Banca Fideuram shares that it did not already own, in accordance with said article 108 of the Finance Consolidation Act. The residual offer, which regarded 73,506,652 ordinary shares equating to 7.50% of Banca Fideuram's share capital, commenced on 12 December 2006 and closed on 18 January 2007, with a price that the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB) set at 5.00 euros per share.

The residual offer closed on 18 January 2007 with a total of 60,767,640 ordinary shares in Banca Fideuram having been transferred, amounting to 6.20% of the share capital. At the end of the offer, Eurizon owned 98.70% of Banca Fideuram's share capital (equating to 967,551,552 ordinary shares). In accordance with the content of the residual offer document, Eurizon will be exercising the squeeze-out entitlement provided for in article 111 of the Finance Consolidation Act to acquire the remaining Banca Fideuram shares. This entitlement may be exercised within 4 months of the close of the residual offer. Shareholders of these remaining Banca Fideuram shares will be entitled to receive a price to be determined by the expert appointed by the presiding Judge of the Court of Rome pursuant to said article 111 of the Finance Consolidation Act. On 18 January 2007, Borsa Italiana delisted Banca Fideuram shares from its Mercato Telematico Azionario electronic stock market with effect from 24 January 2007. As of said date, Banca Fideuram shares are no longer traded on any regulated market.



OPERATING RESULTS

EMBEDDED VALUE AND EMBEDDED VALUE EARNINGS

In order to provide a more complete analysis of the factors underlying the generation of value, this section provides an estimate of the embedded value of the Banca Fideuram Group and an analysis of the value added during 2006.

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

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

The embedded value as at 31 December 2006 and the value added during 2006 have been determined by the firm of management consultants and actuaries Tillinghast, using data and information provided by Banca Fideuram and its subsidiary companies.

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

The calculation of embedded values requires the use of numerous assumptions with respect to future business, operating, and economic conditions, and other factors, many of which are beyond the control of the Banca Fideuram Group. Although the assumptions used represent estimates which Banca Fideuram and Tillinghast consider to be

reasonable for the purpose of embedded value reporting, actual future operating conditions and actual future experience may vary from that assumed in the calculation of the embedded values, and such variations may be material. Consequently, the inclusion of embedded value information herein should not be regarded as a representation by Banca Fideuram, Tillinghast, or any other person, that the stream of future after tax profits used to determine the embedded values will be achieved.

Embedded value

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

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

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

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

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

The discount rates used to calculate the present values are determined with reference to the

prevailing levels of interest rates, and include a loading to reflect the risk that the assumptions chosen to project the future profits may not be borne out in practice.

Embedded value as at 31 December 2006: Banca Fideuram Group

The following table shows the embedded value as at 31 December 2006, and, for comparative purposes, equivalent values as at 30 June 2006 and 31 December 2005.

Embedded value – Banca Fideuram Group (€ million)

	31.12.2006	30.06.2006	31.12.2005
Consolidated net assets ^{1, 2}	760	652	693
Adjustments to consolidated net assets	(39)	(53)	(54)
Adjusted net assets	721	599	639
Value of in-force life insurance business	687	657	656
Value of in-force mutual fund business	627	571	590
Value of in-force private banking business	822	798	824
Value of in-force business	2,136	2,026	2,070
Embedded value	2,857	2,625	2,709

1 After minority interests.

2 Determined on a IFRS basis.

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

The values of the in-force life insurance and asset management businesses are calculated on a

consolidated line of business basis, after minority interests, using assumptions considered appropriate at the valuation date. The risk discount rate used is 6.95% for the valuation as at 31 December 2006 (7.10% as at 30 June 2006 and 6.25% as at 31 December 2005).

The risk discount rate appropriate to an individual shareholder or investor depends upon the investor's own requirements, tax position and perception of the risks associated with the realisation of future profits. To judge the impact of using alternative discount rates, the following table shows the sensitivity of the embedded value as at 31 December 2006 to the use of discount rates respectively 0.5% lower and higher than the central rate.

Embedded value as at 31 December 2006 - Banca Fideuram Group (€ million)

Discount rate	6.45%	6.95%	7.45%
Consolidated net assets	760	760	760
Adjustments to consolidated net assets	(40)	(39)	(39)
Adjusted net assets	720	721	721
Value of in-force life insurance business	703	687	672
Value of in-force mutual fund business	642	627	613
Value of in-force private banking business	841	822	804
Value of in-force business	2,186	2,136	2,089
Embedded value	2,906	2,857	2,810

Embedded value earnings

The following table shows the embedded value earnings in 2006 of the Banca Fideuram Group. For comparison, the table also shows the derivation of the embedded value earnings for the first half of 2006 and for the full year 2005.

For consistency with the primary accounting treatment, the impact of the non-current operations of Fideuram Wargny has been excluded from the embedded value earnings. Embedded value



earnings for current operations are equal to the sum of the change in the embedded value and dividends distributed in the period, net of other capital movements; the latter are related primarily to exchange rate movements on subsidiaries, the impact of stock options and other capital movements on consolidation.

Embedded value earnings – Banca Fideuram Group

(€ million)

	Year 2006	1st half 2006	Year 2005
Change in embedded value in period	148	(84)	221
Dividends distributed in period	164	164	154
Other capital movements	(6)	-	(10)
Exclusion of Fideuram Wargny fair value impact	12	-	27
Embedded value earnings	318	80	392

The embedded value earnings for 2006 of current operations can be divided into three major components:

- Value added before new sales and the commercial initiatives of migration and transformation, comprising (i) expected return, based on the assumptions underlying the opening embedded value; (ii) experience variances, resulting from differences between actual experience and the assumptions used at the start of the year, before the impact of new sales, migration and transformation; (iii) changes in assumptions for future operating experience, excluding economic and tax assumptions; (iv) changes in assumptions for future economic conditions, including investment returns, tax rates and the risk discount rate.
- The value added arising from the commercial initiative of migration during the period, determined initially at the point of sale, on end-period assumptions and then accumulated at the risk discount rate to the end of the period,

and which allows for all related costs including incentive payments to Private Bankers. This comprises the migration of approximately €190 million from mutual funds and discretionary accounts to unit-linked policies; there were no material life business transformations during the period.

- The value added by new sales in the period, determined initially at the point of sale on end-period assumptions, and then accumulated at the risk discount rate to the end of the period. Full allowance is made for all costs associated with the acquisition of new business, including provisions for incentive payments to Private Bankers. For the purpose of this disclosure, new sales comprise:
 - a) new life insurance business which comprises new policies issued for €31 million of traditional products, €65 million of annualised recurrent unit-linked premiums and €602 million of unit-linked single premiums;
 - b) new asset management business, defined as the sum of net inflows for all clients with positive net managed asset inflows, amounting to €3,829 million of mutual funds (of which €1,481 million of third party funds) and €1,861 million of discretionary account business including offshore (of which €248 million of third party accounts).

The following table shows the components of embedded value earnings for 2006, with equivalent values for the first half of 2006 and for the full year 2005.

Components of embedded value earnings

(€ million)

	Year 2006	1st half 2006	Year 2005
Expected return	135	68	121
Changes in operating assumptions	(29)	(98)	87
Changes in economic and fiscal assumptions	(7)	-	-
Total before new sales and migration/transformation	6	(2)	8
Migration to life business	105	(32)	216
Life business transformations	6	4	9
Migration to proprietary underlying assets	-	-	4
Value added by migration and transformation	6	4	13
Life insurance	56	26	39
Mutual funds	82	46	69
Discretionary accounts	69	36	55
Value added by new sales	207	108	163
Embedded value earnings	318	80	392

The principal features of the embedded value earnings for 2006 are described below.

Expected profits, based on the start-year assumptions amounted to €135 million.

Variances from the assumptions used at the start of the year decreased earnings in the period by €29 million in aggregate, which arise from numerous sources. The main variance relates to the increase in provisions related to legal disputes, claims from receivers and complaints which had an after-tax impact of €25 million. The negative effects registered in the first half of the year, associated with investment performance and disinvestments, were compensated by positive variances during the second half, bringing the overall experience in the year back into line with the assumptions. The remaining effects comprise a series of minor elements, both positive and negative.

Changes in assumptions gave rise in aggregate to a

decrease in value of €1 million, due to the positive effect of the combination of rise in projected interest rates and the increase in the discount rate offset by the negative impact of slight changes in the operating assumptions.

The commercial initiative of migration from mutual funds and discretionary accounts to life business generated €6 million in 2006.

New sales in 2006 added €207 million to embedded value earnings, of which €56 million related to life business, €82 million to mutual fund business and €69 million to discretionary account business.

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

Value added by new sales in 2006

(€ million)

Discount rate	6.45%	6.95%	7.45%
Life insurance business	59	56	54
Mutual fund business	84	82	80
Discretionary account business	71	69	67
Value added by new sales	214	207	201

Assumptions

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

The principal assumptions and bases used as at 31 December 2006 are given below:





- A risk discount rate of 6.95% (7.10% as at 30 June 2006 and 6.25% as at 31 December 2005) was used for all lines of business.
- The gross market rate of investment return on benchmark Italian 10-year government bonds was taken to be 4.20% (4.35% as at 30 June 2006 and 3.5% as at 31 December 2005), and total return on equities was taken to be 6.70% (6.85% as at 30 June 2006 and 6.0% as at 31 December 2005). Liquidity was assumed to earn 3.65% (2.9% as at 30 June 2006 and 2.4% as at 31 December 2005). Equivalent benchmarks were used for other assets.
- The rate of return on assets backing life technical reserves was determined based on the actual asset duration and mix, allowing for investment policies currently in place, using the benchmarks shown above. In particular, projected market rates of return on unit-linked life insurance, before management charges, vary by fund according to the asset composition at the valuation date, and are on average 5.05% (5.05% as at 30 June 2006 and 4.1% as at 31 December 2005) for guaranteed funds, and 5.20% (5.35% as at 30 June 2006 and 4.45% as at 31 December 2005) on non-guaranteed funds.
- The market rates of return on mutual fund and discretionary account business vary by product. The product-level asset allocation was set by reference to the average, in the 12 months prior to the valuation date, of the composition of each comparto underlying each mutual fund or discretionary account product. On this basis, the average projected return, before charges, on mutual funds and discretionary accounts was 5.35% (5.25% as at 30 June 2006 and 4.45% as at 31 December 2005).
- Projected profits in Italy have been subjected to a tax charge (allowing for the aggregate impact of Ires and Irap) at an average rate of 38.25%. Profits projected to arise in foreign subsidiaries have been taxed at normal local rates, allowing for the impact of taxation on profits remitted to Italy. For Irish domiciled companies, therefore, the aggregate tax charge (local taxation plus tax on dividends to be received) is 13.9%.
- Future experience for mortality, annuity take-up rates, lapse, surrender, and other exits, including rates of total and partial withdrawals on unit-linked and asset management business has been based on recent analysis of the operating experience of the Banca Fideuram Group supplemented by market knowledge where necessary.
- General and administrative expenses associated with the life insurance and asset management business, at the consolidated level, have been subdivided by line of business, and fully allocated into investment, acquisition and maintenance expenses. Projected future maintenance expenses make allowance for inflation at 2.5% per annum (2.5% as at 30 June 2006 and 2.25% as at 31 December 2005).
- Commissions and other payments to Private Bankers in respect of life and asset management business have been based on the recent operating experience of the Banca Fideuram Group, on a consolidated line of business basis. Allowance has been made in the value added by new business and by migration and transformation for the cost of expected incentive payments.
- Life business contract charges, terms and conditions, including surrender value bases, policyholder profit participation, management fees, and other charges, have been assumed to remain unaltered at the levels prevailing at the valuation date.
- Commissions and other charges on asset management business have been projected assuming that the prevailing or approved rates at the valuation date are maintained. Average asset management fees have been determined in a fashion consistent with the asset allocation used in setting the investment returns.
- All infragroup arrangements in force on 31 December 2006 are assumed to remain unchanged.

ASSETS AND INFLOWS

Assets under management totalled €67.6bn at 31.12.2006, up 5.1% on the figure at 31.12.2005 (€64.3bn).

This increase was driven both by net inflows and the strong performance of the financial markets.

Assets Under Management (€m)

	31.12.2006	31.12.2005	change	
			amount	%
Mutual funds	20,169	18,764	1,405	7.5
Private banking	17,560	17,336	224	1.3
Life insurance	14,127	14,067	60	0.4
<i>including: Unit linked</i>	<i>10,405</i>	<i>10,103</i>	<i>302</i>	<i>3.0</i>
Pension funds	195	161	34	21.1
Total managed savings	52,051	50,328	1,723	3.4
Total non-discretionary savings	15,540	13,984	1,556	11.1
<i>including: Securities</i>	<i>12,153</i>	<i>11,301</i>	<i>852</i>	<i>7.5</i>
Total AUM	67,591	64,312	3,279	5.1

Managed savings totalled €52.1bn (€50.3bn at 31.12.2005), accounting for 77% of total assets under management (compared to 78.3% at 31.12.2005).

Shares averaged 38.2% as a component of assets under management with recurring fees (mutual funds, private banking and unit-linked policies) compared to 36% at 31.12.2005.

Total net inflows for the year totalled €1,818m as follows:

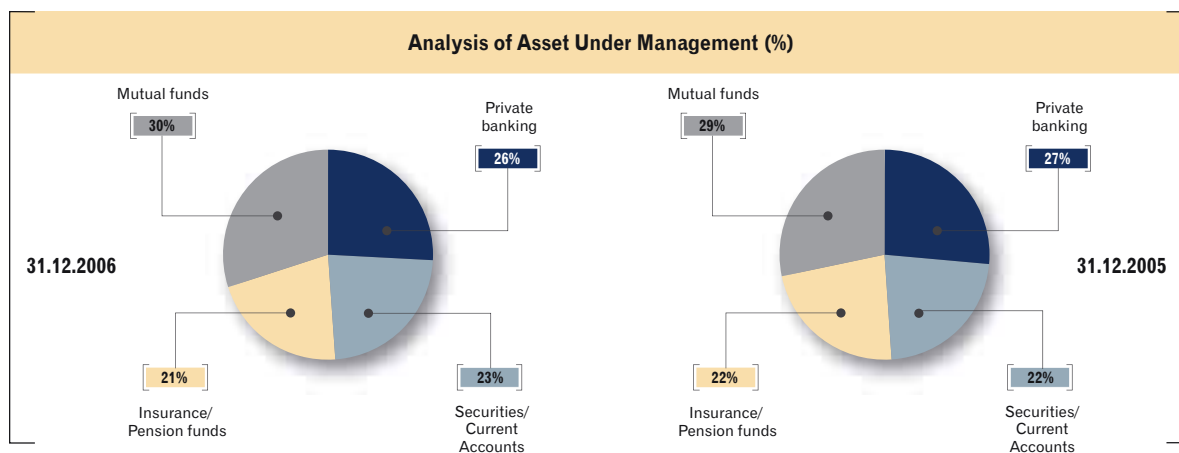
Net inflows (€m)

	2006	2005	change	
			amount	%
Mutual funds	681	372	309	83.1
Private banking	(128)	183	(311)	n.s.
Life insurance	104	350	(246)	-70.3
<i>including: Unit linked</i>	<i>412</i>	<i>598</i>	<i>(186)</i>	<i>-31.1</i>
Pension funds	24	25	(1)	-4.0
Total managed savings	681	930	(249)	-26.8
Total non-discretionary savings	1,137	292	845	n.s.
<i>including: Securities</i>	<i>490</i>	<i>(195)</i>	<i>685</i>	<i>n.s.</i>
Total net inflows	1,818	1,222	596	48.8

n.s.: not significant

Net inflows into managed savings totalled €681m (€930m in 2005), with mutual funds, life insurance and pension funds attracted inflows of €809m, which more than offset the outflows of €128m from private banking.

Net inflows into non-discretionary savings, consisting of securities and current accounts, came to €1,137m, an increase of €845m on the figure at 31.12.2005.





FINANCIAL RESULTS

ANALYSIS OF THE INCOME STATEMENT

Consolidated net income totalled €224.4m in 2006, a 17.6% increase on the previous financial year (€190.8m), as follows:

(€m)

	2006	2005 (*)	change	
			amount	%
NET INTEREST INCOME	78.9	45.5	33.4	73.4
Net commission income	599.4	587.2	12.2	2.1
Net gains or losses on financial assets and liabilities	8.6	22.9	(14.3)	-62.4
TOTAL INCOME FROM FINANCING ACTIVITIES	686.9	655.6	31.3	4.8
Net adjustments for impairment losses	0.6	(0.9)	1.5	n.s.
NET GAINS OR LOSSES ON FINANCING ACTIVITIES	687.5	654.7	32.8	5.0
Staff costs	(120.0)	(136.8)	16.8	-12.3
Other administrative costs	(205.3)	(142.3)	(63.0)	44.3
Other operating income/expense	(3.5)	1.0	(4.5)	n.s.
Net adjustments to tangible and intangible assets	(12.1)	(27.2)	15.1	-55.5
OPERATING EXPENSES	(340.9)	(305.3)	(35.6)	11.7
Net provisions for risks and charges	(61.0)	(71.1)	10.1	-14.2
Income on equity investments	0.1	-	0.1	n.s.
INCOME/LOSS BEFORE TAX ON CURRENT OPERATIONS	285.7	278.3	7.4	2.7
Income taxes for the year on current operations	(32.7)	(52.6)	19.9	-37.8
Income/losses after tax on non-current assets held for sale	(28.5)	(34.8)	6.3	-18.1
Minority interests in net income/loss for the year	(0.1)	(0.1)	-	-
NET INCOME	224.4	190.8	33.6	17.6

(*) Reflects the consolidation of the companies in the Wargny Group recognised as assets held for sale in accordance with IFRS 5.

n.s.: not significant

The main income statement items are analysed and compared with the corresponding results for 2005 below.

Net interest income was €78.9m, up €33.4m on the previous financial year (+73.4%), due to increased average trading volumes and a rise in profitability resulting from stronger management of our proprietary portfolio and treasury business, which benefited from the interest rate increases in

2006. The average deposits of the Group's interest-bearing assets were up 32.8% on 2005, principally due to growth in liquid investments. Interest-bearing liabilities rose approximately 35% on average, largely as a result of increased customer deposits.

Net income from financing activities totalled €687.5m, up €32.8m on 2005 (+5%), benefiting from growth in net interest income (+€33.4m) and increased net commission income (+€12.2m), which was partially offset by a decline in net gains on financial assets (-€14.3m).

Net gains or losses on financial assets

(€m)

	2006	2005	change	
			amount	%
Net gains or losses on the sale of loans	6.5	3.6	2.9	80.6
Gains on sales of Sanpaolo IMI shares	-	1.1	(1.1)	n.s.
Valuation of policies for Network Loyalty Schemes	3.6	17.5	(13.9)	-79.4
Other	(1.5)	0.7	(2.2)	n.s.
Total	8.6	22.9	(14.3)	-62.4

Net gains/losses on financial assets had a balance of €8.6m, principally as a result of income from repurchase agreements with customers and the fair value recognition of the insurance policies taken out as part of the Private Banker Networks' Loyalty Schemes. These items more than offset our losses on trading activities, which suffered from the sale of a portfolio of bonds purchased in prior years which had characteristics that were not in line with our current asset allocation policy.

The €14.3m decline in net gains on financial assets compared to 31 December 2005 was principally a result of the lower surplus value of the insurance policies, which was, moreover, reflected in lower provisions for risks and charges, as well as the aforementioned losses on trading activities.

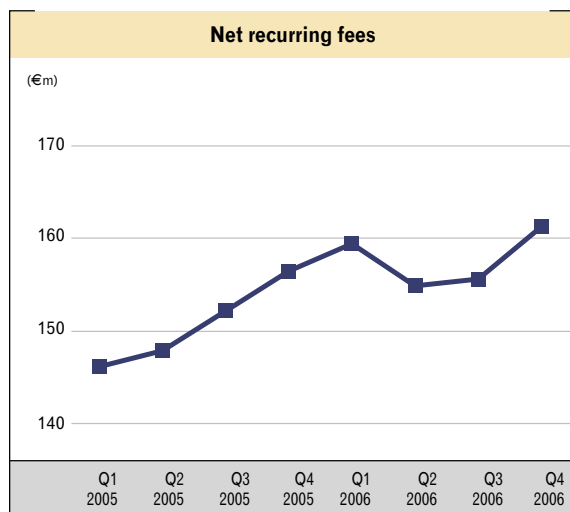
Net commission income totalled €599.4m, up €12.2m on the €587.2m achieved in 2005 (+2.1%).

Net recurring fees (€m)

Year	Q1	Q2	Q3	Q4	Total
2006	158.7	154.2	154.9	161.4	629.2
2005	145.4	147.0	151.5	155.7	599.6
Difference	13.3	7.2	3.4	5.7	29.6

Net recurring fees totalled €629.2m, an increase of €29.6m on 31.12.2005 (+4.9%). This increase was due to growth in average assets under management with recurring fees, which rose from €43.2bn to €46.6bn (+7.9%).

These fees grew in the last two quarters of the year driven by the growth in average assets under management, having fallen in the second quarter as a result of the negative performance of the financial markets. Net recurring fees in the last quarter included €1.4m commission income collected as a result of the overperformance of the GPF Capital asset management fund issued in late 2005.



Net front-end fees (€m)

Year	Q1	Q2	Q3	Q4	Total
2006	17.9	15.3	9.4	19.8	62.4
2005	11.5	14.9	12.8	18.9	58.1
Difference	6.4	0.4	(3.4)	0.9	4.3

Net front-end fees totalled €62.4m, an increase of €4.3m on the previous financial year, mainly as a result of increased inflows into mutual funds and the strong performance of our securities-related business.

Net commission income from incentives and similar fees (€m)

Year	Q1	Q2	Q3	Q4	Total
2006	(24.8)	(18.9)	(26.3)	(22.2)	(92.2)
2005	(18.7)	(20.5)	(19.6)	(11.7)	(70.5)
Difference	(6.1)	1.6	(6.7)	(10.5)	(21.7)

Net commission income from incentives and similar fees had a negative balance of €92.2m, an increase of €21.7m on the figure for 2005 due to the increased commission accrued by the Private Banker Networks under our annual and three-year-growth-plan incentive schemes.

Administrative costs (€m)

	2006	2005	change amount	%
Staff costs	120.0	136.8	(16.8)	-12.3
Other administrative costs	205.3	142.3	63.0	44.3
Total	325.3	279.1	46.2	16.6

Administrative costs totalled €325.3m, up 16.6% on 31.12.2005 (€279.1m).

Staff costs fell 12.3% as the balance of the following:

- Increased costs of approximately €13.6m mainly due to the recruitment drives to increase the number and competencies of the Group's staff and management in particular, as well as to the wage adjustments resulting from the renewal of the National Collective Bargaining Agreement.
- A decrease of approximately €30.4m in expenses following the transfer of our Divisional Operating Engine (DOE) to the company Universo Servizi on 1 May 2006, which involved the transfer of 554 employees. These lower expenses were, however, matched by an equal increase in other administrative costs for the services provided

by said Universo Servizi under an outsourcing agreement with Banca Fideuram.

Other administrative costs totalled €205.3m, up 44.3% on the figure for 2005 (€142.3m). As explained above, this increase was largely due to the cost of outsourcing the services transferred to Universo Servizi. Net of the impact of this outsourcing contract, other administrative costs rose approximately €15m due to the costs of our new planning initiatives, to the extraordinary transactions connected with the Eurizon Financial Group's public offer to purchase Banca Fideuram shares, to advertising and marketing expenses, and to the process of evaluating, testing and strengthening the bank's internal audit system in line with the provisions of the Sarbanes Oxley Act (which applies to Banca Fideuram since it belongs to a Group that is listed in the United States) and Italian law 262/05.

Net adjustments to tangible and intangible assets (€m)

	2006	2005	change amount	%
Adjustments to tangible assets	5.5	8.1	(2.6)	-32.1
Adjustments to intangible assets	6.6	19.1	(12.5)	-65.4
Total	12.1	27.2	(15.1)	-55.5

Net adjustments to tangible and intangible assets

totalled €12.1m, down €15.1m on the 2005 financial year due to the completion of software amortisation and the aforementioned transfer of the DOE, which also involved the transfer of tangible and intangible assets to Universo Servizi.

Net provisions for risks and changes (€m)

	2006	2005	change amount	%
Contractual indemnity payments due to Private Bankers	3.9	7.4	(3.5)	-47.3
Legal disputes, claims from receivers and complaints	42.5	36.8	5.7	15.5
Network loyalty schemes	14.2	26.6	(12.4)	-46.6
Other	0.4	0.3	0.1	33.3
Total	61.0	71.1	(10.1)	-14.2

Net provisions for risks and charges totalled €61m, down €10.1m on the figure for 2005 (€71.1m).

This included provisions of €3.9m for contractual indemnity payments due to Private Bankers (€7.4m in 2005) and provisions of €42.5m to cover legal disputes, claims from receivers, customer complaints and the risks connected with securities in default traded in prior years (€36.8m in 2005).

Provisions set aside for the Private Banker Network Loyalty Schemes totalled €14.2m (€26.6m in 2005), including €3.2m linked to insurance policy returns (€16m in 2005).

Income taxes came to €32.7m, down €19.9m on the previous financial year as a consequence, following the establishment of Euro-Tresorerie, of the tax benefit resulting from recognising deferred tax assets of €15.7m on the losses of the Fideuram Wargny Group accrued up to 31.12.2006.

The item **losses after tax on non-current assets** (€28.5m in 2005) reflected the financial impact of the contribution to the consolidated results and the estimated expenses regarding the French subsidiaries held for sale belonging to the Banque Privée Fideuram Wargny Group (€34.8m in 2005).

Losses after tax on non-current assets (€m)

	2006	2005	change amount	%
Loss of the Fideuram Wargny Group companies recognised as assets held for sale	(5.7)	(8.6)	2.9	-33.7
Net gains/losses on valuations of group of assets and associated liabilities	(22.8)	(26.2)	3.4	-13.0
Total	(28.5)	(34.8)	6.3	-18.1



ASSET AND LIABILITY MANAGEMENT

The main balance sheet items are shown below alongside the figures at 31 December 2005 for the purposes of comparison.

(€m)

	31.12.2006	31.12.2005	change amount	%
ASSETS				
Financial assets	3,102.4	765.8	2,336.6	n.s.
Due from banks	5,098.1	4,624.0	474.1	10.3
Loans to customers	1,065.0	1,125.5	(60.5)	-5.4
Equity investments	1.6	-	1.6	n.s.
Tangible and intangible assets	51.5	75.8	(24.3)	-32.1
Other assets	793.9	676.9	117.0	17.3
TOTAL ASSETS	10,112.5	7,268.0	2,844.5	39.1
LIABILITIES				
Due to banks	225.5	287.5	(62.0)	-21.6
Due to customers	7,672.4	5,138.6	2,533.8	49.3
Debt securities in issue and financial liabilities	412.6	356.8	55.8	15.6
Other liabilities	822.4	602.7	219.7	36.5
Provisions for risks and change	219.1	189.5	29.6	15.6
Minority interests	0.2	0.2	-	-
Shareholders' equity	760.3	692.7	67.6	9.8
TOTAL LIABILITIES	10,112.5	7,268.0	2,844.5	39.1

n.s.: not significant

Group financial assets held for treasury and investment purposes rose to €3,102.4m, a substantial increase (+€2,336.6m) on the figure at 31 December 2005 (€765.8m).

Financial assets (€m)

	31.12.2006	31.12.2005	change amount	%
Financial assets held for trading	51.7	588.2	(536.5)	-91.2
Financial assets valued at fair value	171.2	172.8	(1.6)	-0.9
Financial assets available for sale	2,865.1	0.1	2,865.0	n.s.
Financial assets held to maturity	3.5	4.7	(1.2)	-25.5
Hedging derivatives	10.9	-	10.9	n.s.
Total	3,102.4	765.8	2,336.6	n.s.

This increase in financial assets was due to an increase in structural liquidity resulting from increased customer deposits, and reflects the Group's new investment policies, which have

amongst other things shifted the composition of the Group's securities holdings towards those "available for sale". Available-for-sale securities in fact accounted for approximately 92.4% of our total financial assets and mainly comprised listed bonds, the interest rate risk of which was hedged using interest rate swaps. It was within this context that the decision was taken to establish a treasury company (Euro Tresorerie) in France, dedicated specifically to managing part of the Group's financial assets.

Financial liabilities (€m)

	31.12.2006	31.12.2005	change amount	%
Debt securities in issue	354.3	353.5	0.8	0.2
Financial liabilities held for trading	15.7	3.3	12.4	n.s.
Hedging derivatives	42.6	-	42.6	n.s.
Total	412.6	356.8	55.8	15.6

Financial liabilities totalled €412.6m and comprised long/medium-term bond issues and derivatives. This item was up 15.6% on the figure at 31 December 2005 as a result of the derivatives used to hedge interest rate risk.

Due from banks (€m)

	31.12.2006	31.12.2005	change amount	%
Due from Central Banks	33.0	19.5	13.5	69.2
Current accounts and demand deposits	725.7	1,304.7	(579.0)	-44.4
Time deposits	2,423.3	2,117.9	305.4	14.4
Repurchase agreement assets	842.9	320.8	522.1	162.7
Debt securities	323.2	163.5	159.7	97.7
Assets disposed of but not written off	750.0	697.6	52.4	7.5
Total	5,098.1	4,624.0	474.1	10.3

Due from banks included €2,423.3m short-term time deposits on the interbank market and unlisted securities issued by Sanpaolo Bank S.A. with a total value of €754m (€704.9m at 31.12.2005) that were mainly used for repurchase agreements.





Due to banks (€m)

	31.12.2006	31.12.2005	change	
			amount	%
Current accounts and demand deposits	171.0	181.6	(10.6)	-5.8
Time deposits	42.4	104.7	(62.3)	-59.5
Loans	7.1	0.2	6.9	n.s.
Repurchase agreement liabilities	5.0	1.0	4.0	n.s.
Total	225.5	287.5	(62.0)	-21.6

The Group continued to be a **net lender on the interbank market**, with total deposits of €4,872.6m, compared to €4,336.5m at 31 December 2005.

Loans to customers (€m)

	31.12.2006	31.12.2005	change	
			amount	%
Current accounts	783.0	750.8	32.2	4.3
Repurchase agreement assets	61.3	230.0	(168.7)	-73.3
Loans	69.3	70.7	(1.4)	-2.0
Other transactions	46.0	65.6	(19.6)	-29.9
Debt securities	100.4	-	100.4	n.s.
Impaired assets	5.0	8.4	(3.4)	-40.5
Total	1,065.0	1,125.5	(60.5)	-5.4

Loans to customers totalled €1,065m, which was largely in line with the previous financial year (€1,125.5m).

Within this total, there was a decrease in loans under repurchase agreements with financial institutions and a corresponding increase in investments in bonds. Net problem loans, including loans receivable/overdue by more than 180 days, totalled €5m at the end of December 2006 (€8.4m at 31.12.2005), as follows:

- Non-performing loans came to €2.6m, down 3.7% from €2.7m at 31.12.2005. The ratio of non-performing loans to loans to customers was 0.2%.
- Loans receivable/overdue by more than 180 days totalled €2.4m.

Due to customers (€m)

	31.12.2006	31.12.2005	change	
			amount	%
Current accounts and demand deposits	5,983.9	4,376.9	1,607.0	36.7
Time deposits	136.5	80.8	55.7	68.9
Loans	427.0	-	427.0	n.s.
Repurchase agreement liabilities	1,125.0	680.9	444.1	65.2
Total	7,672.4	5,138.6	2,533.8	49.3

The item Due to customers totalled €7,672.4m, up €2,533.8m on the figure at 31 December 2005 (+49.3%) due to the substantial growth of inflows into current accounts and repurchase agreements achieved by Banca Fideuram and its subsidiary Fideuram Bank Luxembourg. These inflows were the cause of the parallel increase in the Group's portfolio of financial assets during 2006.

CONSOLIDATED SHAREHOLDERS' EQUITY AND OWN SHARES

Group shareholders' equity including net income for the year came to €760.3m at 31 December 2006.

The changes in shareholders' equity are set out in the financial statements, while the reconciliation of parent company Banca Fideuram's net income and shareholders' equity with the corresponding consolidated amounts is set out below:

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

	31.12.2006	
	Shareholders' equity	including: Net income
Parent company financial statement balances	545.5	207.1
Companies consolidated line-by-line	270.0	270.0
Effect of consolidation of subsidiaries	(4.2)	-
Dividend income from Group companies	-	(233.6)
Reversal of write-downs of equity investments	8.7	8.7
Write-back of intra-group goodwill	(8.8)	-
Losses of the Fideuram Wargny Group companies recognised as assets held for sale	(50.8)	(27.7)
Other differences	(0.1)	(0.1)
Consolidated financial statement balances	760.3	224.4

At 31 December 2006, Banca Fideuram held 12,655,273 own shares with a par value of €0.19 each, amounting to 1.3% of the share capital, which was the same as at 31 December 2005.

In accordance with IAS 32, these shares were recognised at their historical values, resulting in a €54.4m adjustment to shareholders' equity.

SEGMENT REPORTING

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

These Segments, defined in relation to the main types of products that make up the Group's Savings and Pensions business, are analysed using data that show their contribution to Group income after consolidation adjustments.

Managed Financial Savings Segment

The Managed Financial Savings Segment covers the Group's private banking and mutual fund business, which totalled €37.7bn at 31 December 2006 (55.8% of total assets under management). In 2006, this segment generated €410.9m net commission income and contributed €192.1m to income from current operations. The ratio of net commission income to

Assets Under Management (AUM) was 1.1%, while the ratio of gross income to AUM was 0.5%.

Managed Financial Saving

(€m)	31.12.2006	31.12.2005	change %
Net interest income	-	-	-
Net commission income	410.9	393.5	4.4
Net gains or losses on financial assets and liabilities	-	-	-
Total income from financing activities	410.9	393.5	4.4
Operating costs	(177.3)	(160.3)	10.6
Other	(41.5)	(22.6)	83.6
Total income from current operations	192.1	210.6	-8.8
Average Assets Under Management	36,636	34,382	6.6
Assets under Management	37,729	36,100	4.5
Key ratios			
Cost / Income Ratio	43.1%	40.7%	
Total income / Average Assets Under Management	0.52%	0.61%	
Net commission income / Average Assets Under Management	1.12%	1.14%	

Business segmentation

31 December 2006

(€m)

	Managed Financial Saving	Insurance Saving	Banking and Other Services	Total for Banca Fideuram Group
Net interest income	-	-	78.9	78.9
Net commission income	410.9	146.3	42.2	599.4
Net gains or losses on financial assets and liabilities	-	-	8.6	8.6
Total income from financing activities	410.9	146.3	129.7	686.9
Operating costs	(177.3)	(32.5)	(127.6)	(337.4)
Other	(41.5)	(14.8)	(7.5)	(63.8)
Total income from current operations	192.1	99.0	(5.4)	285.7
AUM Medie	36,636	14,122	14,671	65,429
AUM Puntuali	37,729	14,322	15,540	67,591
Key ratios				
Cost / Income Ratio	43.1%	22.2%	98.3%	49.1%
Total income / Average Assets Under Management	0.52%	0.70%	-0.04%	0.44%
Net commission income / Average Assets Under Management	1.12%	1.04%	0.29%	0.92%

Insurance Savings Segment

This segment covers the Group's life insurance and pension funds business, which totalled €14.3bn at 31 December 2006 (21.2% of total assets under management). The net commission income generated by this segment came to €146.3m and contributed €99m to income from current operations.

The ratio of net commission income to assets under management (AUM) was 1%, while the ratio of gross income to AUM was 0.7%.

Insurance Saving

(€m)	31.12.2006	31.12.2005	change %
Net interest income	-	-	-
Net commission income	146.3	139.0	5.3
Net gains or losses on financial assets and liabilities	-	-	-
Total income from financing activities	146.3	139.0	5.3
Operating costs	(32.5)	(29.5)	10.2
Other	(14.8)	(8.1)	82.7
Total income from current operations	99.0	101.4	-2.4
Average Assets Under Management	14,122	13,964	1.1
Assets under Management	14,322	14,228	0.7
Key ratios			
Cost / Income Ratio	22.2%	21.2%	
Total income / Average Assets Under Management	0.70%	0.73%	
Net commission income / Average Assets Under Management	1.04%	1.00%	

Banking and Other Services Segment

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

This segment includes non-discretionary savings, mainly comprised of securities and current accounts, which totalled €15.5bn at 31 December 2006 (23% of total assets under management).

The contribution of this segment to gross income from current operations was negative to the tune of €5.4m, an 84% improvement on 2005. This

was due to the growth in net interest income (+€33.4m) and the fact that there were no one-off provisions to cover the risks connected with securities in default traded in the period, whereas approximately €21.2m were set aside for this purpose last year.

Banking and Other Services

(€m)	31.12.2006	31.12.2005	change %
Net interest income	78.9	45.5	73.4
Net commission income	42.2	54.7	-22.9
Net gains or losses on financial assets and liabilities	8.6	22.9	-62.4
Total income from financing activities	129.7	123.1	5.4
Operating costs	(127.6)	(116.5)	9.5
Other	(7.5)	(40.3)	-81.4
Total income from current operations	(5.4)	(33.7)	-84.0
Average Assets Under Management	14,671	14,070	4.3
Assets under Management	15,540	13,984	11.1
Key ratios			
Cost / Income Ratio	98.3%	94.6%	
Total income / Average Assets Under Management	-0.04%	-0.24%	
Net commission income / Average Assets Under Management	0.29%	0.39%	

ACTIVITIES OUTSIDE ITALY

Fideuram Bank (Luxembourg) continued to play a leading role on the Luxembourg market in 2006. The bank's core business is the custody of assets and settlement of transactions for institutional customers, provided through a selected international network of over 40 corresponding banks. The bank is in particular responsible for the Banca Fideuram Group's Luxembourg and Irish funds, with total assets under management that had risen to €38.3bn at 31 December 2006.

The bank also provides valuable technological and organisational support in the form of IT, administrative and back-office services to affiliated companies in other countries.

No less noteworthy is the complete range of private banking products and services offered in conjunction with our Swiss subsidiary Fideuram Bank (Suisse) to optimise the Group's European coverage.

Our Swiss subsidiary, Fideuram Bank (Suisse) continued to perform well in terms both of increased assets under management and profitability.

When the bank's shareholders approved the financial statements and distribution of dividends, they also voted to reduce the reserves in order to align them with the bank's currently-identified future needs.

While continuing to distribute the Fideuram Fund Luxembourg asset management fund, the bank also entered into agreements, consistent with Banca Fideuram's distribution policy, with several leading investment houses to further strengthen the range of products and services it offers its customers.

Fideuram Asset Management (Ireland) continued to act as the delegated manager of the Group's Luxembourg and Irish mutual funds in 2006, as well as acting as agent for their securities lending activities. On 2 August 2006, the Irish subsidiary's Board of Directors approved an organisational expansion plan that provides for the recruitment of 55 new staff, mostly for the investment sector. This recruitment programme, which began in October, will make it possible to bring a number of consultancy activities in house which are currently being outsourced to leading international operators.

During 2005, the Board of Directors of Banca Fideuram decided to investigate the opportunities for selling or restructuring the Fideuram Wargny Group. The Banca Rothschild Italia consultancy was therefore commissioned to explore the potential opportunities for selling the French Group.

The sale process had not been successfully concluded at the end of the year since the offers received from potential purchasers were not considered sufficient, partly as a result of the difficult financial situation of the Wargny Group.

As part of this process, however, Banque Privée Fideuram Wargny's online brokerage division was sold to Bourse Direct (a subsidiary of the Viel & Cie Group - a leading operator on the French market) on 26 June 2006 for €6.3m.

The breakdown in negotiations with the potential buyer of Banque Privée, taking the latter's financial situation into account, led to an assessment of whether to wind up Banque Privée and its subsidiary Fideuram Wargny Gestion S.A., while nevertheless at the same time seeking to maximise the value of the company assets held in which new potential counterparties might express an interest. Conversely, Fideuram Wargny Gestion S.A.M. will be kept in the Group and sold to Fideuram Bank Luxembourg or, alternatively, to Fideuram Bank Suisse.

On 6 September 2006, Banca Fideuram's Board of Directors decided to set up a treasury company dedicated to managing part of Banca Fideuram's financial assets. The company chosen to perform this was Euro-Tresorerie S.A. (formerly W.D.W. S.A.), the controlling stake in which was transferred from Banque Privée Fideuram Wargny to Financière Fideuram in the third quarter of the year to ensure a direct chain of control. Euro-Tresorerie commenced operations in the last quarter of the financial year with a capital increase by Financière Fideuram, which was in its turn recapitalised by Banca Fideuram with €200m.

The operational decisions described above made it necessary to restate the holdings Financière Fideuram, Euro-Tresorerie and Fideuram Wargny Gestion SAM, consolidating them line by line and no longer including them in "assets held for sale".

HUMAN RESOURCES, PRODUCTS AND SERVICES

PRIVATE BANKERS

The Group's distribution structure (Fideuram and Sanpaolo Invest Networks) totalled 4,216 Private

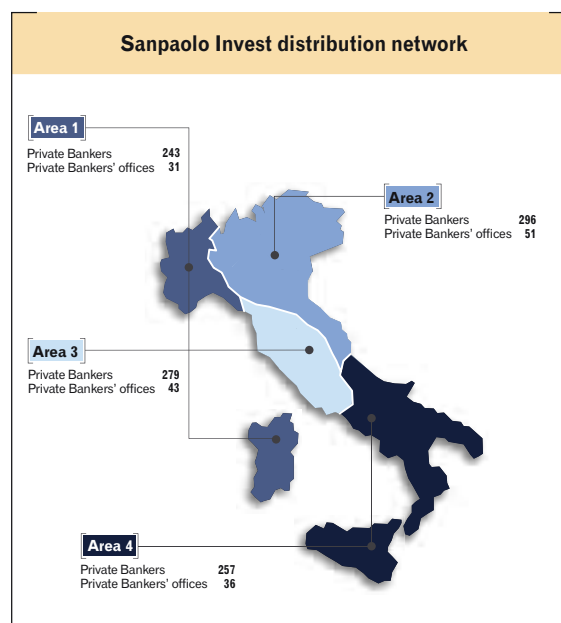
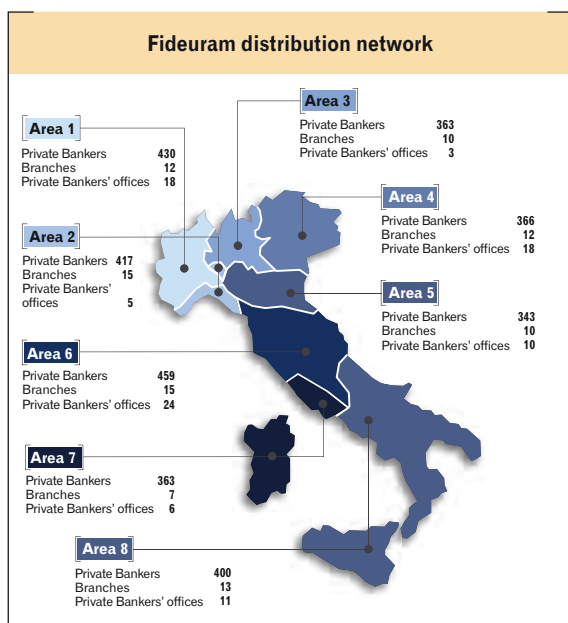
Bankers at the end of 2006 compared to 4,150 at 31.12.2005, as shown below.

Banca Fideuram Private Bankers

	Beginning period	in	out	net	End of period
1.1.2006 - 31.12.2006	3,111	192	162	30	3,141
1.1.2005 - 31.12.2005	3,244	101	234	(133)	3,111

Sanpaolo Invest Private Bankers

	Beginning period	in	out	net	End of period
1.1.2006 - 31.12.2006	1,039	96	60	36	1,075
1.1.2005 - 31.12.2005	1,069	71	101	(30)	1,039



Our recruitment programme was stepped up successfully in 2006 with the induction of 288 new Private Bankers improving substantially on the achievements of the previous 12 months (172 new Private Bankers).

The 288 new professionals recruited comprised 101 from banks and 158 from competitor financial consultant networks. The recruitment activities were conducted with the greatest professionalism by the Fideuram and Sanpaolo Invest management structures, and focused in particular on finding Private Bankers of high standing able to make the most of and build on their talent, enhanced through structured all-round continuous professional development, by joining a longstanding market leader. The Banca Fideuram Group has developed recruitment policies that adopt a diversified approach which enables them to be personalised to suit the experience, attitudes and potential of each candidate. The professional recognition and growth expectations of Private Bankers are guided by the principals of ethics and transparency that distinguish the Group and enable them to secure customer loyalty. These qualities are essential for the bank to achieve its objective of long-term strong and sustainable high-quality growth.

Staff and staff training

The Banca Fideuram Group's total staff fell from 1,638 at 31 December 2005 to 1,106 at 31 December 2006, a decrease of 532 (-32.5%) that was largely a result of the transfer of our Divisional Operating Engine to Universo Servizi, which was completed in the first half of 2006.

Employees

(staff)	31.12.2006	31.12.2005
Banca Fideuram (*)	781	1,326
Sanpaolo Invest SIM	51	53
Euro-Tresorerie	1	-
Fideuram Wagny Gestion SAM	5	6
Private Banking	29	26
Fideuram Bank (Suisse)	23	23
Fideuram Fiduciaria	6	3
Asset Management	239	227
Fideuram Asset Management (Ireland)	19	13
Fideuram Bank (Luxembourg)	78	75
Fideuram Investimenti SGR	118	116
Fideuram Gestions	24	23
Total	1,106	1,638
Banque Privée Fideuram Wagny Group (**)	198	228

(*) The staff of Banca Fideuram at 31 December 2006 does not include the 554 personnel belonging to the DOE which was transferred to the company Universo Servizi in the first half of the year.

(**) Staff numbers are shown separately since the Banque Privée Fideuram Wagny and Fideuram Wagny Gestion S.A. are recorded under assets held for sale.

The training activities carried out in 2006 involved the following:

- Courses on technical and specialist subjects related to the bank's business and on organisational behaviour.
- Initiatives designed to enhance knowledge of specific subjects (banking operations, assessing the suitability of operations, the Patti Chiari transparency project, IT and language skills, etc.).
- Expanding our team of in-house training professionals and providing appropriate support regarding class-teaching techniques.
- Making new courses available on our e-learning platform.
- Team-building initiatives for Group management designed to facilitate internal communication and integration processes that support change management.

These training activities amounted to a total of 2,766 person days, 2,367 of which concerned training initiatives that were organised internally (2,013 class-based and 354 e-learning initiatives), while 399 involved attendance at external seminars, conferences and courses closely related to the Bank's business.

PRODUCTS AND RESEARCH AND DEVELOPMENT ACTIVITIES

Our product development activities in 2006 were geared to the objectives set out in the 2005-2007 industrial plan and concerned our entire range, paying special attention to managed financial savings and insurance solutions. At the same time we also launched sales support systems designed to strengthen the consulting role of our Private Bankers, developing our New Sales Approaches and corporate TV.

Our product development actions were aimed at enhancing the value of our offer by providing an even wider array of multimanager solutions in line with the current trend on the Italian market, developing innovative strategic and tactical products that support the Banca Fideuram Group's leadership, and identifying new solutions for high-profile customers.

The first of these initiatives saw us revising the concept of multimanager products. To achieve this we worked with a dedicated team from Fideuram Investimenti to design products that promote a guided approach to the multimanager offering. The Fideuram Master Selection fund of funds and GPF Equipe fund, which were the result of this new approach, thus joined the steadily growing range of third-party asset-management company funds offered directly (Fidelity, Invesco, Merrill Lynch, Julius Baer, Morgan Stanley and Schroder mutual funds).

We likewise developed GPM Synthesis, a sophisticated multiasset management service for High Net Worth customers, as a further addition to our open-architecture products.

In addition, we also worked on the development of innovative new total return solutions in order to extend the range of monomanager products offered by the bank. These included two protected personalised fiduciary asset management products with specified investment windows (GPF Protection 90 and Cash Plus) and two new Fonditalia flexible sectors with diversified risk profiles (Flexible Income and Flexible Opportunity).

In the second half the year, this quest for financial innovation plus flexible management and service led to the development of a new Irish Unit-Linked fund product called Fideuram Suite, which combines the opportunity to invest in new asset classes with an insurance element. The pensions segment saw the launch of a pension product with tax concessing at the beginning of the year (Fideuram Progetto Pensione), which enabled the bank to gain a presence on the market at a time when considerable attention was being focused on complementary social security products.

Last but not least, we launched two impactful tactical initiatives, the Advanced Capital II private equity fund of funds and the Fideuram Stars platform of theme certificates, the first issue of which (Sprint Certificate in December) was coupon-bearing and autocallable.

Our sales support programme continued apace in 2006, taking us to complete the first phase in the implementation of our Financial Planning platform. This tool, which will be distributed to around two thousand Private Bankers by the end of 2007, is based on an approach centred on analysing customer needs in order to identify effective, customised solutions. Our service support and monitoring over time has, moreover, enabled us to



bring continuity to our analysis activities, in line with our customers' changing needs.

A range of different market research analyses was carried out in the year with two main objectives:

- to gain an in-depth knowledge of our core market and savers by participating in the main *multiclient* surveys in the sector;
- to gain a detailed understand of our customer feedback in order to provide support regarding specific subjects linked to the Group's strategic projects.

Banca Fideuram participated in the following sector studies: the Multifinanziaria Retail Market study carried out by Gfk Eurisko and the Observatory on Italian family savings undertaken by Gfk Eurisko-Prometeia. We also analysed the satisfaction of our Private Bankers by participating in Gfk Eurisko's PF Monitor research.

Our in-house knowledge advanced with a customer satisfaction survey and the creation of two ad hoc qualitative surveys on our news sales approaches. The customer satisfaction survey allowed us to identify our strong points with respect to the bank's service model, together with any critical areas requiring intervention, and to develop the guidelines for our customer activity plans in each segment.

The first of our two qualitative surveys analysed the Banca Fideuram staff consultancy and planning programme, identifying the extent to which it meets investors' needs and collecting all the information needed to finalise it.

The second qualitative survey tested the reporting dedicated to our new sales approaches, identifying the extent to which they were understood and well received, while simultaneously identifying any specific areas for improvement.

Internet

Fideuram Online maintained its strong growth trend in 2006 regarding both the total number of customers (+10% on 2005) and the total number of Internet transactions (over 1,250,000 - including stock market instructions, transfers, other payment instructions and instructions regarding funds and asset management - an increase of 13% on 2005).

A total of 175,500 customers accessed their accounts over the Internet (77% Banca Fideuram customers and 23% Sanpaolo Invest customers).

Transfers over the Internet (accounting for 63% of all transfers by customers) increased by 30% compared to the previous year, while the number of instructions regarding funds and asset management increased by 8%.

Fideuram Online was, moreover, once again the channel that the Bank's customers used most for trading in securities, with over 63% of all customer securities trading transactions being conducted over the internet in 2006.

Take-up of our text message and e-mail information services was likewise very enthusiastic, with over 21,000 customers using this channel during the course of the year (+56% on 2005).

The range of services offered by Fideuram Online continued to be extended with the introduction of many new features, including the introduction of a new text message notification service for transfers sent using Internet banking, and the publication of the Fideuram Investimenti monthly report (Focus) with information on Banca Fideuram's funds.

We will continue to update and extend our Internet product offering in 2007, enhancing the site with new graphic design, introducing new navigation criteria and launching new instruction functions for our home banking services.

SYSTEMS AND INFORMATION MANAGEMENT

On 1 May 2006, all Banca Fideuram's IT activities were transferred to the company Universo Servizi S.p.A. (Eurizon Group) under an outsourcing agreement as a result of the transfer of our Divisional Operating Engine (DOE) to the same company.

Universo Servizi thus became completely and independently responsible for the management and development of the entire technological infrastructure serving the Banca Fideuram Group and all the other companies in the Eurizon Group. Its responsibilities in this respect with regard to Banca Fideuram are governed by a service contract that ensures the bank's requirements of continuity and performance are met at specified costs, while Universo Servizi remains responsible for all investment decisions and the choice of products and suppliers.

Where the development of new applications is concerned (including new projects, evolutionary maintenance and the development of existing applications), Banca Fideuram continues to be responsible for drawing up the specifications, for deciding on the feasibility of the investment and for monitoring the progress of activities, as well as for testing the computer procedures developed.

Universo Servizi is responsible for all project implementation and development activities on the basis of a quotation that has been accepted and signed by the bank.

IT security is also outsourced to Universo Servizi, which provided a dedicated consultancy service to Banca Fideuram on the Security Programme Document (SPD) that the bank is required to provide every year. In accordance with the provisions of Italian data protection legislation (Legislative Decree No 196 of 30 June 2003, "Codice in materia di protezione dei dati personali" - "Code regarding the protection of personal data"), our SPD will be completed by the deadline specified in said legislation (31 March 2007).

Our new projects in the year, which were carried out in-house initially and then passed to Universo Servizi from 1 May 2006, concerned the following in particular:

- The outsourcing of our banking platform and related centralised back office services to Intesa Sanpaolo. This involved a scrupulous, detailed analysis of the differences between Banca Fideuram's operating systems and processes and those of the other Bank Networks in the Sanpaolo Group (now Intesa Sanpaolo Group) in order to retain the distinctive features and service levels that benefit our customers and Private Banker Network. Sanpaolo consequently made numerous changes to adapt its systems which are currently being tested. Special attention was devoted not only to data migration which required the development of special procedure, but also to the development of the interfaces between Banca Fideuram's banking system and its other sales and management systems to ensure that the bank's core business is not in any way compromised. We currently envisage migrating to the new platform in April 2007.
- A project for developing a new financial consultancy platform for Banca Fideuram and Sanpaolo Invest's Private Bankers. This new system, which will introduce innovative features in a range of areas extending from customer needs analysis to financial and pensions planning as well as checks on the suitability of investments, is currently being tested and will go live for the Networks in two phases during the first half of 2007.
- A project for developing a new liabilities cycle management system for all the companies in the Eurizon Group. The SAP platform has been chosen for this system.
- A project for developing a Web TV channel for our Private Banker Networks, which could be used to broadcast specific information on our markets, products and activities directly to our Private Bankers' customers, with contributions from management as well as professionals



working both within and outside the bank.

As in prior years, a large part of our activities and investments were dedicated to developing computerised procedures to support our products, involving us in a large number of initiatives in the areas both of collective and individual asset management.

Special attention was focused on our activities for ensuring compliance with the regulations governing the suitability of customer investments based on the directives of the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB), which have led us to develop a complete management and monitoring system based on the analysis of a portfolio's Value at Risk (VaR).

SUPPLEMENTARY INFORMATION

INTERNAL AUDIT

The corporate and structural reorganisation of the Eurizon Group continued during the second half of 2006, leading to a number of interventions for rationalising the operational structure of the Audit Department to, amongst other things, achieve a better focus on its institutional duties.

These initiatives included the following:

- The auditing activities for Universo Servizi were centralised in Eurizon's Audit Department, as a result of which the auditing activities originally carried out at Banca Fideuram were therefore also transferred to this department, along with the related staff, in order to ensure that the previous auditing levels would be maintained unchanged.
- The authorisation/coding activities previously assigned to the Audit Department and the staff responsible for them were allocated to the Bank's Organisation Department.
- The Customer Relations Department (formerly the Complaints Department) now reports directly to the General Manager and an operating unit of staff has been retained in the Audit Department that is responsible for supervising the institutional activities connected with auditing the complaints archive and reporting to the directors.

The Audit Department consequently comprised the following operating units at 31 December 2006:

- The Networks Audit Unit, which is responsible for auditing the Fideuram and Sanpaolo Invest Private Banker Networks, as well as the bank's peripheral banking structures (Area Main Branches, Delivery Points and Service Points).
- The Divisions and Subsidiaries Audit Unit, which is responsible for auditing the activities of the bank's Central Departments and Subsidiaries, as well as for monitoring the correct operation of the internal audit system.



- The Compliance Unit, which is responsible for the bank's Compliance Officer activities.
- The Complaints and Secretarial Support Unit.

The Head of the Audit Department reports functionally to the Board of Directors and hierarchically to the Managing Director, and is also required to inform the Internal Audit Committee and Board of Directors about the results of the Department's activities, reporting to the former on a monthly basis and to the latter on a half-yearly basis.

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

The main activities carried out by the Audit Department in 2006 involved:

- Completing the IT projects designed to optimise the Audit Information System (AIS) as part of the work for upgrading the remote auditing system for the Private Banker Networks and Branches.
- Implementing the technical analyses and planning initiatives for an early-warning system for the bank's finance and asset-management activities.
- Consultancy and support for the evaluation of the audit system and the procedures connected with the production of company financial information as part of the Sarbanes Oxley Act project.

The procedure for auditing our Private Banker Networks was enhanced by adopting a method that integrates and organises all the "alerts" monitored (such as the risk indicators obtained from our dedicated remote auditing application, customer complaints and the reports from the Group's central and peripheral structures) in order to be able to promptly identify any private bankers in critical situations requiring investigation. In addition, routine spot audits are carried out on any Private Bankers who have never been audited or who have not been audited for over 18 months.

During 2006, 820 audits were carried out across all

the operating areas of the Private Bankers in both distribution networks (613 on Banca Fideuram and 207 on Sanpaolo Invest), 508 of which involved further on-the-spot investigation (381 for Banca Fideuram and 127 for Sanpaolo Invest).

A total of 7,078 alerts from the Audit Information System (AIS) were noted and individually validated (5,895 for Banca Fideuram and 1,183 for Sanpaolo Invest), concerning 3,027 Private Bankers (2,240 in the Fideuram Network and 787 in the Sanpaolo Invest Network).

The Department examined 740 cases of customer complaints (654 for Banca Fideuram and 86 for Sanpaolo Invest) to investigate the work of our Private Bankers.

These monitoring and auditing activities concerned 71% of the Banca Fideuram Private Banker Network and 73% of the Sanpaolo Invest Private Banker Network.

Our Sarbanes Oxley Act project continued to make good progress during 2006 towards its goal of formalising the system for the internal auditing of the Banca Fideuram Group's financial data that is relevant for the purposes of preparing the consolidated financial statements of the Intesa Sanpaolo Group, and for bringing the system into line with the requirements of Section 404 of the Sarbanes Oxley Act.

This project involves the following phases:

- Identifying the control system.
- Risk assessment and corrective action plans.
- Control tests and corrective action plans.
- Evaluation of the results.

Having concluded the planning activities, the phase for testing the operations of the control system began with a systematic test plan of 438 key tests (out of a total of 704) on 67 process identified in the analysis phase.

Following these test activities, 243 corrective action plans were drawn up, 232 of which have already been implemented.

The administrative and IT processes for preparing the financial data used in the Group's financial reporting will be audited by independent auditing companies.

Lastly, a Governance and Administrative and Financial Organisation Unit reporting to Banca Fideuram's Administration and Reporting Department was established in 2006 to implement the initiatives for ensuring compliance with the provisions of the Sarbanes Oxley Act and for enabling management to assess the administrative processes for financial reporting appropriately.

These initiatives will also bring the Banca Fideuram Group into compliance with the requirements of Italian law No. 262/05 "Disposizioni per la tutela del risparmio e la disciplina dei mercati finanziari" - "Provisions for the protection of savings and the regulation of the financial markets".

ADDITIONAL INFORMATION

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

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

The CONSOB then sent notice on 4 August 2006 that it was commencing "the investigative part of the decision" with the related investigation report, and Sanpaolo Invest prepared a supplementary defence statement submitted on 18 September 2006. On 29 December 2006, the CONSOB notified Sanpaolo Invest and the company managers involved of its decision to impose administrative monetary sanctions. The sanctions for which payment has been requested from Sanpaolo Invest as civilly liable amount to a total of €296,500. The Company

and managers therefore filed an appeal against these sanctions at the Rome Court of Appeal.

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

The CONSOB also asked Banca Fideuram to take appropriate action to overcome the shortcomings identified, regarding which the Bank had moreover already launched a work plan to take the required corrective measures prior to the CONSOB's involvement. The Bank's management therefore approved the measures for improving the aforementioned procedures, the implementation of which was reported to the CONSOB on a regular basis, focusing special attention on providing information on the financial instruments dealt in and on evaluating the appropriateness of customer transactions.

The Bank thus launched a process in 2005 for completely revising its internal regulations with a view, in particular, to introducing specific restrictions on securities transactions with customers, the most significant of which was the decision to no longer accept purchase instructions regarding corporate bonds and bonds issued by foreign countries without ratings or with less than investment-grade ratings (S&P BBB - or Moody's Baa3), excepting issues by Italian banks that do not have ratings.

Equally noteworthy is the Bank's decision in 2005 to limit dealing in foreign securities exclusively to:

- Bonds issued by sovereign issuers (or their regional or local authorities) or leading financial institutions, industrial companies traded on regulated markets or on recognised markets open to the public, and countries with negligible or low risk ratings (identified in a special list).
- Bonds issued outside Italy by Italian banks.



- Shares, Exchange Traded Funds (ETFs) and harmonised funds listed on regulated markets or recognised markets open to the public.

In tandem with revising its regulations, Banca Fideuram also developed an operating model complete with dedicated technological and IT tools for ensuring that customers gain full and appropriate information on the risk level of their investment choices.

As part of this initiative, the bank launched a dedicated customer profiling procedure on 1/12/2005 which enables us to allocate every customer an investment target (or risk profile) based on their experience, financial situation and risk propensity, which is used for assessing the appropriateness of every transaction arranged.

In addition, aiming to ensure our customers receive appropriate information on any financial instruments dealt, we now provide a document referred to as a “security information sheet” (scheda titolo), which provides the core information together with the minimum investment target and the risk level of the security (expressed in terms of quarterly VaR at 95%) certified by an external supplier. As part of this work, we in addition further simplified our operations through non-branch channels by providing a “unified information sheet” that groups specific financial instruments by risk level and core information, for use as an alternative to the individual security information sheet.

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

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

During the year, representatives of the bank met representatives of the Supervisory Authorities on several occasions (5 April, 21 July and 23 November 2006) to present the changes implemented to our organisational model and to obtain their feedback on the choices made with respect to appropriateness.

The CONSOB, in a letter of 26 January 2007, granted the bank's request to suspend the requirement, for the duration of 2007, to provide regular reports on its initiatives for improving said procedures. The bank justified this request with the explanation that “all the initiatives decided upon by the Bank’s Board of Directors in its meetings of 7 July and 14 October 2005 had been implemented in full since 19 June 2006” and that “the quarterly audits carried out have shown that the initial critical areas highlighted have steadily been rectified and have moreover confirmed that operating standards consistent with the reference regulatory scenario have been achieved”.

The bank's Audit Department has nevertheless planned a dedicated monitoring programme as part of its 2007 work plan to ensure the correct performance of all activities connected with customer profiling, the selection of and information provided on financial instruments and the appropriateness of the investment transactions engaged in by customers.

SUBSEQUENT EVENTS AND BUSINESS OUTLOOK

The period for subscribing to the residual public offer by Eurizon Financial Group S.p.A. regarding the ordinary shares in Banca Fideuram ended on

18 January 2007. The offer related to 73,506,652 shares equating to approximately 7.50% of the share capital, a total of 60,767,640 of which were transferred, amounting to 82.67% of the shares which were the target of the residual offer and 6.20% of Banca Fideuram's share capital.

At the end of the residual offer, Eurizon owned 98.70% of the bank's share capital, amounting to 967,551,552 shares. This total included the 12,655,273 own shares held by Banca Fideuram.

After the residual public offer, Borsa Italiana delisted Banca Fideuram's shares and related covered warrants and certificates from its Mercato Telematico Azionario electronic stock market with effect from 24 January 2007.

On 28 February 2007, the Board of Directors of Banca Fideuram approved a plan for restructuring the Fideuram Wargny Group which involves the following operations:

- **Winding up** the subsidiaries Banque Privée Fideuram Wargny and Fideuram Wargny Gestion S.A. and recapitalising them as required up to a maximum of €50m, **or secondarily** and depending on the bank's assessment of the financial, legal and regulatory benefits, **selling the companies or company divisions** in response to any offers that may be formalised in the run-up to the formal launch of the winding-up process in France or during said process.
- **The intra-group sale** of the subsidiary Fideuram Wargny Gestion SAM and the Monaco subsidiary of Banque Privée to Fideuram Bank Luxembourg or, alternatively, to Fideuram Bank Suisse.
- **The retention** of the holding company Financière Fideuram and its subsidiary Euro-Tresorerie.

This process will be launched in Spring 2007 and could be completed by the end of the financial year 2008.

Net inflows in the first two months of the year totalled €87m. Assets under management came to €67.8bn at the end of February, an increase on the

figure at 31.12.2006, indicating the continuation of the growth trend already noted at the end of the financial year.

The 2007 financial results remain likely to be satisfactory assuming there are no substantial adverse developments in the performance of the financial markets.

THE BOARD OF DIRECTORS

Rome, 19 March 2007



CONSOLIDATED FINANCIAL STATEMENTS

2006

Consolidated Balance Sheet

(All figures in thousands of euros)

	31.12.2006	31.12.2005
ASSETS		
10. Cash and cash equivalents	22,629	21,673
20. Financial assets held for trading	51,712	588,237
30. Financial assets valued at fair value	171,184	172,754
40. Financial assets available for sale	2,865,118	126
50. Financial assets held to maturity	3,541	4,662
60. Due from banks	5,098,120	4,623,983
70. Loans to customers	1,065,049	1,125,489
80. Hedging derivatives	10,886	-
90. Adjustment of financial assets subject to generic hedging	-	-
100. Equity investments	1,584	26
110. Reinsurers' share of technical reserves	-	-
120. Tangible assets	45,288	51,138
130. Intangible assets	6,237	24,661
including: goodwill	-	-
140. Tax assets	96,237	68,292
a) current	4,311	2,098
b) deferred	91,926	66,194
150. Non-current assets and groups of assets held for sale	136,565	170,568
160. Other assets	538,338	416,424
TOTAL ASSETS	10,112,488	7,268,033

Chairman of the
Board of Directors
Vincenzo Pontolillo

Managing Director
Massimo Arrighi

Deputy General Manager (CFO)
Alberto M. Maturi

Administration and
Reporting Director
Paolo Bacciga



Consolidated Balance Sheet
(All figures in thousands of euros)

	31.12.2006	31.12.2005
LIABILITIES AND SHAREHOLDERS' EQUITY		
10. Due to banks	225,531	287,514
20. Due to customers	7,672,416	5,138,594
30. Debt securities in issue	354,264	353,496
40. Financial liabilities held for trading	15,655	3,348
50. Financial liabilities valued at fair value	-	-
60. Hedging derivatives	42,593	-
70. Adjustment of financial liabilities subject to generic hedging	-	-
80. Tax liabilities	24,085	40,915
a) current	16,806	39,427
b) deferred	7,279	1,488
90. Liabilities associated with groups of assets held for sale	161,987	164,009
100. Other liabilities	617,820	365,653
110. Provision for employment termination indemnities	18,584	32,047
120. Provisions for risks and charges:	219,051	189,509
a) Pensions and other commitments	-	-
b) Other provisions	219,051	189,509
130. Technical reserves	-	-
140. Valuation reserves	19,587	18,941
150. Redeemable shares	-	-
160. Capital instruments	-	-
170. Reserves	384,222	350,891
180. Additional paid-in capital	301	301
190. Capital	186,255	186,255
200. Own shares (-)	(54,439)	(54,439)
210. Minority interests	198	214
220. Net profit (loss) for the year	224,378	190,785
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	10,112,488	7,268,033

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Consolidated Income Statement

(All figures in thousands of euros)

	2006	2005 (*)
10. Interest income and similar revenues	230,326	123,347
20. Interest expense and similar charges	(151,388)	(77,845)
30. Net interest income	78,938	45,502
40. Commission income	1,077,972	1,013,261
50. Commission expense	(478,565)	(426,026)
60. Net commission income	599,407	587,235
70. Dividends and similar income	1	1
80. Net gains or losses on trading activities	(2,389)	1,273
90. Net gains or losses on hedging activities	58	-
100. Income/loss from sale or repurchase of:	6,459	3,588
a) loans	6,215	3,588
b) financial assets available for sale	244	-
c) financial assets held to maturity	-	-
d) financial liabilities	-	-
110. Net gains or losses on financial assets and liabilities valued at fair value	4,466	17,963
120. Total net interest and trading income	686,940	655,562
130. Net adjustments/write-backs for impairment losses to:	560	(914)
a) loans	560	(888)
b) financial assets available for sale	-	(15)
c) financial assets held to maturity	-	-
d) other financial transactions	-	(11)
140. Net gains or losses on financing activities	687,500	654,648
150. Net premiums	-	-
160. Other income/expense from insurance operations	-	-
170. Net gains or losses on financing and insurance activities	687,500	654,648
180. Administrative costs:	(325,328)	(279,073)
a) staff costs	(120,016)	(136,811)
b) other administrative costs	(205,312)	(142,262)
190. Net provisions for risks and charges	(61,005)	(71,053)
200. Net adjustments/write-backs of tangible assets	(5,478)	(8,165)
210. Net adjustments/write-backs of intangible assets	(6,569)	(19,113)
220. Other operating income/expense	(3,535)	1,053
230. Operating costs	(401,915)	(376,351)
240. Income/losses on equity investments	81	-
250. Net gains or losses on the fair value valuation of tangible and intangible assets	-	-
260. Adjustments to goodwill	-	-
270. Income/losses on sale of investments	-	-
280. Income/loss before tax on current operations	285,666	278,297
290. Income taxes on current operations	(32,717)	(52,677)
300. Income/loss after tax on current operations	252,949	225,620
310. Income/loss after tax on groups of assets held for sale	(28,507)	(34,789)
320. Net profit/loss for the year	224,442	190,831
330. Minority interests in net income/loss for the year	(64)	(46)
340. Parent company interest in net income/loss for the year	224,378	190,785

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

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Statement of changes in consolidated shareholders' equity

(All figures in thousands of euros)

	Balance as at 31.12.2004 (*)		Change to opening balance		Balance as at 1.1.2005 (**)		Allocation of income for the previous year		Changes in the year										Shareholders' equity as at 31.12.2005					
									Reserves		Dividends and other		Changes in reserves		Transactions involving shareholders' equity						Net profit/loss for the year as at 31.12.2005			
															Issue of new shares		Purchase of own shares						Distribution of extraordinary dividends	Change in capital instruments
Group	Third parties	Group	Third parties	Group	Third parties	Group	Third parties	Group	Third parties	Group	Third parties	Group	Third parties	Group	Third parties	Group	Third parties							
Capital:	186,255	-	-	186,255	-	-	-	-	-	-	-	-	-	-	-	-	-	186,255	-					
a) Ordinary shares	186,255	-	-	186,255	-	-	-	-	-	-	-	-	-	-	-	-	-	186,255	-					
b) Other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
Additional paid-in capital	-	-	-	-	-	-	-	-	-	301	-	-	-	-	-	-	-	301	-					
Reserves:	261,399	1,906	12,956	274,355	1,906	79,421	(1,001)	-	(2,891)	(742)	-	-	-	-	-	-	6	-	350,891	163				
a) from net income	148,431	1,906	12,956	161,387	1,906	79,421	(1,001)	-	(2,891)	(742)	-	-	-	-	-	-	6	-	237,923	163				
b) other	112,968	-	-	112,968	-	-	-	-	-	-	-	-	-	-	-	-	-	-	112,968	-				
Valuation reserves:	16,083	-	-	16,083	-	-	-	-	2,858	-	-	-	-	-	-	-	-	-	18,941	-				
a) available for sale	-	-	-	-	-	-	-	-	(1)	-	-	-	-	-	-	-	-	-	(1)	-				
b) hedging of financial flows	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
c) other	16,083	-	-	16,083	-	-	-	-	2,859	-	-	-	-	-	-	-	-	-	18,942	-				
Capital instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Own shares (***)	-	-	(64,512)	(64,512)	-	-	-	-	-	10,073	-	-	-	-	-	-	-	-	(54,439)	-				
Net profit/loss for the year	233,868	(1,001)	-	233,868	(1,001)	(79,421)	1,001	(154,447)	-	-	-	-	-	-	-	-	-	190,785	51	190,785	51			
Shareholders' equity	697,605	905	(51,556)	646,049	905	-	-	(154,447)	(33)	(742)	10,374	-	-	-	-	-	6	190,785	51	692,734	214			

(*) Balances resulting from the adoption of the IAS/IFRS, excepting IAS 32 and IAS 39.

(**) Balances resulting from the adoption of the IAS/IFRS, including IAS 32 and IAS 39.

(***) Own shares was deducted from shareholders' equity at cost.



Statement of changes in consolidated shareholders' equity

(All figures in thousands of euros)

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

(*) Minority interests in the 2005 financial year did not include the €5,000 loss regarding the companies in the Wargny Group, which were reconstituted line by line at 31.12.2006.



Group cash flow statement

(All figures in thousands of euros)

	2006	2005
A. OPERATING ACTIVITIES		
1. Operations	349,419	356,566
Net profit/loss	224,378	190,785
Net gains or losses on financial assets held for trading and on assets/liabilities valued at fair value	(2,077)	(19,179)
Net gains or losses on hedging activities	(58)	-
Net gains or losses on financial assets available for sale	(244)	-
Net adjustments/write-backs for impairment losses	(560)	888
Net adjustments/write-backs of tangible and intangible assets	12,047	27,229
Net provisions for risks and charges and other costs/revenues	61,005	71,053
Uncollected net premiums	-	-
Uncollected other insurance income/expense	-	-
Unpaid taxes and levies	32,717	53,558
Net adjustments/write-backs of net value after tax of groups of assets held for sale	28,507	35,820
Other adjustments	(6,296)	(3,588)
2. Cash from/used in financing activities	(2,742,326)	(1,556,391)
Financial assets held for trading	534,136	452,201
Financial assets valued at fair value	6,036	(154,848)
Hedging assets	(10,828)	-
Financial assets available for sale	(2,864,748)	(126)
Due from banks: demand deposits	578,963	(529,726)
Due from banks: other receivables	(1,053,100)	(1,034,723)
Loans to customers	67,215	(289,169)
3. Cash from/used in financial liabilities	2,374,317	1,245,444
Due to banks: demand deposits	(10,562)	15,582
Due to banks: other debts	(51,421)	59,167
Due to customers	2,533,822	1,273,606
Debt securities in issue	768	149,807
Financial liabilities held for trading	12,307	3,348
Financial liabilities valued at fair value	-	-
Hedging liabilities	42,593	-
Other liabilities	(153,190)	(256,066)
Net cash from/used in operating activities	18,590	45,619
B. INVESTMENT ACTIVITIES		
1. Cash from	13,349	139,827
Disposal of subsidiaries	-	130
Dividend income in equity investments	1	-
Sale of financial assets held to maturity	1,121	139,697
Sale of tangible assets	372	-
Sale of intangible assets	11,855	-
Sale of subsidiaries and company divisions	-	-
2. Cash used in	(1,477)	(225,696)
Acquisition of subsidiaries	(1,477)	-
Acquisition of financial assets held to maturity	-	-
Acquisition of tangible assets	-	(3,210)
Acquisition of intangible assets	-	(16,098)
Acquisition of subsidiaries and company divisions	-	(206,388)
Net cash from/used in investing activities	11,872	(85,869)
C. FUNDING ACTIVITIES		
Issue/purchase of own shares	-	(54,439)
Issue/purchase of capital instruments	-	-
Distribution of dividends and other	7,674	91,960
Net cash from/used in funding activities	7,674	37,521
NET CASH GENERATED/USED IN THE YEAR	956	(2,729)

Reconciliation

Cash and cash equivalents at beginning of year	21,673	24,402
Net cash generated/used in the year	956	(2,729)
Cash and cash equivalents: effect of changes in exchange rates	-	-
Cash and cash equivalents at end of year	22,629	21,673





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PART A ACCOUNTING POLICIES

A.1 - GENERAL

SECTION 1

DECLARATION OF COMPLIANCE WITH THE INTERNATIONAL ACCOUNTING STANDARDS

The Consolidated Financial Statements of the Banca Fideuram Group have been prepared pursuant to article 3, paragraph 1, of Italian Legislative Decree No. 38/2005 in accordance with the *International Accounting Standards* (IAS) and *International Financial Reporting Standards* (IFRS) as approved by the European Commission up until 31 December 2006, following the procedure provided for by EC Regulation No. 1606/2002.

With a view to adopting effective guidelines for the interpretation of the 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).

The Consolidated Financial Statements comprise the compulsory statements provided for by IAS 1 (namely a balance sheet, income statement, statement of changes in equity and cash flow statement) and the present Notes to the Consolidated Financial Statements. These are completed by the Directors' Report.

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

The results at 31 December 2006 have been presented alongside the figures for the previous financial year for the purposes of comparison.

The Banca Fideuram Group's Consolidated Financial Statements and the parent company's separate financial statements are audited by Reconta Ernst & Young S.p.A., in accordance with the resolution of the shareholders' meeting of 22 April 2004, which appointed said company as independent auditors for the 2004-2006 three-year period.

The report uses the euro as its functional currency. The figures in this Report are stated in thousands of euros unless specified otherwise.

SECTION 2

GENERAL ACCOUNTING POLICIES

The Consolidated Financial Statements of the Banca Fideuram Group for the 2006 financial year were prepared in accordance with the provisions of EC Regulation No. 1606/2002 and Bank of Italy Circular No. 262 of 22 December 2005.



SECTION 3

SCOPE AND METHODS OF CONSOLIDATION

The companies included in the consolidation of Banca Fideuram S.p.A. at 31 December 2006 are listed below. All the Banca Fideuram Group's subsidiaries, with the exception of the companies in the French Fideuram Wargny Group recognised as assets held for sale, were consolidated line-by-line.

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

This offsetting of equity investments and shareholders' equity is based on the figures at the date when the equity investments were first included in the consolidation. The differences resulting from said comparison are recognised as goodwill under intangible assets if

Name	Type of relationship	Shareholders' equity (*)		Net income/loss		Ownership	
						Held by	%
1. Banca Fideuram S.p.A. - Rome Capital €186,255,207.16 in shares of €0.19 each		Euro	545,495	Euro	207,100		
2. Fideuram Bank (Luxembourg) S.A. - Luxembourg Capital €30,000,000 in shares of €1,225.94 each	1	Euro	60,304	Euro	14,324	BF	99.996%
3. Fideuram Fiduciaria S.p.A. - Rome Capital €1,551,000 in shares of €517 each	1	Euro	2,641	Euro	537	BF	100.000%
4. Fideuram Investimenti SGR S.p.A. - Rome Capital €25,850,000 in shares of €517 each	1	Euro	41,646	Euro	11,974	BF	99.500%
5. Fideuram Gestions S.A. - Luxembourg Capital €10,000,000 in shares of €100 each	1	Euro	17,259	Euro	995	BF	99.939%
6. Fideuram Bank (Suisse) A.G. - Zurich Capital Chf 15,000,000 in shares of Chf 1,000 each	1	Chf	30,224	Chf	6,591	FBL	99.953%
7. Fideuram Asset Management (Ireland) Ltd - Dublin Capital €1,000,000 in shares of €1,000 each	1	Euro	232,378	Euro	218,068	BF	100.000%
8. Sanpaolo Invest SIM S.p.A. - Rome Capital €14,980,000 in shares of €140 each	1	Euro	26,817	Euro	3,380	BF	100.000%
9. Sanpaolo Invest Ireland Ltd - Dublin Capital €500,000 in shares of €1 each	1	Euro	9,281	Euro	8,449	BF	100.000%
10. Financière Fideuram S.A. - Paris (**) Capital €236,761,600 in shares of €25 each	1	Euro	227,378	Euro	7,249	BF	99.998%
11. Euro-Tresorerie S.A. - Paris (**) Capital €200,038,320 in shares of €15.3 each	1	Euro	200,976	Euro	759	FF	99.999%
12. Banque Privée Fideuram Wargny S.A. - Paris (**) Capital €72,530,240 in shares of €40 each	1	Euro	19,432	Euro	(8,659)	FF	99.911%
13. Fideuram Wargny Gestion S.A. - Paris (**) Capital €204,600 in shares of €15.5 each	1	Euro	5,810	Euro	1,369	BPFW	99.955%
14. Fideuram Wargny Gestion S.A.M. - Monaco Capital €2,500,000 in shares of €100 each	1	Euro	5,552	Euro	166	BPFW	99.960%

Legend

Type of relationship:

1 = Control as per sub-paragraph 1, No. 1, art. 2359 of the Italian Civic Code (majority of voting rights at general meeting)

(*) Including the result shown in the next column.

(**) The companies held for sale belonging to Wargny Group have been consolidated in accordance with IFRS 5.

Held by:

BF= Banca Fideuram,

FF= Financière Fideuram,

BPFW= Banque Privée Fideuram Wargny,

FBL= Fideuram Bank (Lux).





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

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

All relations with respect to assets and liabilities, all off-balance-sheet transactions, all income and expenses and all profits and losses resulting from significant transactions between consolidated companies are eliminated.

The financial statements used for the line-by-line consolidation were those as at 31 December 2006, as approved by the competent bodies of the subsidiary undertakings, adjusted where necessary to align them with Group accounting policies.

The financial statements stated in currencies other than those of the EMU countries were translated to euro using the period-end exchange rates. Any exchange rate differences arising from the conversion of the shareholders' equity items of consolidated companies at said exchange rates were included in the consolidated reserves.

The companies in the Wargny Group recognised as assets held for sale (Banque Privée Fideuram Wargny and Fideuram Wargny Gestion S.A.) were consolidated in accordance with IFRS 5 regarding "Non-current assets held for sale".

Compared to 31 December 2005, the scope of consolidation of the Banca Fideuram Group no longer included Fideuram Wargny Active Broker S.A. following its merger with Banque Privée Fideuram Wargny, which took legal effect from 1 January 2006.

It should, moreover, be noted that following the transfer of Banca Fideuram's Divisional Operating Engine to Universo Servizi, Banca Fideuram acquired a 5% stake in the capital of Universo Servizi S.p.A., which was consolidated using the equity method.

SECTION 4

SUBSEQUENT EVENTS

The period for subscribing to the residual public offer by Eurizon Financial Group S.p.A. regarding the ordinary shares in Banca Fideuram ended on 18 January 2007. The offer related to 73,506,652 shares equating to approximately 7.50% of the share capital, a total of 60,767,640 of which were transferred, amounting to 82.67% of the shares which were the target of the residual offer and 6.20% of Banca Fideuram's share capital. At the end of the residual offer, Eurizon owned 98.70% of the bank's share capital, amounting to 967,551,552 shares. This total included the 12,655,273 own shares held by Banca Fideuram. After the residual public offer, Borsa Italiana delisted Banca Fideuram's shares and related covered warrants and certificates from its Mercato Telematico Azionario electronic stock market with effect from 24 January 2007.

On 28 February 2007, the Board of Directors of Banca Fideuram approved a plan for restructuring the Fideuram Wargny Group which involves the following operations:

- Winding up the subsidiaries Banque Privée Fideuram Wargny and Fideuram Wargny Gestion S.A. and recapitalising them as required up to a maximum of €50m, or secondarily and depending on the bank's assessment of the financial, legal and regulatory benefits, selling the companies or company divisions in response to any offers that may be formalised in the run-up to the formal launch of the winding-up process in France or during said process.
- The intra-group sale of the subsidiary Fideuram Wargny Gestion SAM and the Monaco subsidiary of Banque Privée to Fideuram Bank Luxembourg or, alternatively, to Fideuram Bank Suisse.
- The retention of the holding company Financière Fideuram and its subsidiary Euro-Tresorerie.

This process will be launched in Spring 2007 and could be completed by the end of the 2008 financial year.

SECTION 5

OTHER ASPECTS

The financial statements present the results for the year alongside the corresponding figures for 2005 for the purposes of comparison. To this end, it should be noted that the 2005 financial statements were prepared in accordance with the IAS/IFRS standards while the composition of the financial statements and reports complied with Bank of Italy Circular No. 262 of 22 December 2005 and the transitional provisions governing their implementation issued by the Bank of Italy with its Regulation of 22 December 2005. These transitional provisions allowed less detailed information to be provided in the notes to the financial statements for the 2005 financial year only, while nevertheless respecting the IAS/IFRS. The notes to the 2006 financial statements consequently show only the figures for the previous year that were originally published in the 2005 financial statements in accordance with said transitional provisions. In addition, certain 2005 figures for which information was immediately available in the detail format required by the Bank of Italy provisions has also been incorporated with a view to enabling readers of the financial statements to gain a more complete understanding of the document.

A.2 - MAIN FINANCIAL STATEMENT ITEMS

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

SECTION 1

FINANCIAL ASSETS HELD FOR TRADING

Financial assets held for trading include the following:

- Debt securities and equities purchased principally to obtain short-term profits
- Derivative contracts excepting 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 recognised at their fair value with a balancing entry in the income statement.

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

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

SECTION 2

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.

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

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

Certain unlisted equities, the fair value of which, it is considered, cannot be calculated in a reliable or



verifiable manner, are recognised in the financial statements at cost and written down in those cases where a loss due to decline in value is verified.

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

Situations in which a loss due to a decline in value is deemed to have occurred are verified by the Group on the basis of its valuation experience 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. Any such write-backs are therefore made with respect to the specific shareholders' equity reserve. Conversely, write-backs of debt securities are recorded in the income statement.

Interest on debt securities in this category is calculated using the effective interest rate method and recorded in the income statement.

SECTION 3

FINANCIAL ASSETS HELD TO MATURITY

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

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

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

Gains and losses on financial assets held to maturity are recognised in the income statement when these assets are written off or when their value decreases, as well as through the amortisation process.

Losses from declines 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 are not designated from purchase as assets available for sale.

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

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

The book value of loans is periodically checked for any decline in value that could lead to a reduction in their estimated realisable value, considering both the solvency of any specific debtors with payment difficulties and the debt servicing difficulties of debtors' market sectors or countries of residence, also taking into account any collateral and negative economic trends regarding comparable categories of loans.

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

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

The decision to designate a loan as an impaired loan is taken by the bank's operating structures in conjunction with its central credit control functions.

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 as 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 estimated collections and related due dates

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

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

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

SECTION 5

FINANCIAL ASSETS VALUED AT FAIR VALUE

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

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



SECTION 6

HEDGING TRANSACTIONS

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

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

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

SECTION 7

EQUITY INVESTMENTS

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

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

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

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

SECTION 8

TANGIBLE ASSETS

Tangible assets include:

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

Immovable property used for operating purposes is defined as buildings owned (or leased under financial leasing contracts) that are used for the production and supply of services or for administrative purposes, and which have a useful life that is longer than a financial year.

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



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

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

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

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

The useful life of tangible assets subject to depreciation is verified periodically. In the event of adjustments to the initial estimates being required, the depreciation rate is consequently also changed. In addition, at every accounting reference date, the bank also verifies whether there are any signs of an asset having suffered an impairment loss. If this is the case, the bank proceeds to calculate the recoverable value of the asset, which is the higher of net sale price and value in use. Should the reasons for the impairment loss cease to apply, the recoverable value of the asset must be estimated.

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

SECTION 9

INTANGIBLE ASSETS

Intangible assets are identifiable non-monetary assets without physical substance, possessed for long-term use. They include goodwill, incremental costs on buildings that are not owned and not leased under financial leasing agreements, and software developed 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 amortisation, but to a periodical test to verify the appropriateness of its book value. The value of goodwill is reduced if its recoverable value is lower than its book value. Recoverable value is taken to be the greater of the fair value of the unit generating the financial flows, less costs to sell, and its value in use, which is the present value of estimated future cash flows expected to arise from the continuing operation of the unit generating financial flows and from its disposal at the end of its useful life.

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

The intangible assets generated by software that has been developed internally or purchased from third



parties is amortised on a straight-line basis, from the time of its completion and commissioning, over its related useful life, which is estimated to be three years. Whenever the recoverable value of these assets is less than their book value, the difference is recognised in the income statement.

SECTION 10

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and liabilities held for sale

Non-current assets held for sale are recognised at the lower of book value and fair value net of sales costs. Since these assets are no longer operating assets, their financial results are recorded separately in the balance sheet and income statement.

Individual non-current assets, entities generating financial flows and groups or individual units of such entities are only classified as “assets held for sale” when their sale is considered highly likely.

SECTION 11

CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES

Income taxes, calculated in accordance with national tax legislation, are accounted for 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 companies in the Banca Fideuram Group avail themselves, as subsidiaries of parent company Sanpaolo IMI (now Intesa Sanpaolo), of the “istituto del consolidato fiscale nazionale” tax consolidation regime introduced by Italian Legislative Decree No. 344

of 12/12/2003. 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 individual company in the consolidation, 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.

Whenever the deferred tax assets and liabilities refer to components recognised in the income statement, the balancing entry is under income taxes.

In cases where 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 for shareholders' equity, in respect of the specific reserves provided for, if any (e.g. valuation reserves).

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 likely that financial resources will have to be disbursed to fulfil the obligation.
- It is possible to make a reliable estimate of the probable future disbursement.

These provisions include the provisions set aside to cover losses on legal disputes, including claims from receivers, estimated disbursements arising from customer complaints regarding the brokerage of securities, and contractual indemnity payments due to Private Bankers, as well as the provisions set aside for the Network Loyalty Schemes.

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

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

The provision for personnel expenses includes the provisions set aside to form the reserve required to pay seniority bonuses to employees. These provisions were determined on the basis of an independent actuary's report, using the methods provided for by 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.

Provision for employment termination indemnities

Liabilities regarding employment termination indemnities are recognised in the financial statements on the basis of their actuarial value since they are the benefits due to employees under a defined-benefit plan.

The recognition of defined-benefit plans in the financial statements requires the Group to perform an actuarial estimate of the benefits accrued by employees on the basis of their work in the current year and in prior years, and to discount these benefits in order to determine the present value of the Group's obligations. The present value of the Group companies' obligations is determined by an external valuer using the projected unit credit method (IAS 19). This method, which falls within the wider field of the methods used for defined-benefit plans, considers every period of work for the company to be an additional unit of entitlement. The actuarial liability therefore needs to be quantified on the basis solely of the length of service accrued at the valuation date. The total liability is therefore generally adjusted in relation to the ratio between the years of service accrued at the reference date of the valuations and the total length of service that would be accrued at the planned benefit payment date. In addition, the said method also takes into consideration future increases in remuneration for any reason (inflation, career progression, renewal of contract etc.) up until the time employment is terminated.



The cost for employment termination indemnity entitlements accrued in the year, recorded in the income statement under staff costs, is equal to the sum of the present average value of the entitlements accrued by the employees present for the activities carried out in the financial year and the annual interest accrued on the present value of the Group's obligations at the beginning of the year, calculated using the discount rate for future disbursements adopted to estimate the liability at the end of the previous financial year.

The actuarial gains and losses, defined as the difference between the book value of the liability and the present value of the Group companies' obligations at period end, are recorded in the financial statements using the corridor method, which is to say only when they exceed 10% of the present value of the obligations at period end. In these circumstances, the excess over 10% is recorded in the income statement in line with the average working life of the employees.

SECTION 13

DEBTS AND DEBT SECURITIES IN ISSUE

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

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

These financial liabilities are initially recognised in the balance sheet at fair value, which is usually the amount collected, adjusted for any transaction costs directly attributable to their issue. The debt securities in issue, with the exception of on-demand and short-term items, are subsequently valued at amortised cost using the effective interest rate method.

The difference between the repurchase price of the debt securities in issue and their book value is recognised

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

SECTION 14

FINANCIAL LIABILITIES HELD FOR TRADING

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

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

SECTION 15

OTHER INFORMATION

Valuation reserves

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

Own shares

Own shares that have been repurchased are recognised at cost in a specific item deducted from Group 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.

Payment in shares

The Group applies the accounting treatment provided

for by IFRS 2 regarding payments based on shares for the stock option plans for its Private Bankers, which have been in place since December 2002.

In accordance with this policy, the options granted are recognised at fair value as at the day they were assigned, which is the date when the plan was approved by the competent bodies. This fair value is a component of fee and commission expense distributed over the period in which the entitlements assigned accrue, recorded as a balancing entry for an unavailable component of shareholders' equity. The total cost recorded in the financial statements for the stock option plans is reversed in the income statement with a balancing entry in respect of the specific unavailable component of shareholders' equity if the options are not exercised for reasons that are independent of market trends.

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

Recognition of costs and revenues

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

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.
- 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.

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 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.

PART B
NOTES TO THE CONSOLIDATED BALANCE SHEET

ASSETS

B - SECTION 1

CASH AND CASH EQUIVALENTS – ITEM 10

1.1 Cash and cash equivalents: analysis

	31.12.2006	31.12.2005
a) Cash	22,629	21,673
b) Demand deposits with Central Banks	-	-
Total	22,629	21,673

B - SECTION 2

FINANCIAL ASSETS HELD FOR TRADING – ITEM 20

2.1 Financial assets held for trading: analysis

	Listed	Unlisted	31.12.2006 Total	31.12.2005 Total
A. Cash assets				
1. Debt securities	42,484	10	42,494	584,417
1.1 Structured securities	869	1	870	-
1.2 Other debt securities	41,615	9	41,624	584,417
2. Equities	-	-	-	-
3. Units in mutual funds	89	26	115	86
4. Loans	-	-	-	-
4.1 Repurchase agreement assets	-	-	-	-
4.2 Other	-	-	-	-
5. Impaired assets	-	-	-	-
6. Assets disposed of but not written off	-	-	-	919
Total A	42,573	36	42,609	585,422
B. Derivatives				
1. Financial derivatives	-	9,103	9,103	2,815
1.1 Held for trading	-	9,103	9,103	2,815
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	-	9,103	9,103	2,815
Total (A+B)	42,573	9,139	51,712	588,237

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

	31.12.2006	31.12.2005
A. Cash assets		
1. Debt securities	42,494	584,417
a) Governments and Central Banks	41,383	323,786
b) Other public entities	-	62,354
c) Banks	940	152,628
d) Other issuers	171	45,649
2. Equities	-	-
a) Banks	-	-
b) Other issuers:	-	-
- Insurance companies	-	-
- Financial institutions	-	-
- Non-financial companies	-	-
- Other	-	-
3. Units in mutual funds	115	86
4. Loans	-	-
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other parties	-	-
5. Impaired assets	-	-
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other issuers	-	-
6. Assets disposed of but not written off	-	919
a) Governments and Central Banks	-	919
b) Other public entities	-	-
c) Banks	-	-
d) Other issuers	-	-
Total A	42,609	585,422
B. Derivatives		
a) Banks	8,629	1,857
b) Customers	474	958
Total B	9,103	2,815
Total (A+B)	51,712	588,237



2.3 Financial assets held for trading: trading derivatives

	Interest rates	Currencies and gold	Equities	Loans	Other	31.12.2006 Total	31.12.2005 Total
A) Listed derivatives							
1) Financial derivatives:	-	-	-	-	-	-	-
• with exchange of capital	-	-	-	-	-	-	-
- options purchased	-	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-	-
• without exchange of capital	-	-	-	-	-	-	-
- options purchased	-	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-	-
2) Credit derivatives:	-	-	-	-	-	-	-
• with exchange of capital	-	-	-	-	-	-	-
• without exchange of capital	-	-	-	-	-	-	-
Total A	-	-	-	-	-	-	-
B) Unlisted derivatives							
1) Financial derivatives:	82	8,871	150	-	-	9,103	2,815
• with exchange of capital	-	7,025	-	-	-	7,025	2,300
- options purchased	-	-	-	-	-	-	-
- other derivatives	-	7,025	-	-	-	7,025	2,300
• without exchange of capital	82	1,846	150	-	-	2,078	515
- options purchased	-	147	150	-	-	297	-
- other derivatives	82	1,699	-	-	-	1,781	515
2) Credit derivatives:	-	-	-	-	-	-	-
• with exchange of capital	-	-	-	-	-	-	-
• without exchange of capital	-	-	-	-	-	-	-
Total B	82	8,871	150	-	-	9,103	2,815
Total (A+B)	82	8,871	150	-	-	9,103	2,815

2.4 Cash financial assets held for trading (other than assets disposed of but not written off and impaired assets): changes in the year

	Debt securities	Equities	Units in mutual funds	Loans	Total
A. Opening balance	584,417	-	86	-	584,503
B. Increases	5,348,634	4,448	373	-	5,353,455
B.1 Purchases	5,347,918	4,448	370	-	5,352,736
B.2 Increases in fair value	18	-	3	-	21
B.3 Other increases	698	-	-	-	698
C. Decreases	5,890,557	4,448	344	-	5,895,349
C.1 Sales	3,170,730	4,307	343	-	3,175,380
C.2 Redemptions	2,708,855	-	-	-	2,708,855
C.3 Decreases in fair value	29	-	-	-	29
C.4 Other decreases	10,943	141	1	-	11,085
D. Closing balance	42,494	-	115	-	42,609

B - SECTION 3

FINANCIAL ASSETS VALUED AT FAIR VALUE - ITEM 30

3.1 Financial assets valued at fair value: analysis

	Listed	Unlisted	31.12.2006 Total	31.12.2005 Total
1. Debt securities (*)	2,402	166,979	169,381	172,754
1.1 Structured securities	-	-	-	-
1.2 Other debt securities	2,402	166,979	169,381	172,754
2. Equities	-	-	-	-
3. Units in mutual funds	-	1,803	1,803	-
4. Loans	-	-	-	-
4.1 Structured	-	-	-	-
4.2 Other	-	-	-	-
5. Impaired assets	-	-	-	-
6. Assets disposed of but not written off	-	-	-	-
Total	2,402	168,782	171,184	172,754
Cost	2,402	120,777	123,179	148,046

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

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

1. Debt securities		169,381	172,754
a) Governments and Central Banks		2	13,259
b) Other public entities		-	-
c) Banks		-	256
d) Other issuers		169,379	159,239
2. Equities		-	-
a) Banks		-	-
b) Other issuers:		-	-
- Insurance companies		-	-
- Financial institutions		-	-
- Non-financial companies		-	-
- Other		-	-
3. Units in mutual funds		1,803	-
4. Loans		-	-
a) Governments and Central Banks		-	-
b) Other public entities		-	-
c) Banks		-	-
d) Other parties		-	-
5. Impaired assets		-	-
a) Governments and Central Banks		-	-
b) Other public entities		-	-
c) Banks		-	-
d) Other parties		-	-
6. Assets disposed of but not written off		-	-
a) Governments and Central Banks		-	-
b) Other public entities		-	-
c) Banks		-	-
d) Other parties		-	-
Total		171,184	172,754



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

	Debt securities	Equities	Units in mutual funds	Loans	Total
A. Opening balance	172,754	-	-	-	172,754
B. Increases	14,437	-	1,803	-	16,240
B.1 Purchases	9,912	-	1,746	-	11,658
B.2 Increases in fair value	3,738	-	57	-	3,795
B.3 Other increases	787	-	-	-	787
C. Decreases	17,810	-	-	-	17,810
C.1 Sales	12,443	-	-	-	12,443
C.2 Redemptions	5,255	-	-	-	5,255
C.3 Decreases in fair value	24	-	-	-	24
C.4 Other decreases	88	-	-	-	88
D. Closing balance	169,381	-	1,803	-	171,184

B - SECTION 4

FINANCIAL ASSETS AVAILABLE FOR SALE - ITEM 40

4.1 Financial assets available for sale: analysis

	Listed	Unlisted	31.12.2006 Total	31.12.2005 Total
1. Debt securities	2,383,309	61,221	2,444,530	-
1.1 Structured securities	3,916	-	3,916	-
1.2 Other debt securities	2,379,393	61,221	2,440,614	-
2. Equities	-	55	55	126
2.1 Valued at fair value	-	4	4	-
2.2 Valued at cost	-	51	51	126
3. Units in mutual funds	49,905	-	49,905	-
4. Loans	-	-	-	-
5. Impaired assets	-	-	-	-
6. Assets disposed of but not written off	370,628	-	370,628	-
Total	2,803,842	61,276	2,865,118	126

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

	31.12.2006	31.12.2005
1. Debt securities	2,444,530	-
a) Governments and Central Banks	919,828	-
b) Other public entities	-	-
c) Banks	997,323	-
d) Other issuers	527,379	-
2. Equities	55	126
a) Banks	-	-
b) Other issuers:	55	126
- Insurance companies	-	-
- Financial institutions	2	-
- Non-financial companies	53	126
- Other	-	-
3. Units in mutual funds	49,905	-
4. Loans	-	-
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other parties	-	-
5. Impaired assets	-	-
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other parties	-	-
6. Assets disposed of but not written off	370,628	-
a) Governments and Central Banks	364,523	-
b) Other public entities	-	-
c) Banks	6,105	-
d) Other parties	-	-
Total	2,865,118	126

4.3 Financial assets available for sale: hedged assets

	31.12.2006		31.12.2005	
	Fair value	Financial flows	Fair value	Financial flows
1. Debt securities	899,761	-	-	-
2. Equities	-	-	-	-
3. Units in mutual funds	-	-	-	-
4. Loans	-	-	-	-
5. Portfolio	-	-	-	-
Total	899,761	-	-	-





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

	31.12.2006	31.12.2005
1. Financial assets hedged with fair value micro-hedging	899,761	-
a) Interest rate risk	899,761	-
b) Price risk	-	-
c) Exchange rate risk	-	-
d) Credit risk	-	-
e) Other risks	-	-
2. Financial assets hedged with micro-hedging of financial flows	-	-
a) Interest rate risk	-	-
b) Exchange rate risk	-	-
c) Other	-	-
Total	899,761	-

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

	Debt securities	Equities	Units in mutual funds	Loans	Total
A. Opening balance	-	126	-	-	126
B. Increases	3,645,097	26	50,633	-	3,695,756
B1. Purchases	3,592,620	-	49,650	-	3,642,270
B2. Increases in fair value	30,828	-	983	-	31,811
B3. Write-backs recognised in:	-	-	-	-	-
- income statement	-	X	-	-	-
- shareholders' equity	-	-	-	-	-
B4. Transfers from other portfolios	3,002	-	-	-	3,002
B5. Other increases	18,647	26	-	-	18,673
C. Decreases	1,200,567	97	728	-	1,201,392
C1. Sales	1,179,507	-	-	-	1,179,507
C2. Redemptions	1,837	-	-	-	1,837
C3. Decreases in fair value	18,935	-	728	-	19,663
C4. Impairment write-downs	-	-	-	-	-
- income statement	-	-	-	-	-
- shareholders' equity	-	-	-	-	-
C5. Transfers to other portfolios	-	97	-	-	97
C6. Other decreases	288	-	-	-	288
D. Closing balance	2,444,530	55	49,905	-	2,494,490

B - SECTION 5

FINANCIAL ASSETS HELD TO MATURITY - ITEM 50

5.1 Financial assets held to maturity: analysis

	31.12.2006		31.12.2005	
	Book value	Fair value	Book value	Fair value
1. Debt securities	3,541	3,542	4,662	4,661
1.1 Structured securities	-	-	-	-
1.2 Other securities	3,541	3,542	4,662	4,661
2. Loans	-	-	-	-
3. Impaired assets	-	-	-	-
4. Assets disposed of but not written off	-	-	-	-
Total	3,541	3,542	4,662	4,661

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

	31.12.2006	31.12.2005
1. Debt securities	3,541	4,662
a) Governments and Central Banks	3,541	4,662
b) Other public entities	-	-
c) Banks	-	-
d) Other issuers	-	-
2. Loans	-	-
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other parties	-	-
3. Impaired assets	-	-
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other parties	-	-
4. Assets disposed of but not written off	-	-
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other parties	-	-
Total	3,541	4,662

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

	Debt securities	Loans	Total
A. Opening balance	4,662	-	4,662
B. Increases	-	-	-
B.1 Purchases	-	-	-
B.2 Write-backs	-	-	-
B.3 Transfers from other portfolios	-	-	-
B.4 Other increases	-	-	-
C. Decreases	1,121	-	1,121
C.1 Sales	-	-	-
C.2 Redemptions	1,120	-	1,120
C.3 Write-downs	-	-	-
C.4 Transfers to other portfolios	-	-	-
C.5 Other decreases	1	-	1
D. Closing balance	3,541	-	3,541

B - SECTION 6

DUE FROM BANKS - ITEM 60

6.1 Due from banks: analysis

	31.12.2006	31.12.2005
A. Due from Central Banks	32,962	19,519
1. Time deposits	-	-
2. Statutory reserve	32,962	19,519
3. Repurchase agreement assets	-	-
4. Other	-	-
B. Due from banks	5,065,158	4,604,464
1. Current accounts and demand deposits	725,770	1,304,733
2. Time deposits	2,423,266	2,117,841
3. Other loans	842,890	320,767
3.1 Repurchase agreement assets	842,310	318,535
3.2 Finance leases	-	-
3.3 Other	580	2,232
4. Debt securities	323,245	163,535
4.1 Structured	215,907	-
4.2 Other debt securities	107,338	163,535
5. Impaired assets	-	-
6. Assets disposed of but not written off (*)	749,987	697,588
Total (book value)	5,098,120	4,623,983
Total (fair value)	5,075,079	4,619,942

(*) The item Assets disposed of but not written off regards securities issued by Sanpaolo Bank S.A. under repurchase lending agreements with customers.

6.2 Due from banks: hedged assets

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

B - SECTION 7

LOANS TO CUSTOMERS - ITEM 70

7.1 Loans to customers: analysis

	31.12.2006	31.12.2005
1. Current accounts	783,043	750,766
2. Repurchase agreement assets	61,269	230,052
3. Loans	69,339	70,649
4. Credit cards, personal loans and loans with repayments deducted directly from wages	27,365	22,429
5. Finance leases	-	-
6. Factoring	-	-
7. Other transactions	18,628	43,188
8. Debt securities	100,431	-
8.1 Structured	100,431	-
8.2 Other debt securities	-	-
9. Impaired assets (*)	4,974	8,405
10. Assets disposed of but not written off	-	-
Total (book value)	1,065,049	1,125,489
Total (fair value)	1,065,041	1,125,489

(*) Impaired assets comprised non-performing loans totalling €2,572,000 and loans more than 180 days overdue totalling €2,402,000.

7.2 Loans from customers: analysis by debtors/issuers

1. Debt securities	100,431	-
a) Governments	-	-
b) Other public entities	-	-
c) Other issuers	100,431	-
- Non-financial companies	-	-
- Financial institutions	100,431	-
- Insurance companies	-	-
- Other	-	-
2. Loans	959,644	1,117,084
a) Governments	-	-
b) Other public entities	11	-
c) Other parties	959,634	1,117,084
- Non-financial companies	204,496	196,079
- Financial institutions	78,770	242,938
- Insurance companies	1,681	19,818
- Other	674,687	658,249
3. Impaired assets	4,974	8,405
a) Governments	-	-
b) Other public entities	-	-
c) Other parties	4,974	8,405
- Non-financial companies	396	1,216
- Financial institutions	-	176
- Insurance companies	-	-
- Other	4,578	7,013
4. Assets disposed of but not written off	-	-
a) Governments	-	-
b) Other public entities	-	-
c) Other parties	-	-
- Non-financial companies	-	-
- Financial institutions	-	-
- Insurance companies	-	-
- Other	-	-
Total	1,065,049	1,125,489

B - SECTION 8

HEDGING DERIVATIVES - ITEM 80

8.1 Hedging derivatives: analysis by type of contract and underlying asset

	Interest rates	Currencies and gold	Equities	Loans	Other	31.12.2006 Total
A) Listed						
1) Financial derivatives:	-	-	-	-	-	-
• with exchange of capital	-	-	-	-	-	-
- options purchased	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-
• without exchange of capital	-	-	-	-	-	-
- options purchased	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-
2) Credit derivatives:	-	-	-	-	-	-
• with exchange of capital	-	-	-	-	-	-
• without exchange of capital	-	-	-	-	-	-
Total A	-	-	-	-	-	-
B) Unlisted						
1) Financial derivatives:	10,886	-	-	-	-	10,886
• with exchange of capital	-	-	-	-	-	-
- options purchased	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-
• without exchange of capital	10,886	-	-	-	-	10,886
- options purchased	-	-	-	-	-	-
- other derivatives	10,886	-	-	-	-	10,886
2) Credit derivatives:	-	-	-	-	-	-
• with exchange of capital	-	-	-	-	-	-
• without exchange of capital	-	-	-	-	-	-
Total (B)	10,886	-	-	-	-	10,886
Total (A+B) at 31.12.2006	10,886	-	-	-	-	10,886
Total (A+B) at 31.12.2005	-	-	-	-	-	-

8.2 Hedging derivatives: analysis by portfolio hedged and type of hedging (book value)

	Fair value					Macro-hedging	Financial flows	
	Micro-hedging						Micro-hedging	Macro-hedging
	Interest rate risk	Exchange rate risk	Credit risk	Price risk	Other risks			
1. Financial assets available for sale	10,876	-	-	-	-	X	-	X
2. Loans	10	-	-	X	-	X	-	X
3. Financial assets held to maturity	X	-	-	X	-	X	-	X
4. Portfolio	X	X	X	X	X	-	X	-
Total assets	10,886	-	-	-	-	-	-	-
1. Financial liabilities	-	-	-	X	-	X	-	X
2. Portfolio	X	X	X	X	X	-	X	-
Total liabilities	-	-	-	-	-	-	-	-



B - SECTION 10

EQUITY INVESTMENTS - ITEM 100

10.1 Equity investments in jointly-controlled entities (carried at equity) and in entities subject to considerable influence: information on equity relationships

Name	Registered office	Type of relationship	Ownership		% votes
			Held by	% owned	
Companies					
Studi e Ricerche Fiscali - Consorzio	Rome	1	Banca Fideuram	10.00	10.00
Universo Servizi S.p.A.	Milan	1	Banca Fideuram	5.00	5.00
Società Gestione per il Realizzo	Rome	1	Banca Fideuram	0.634	0.634

1. Entity subject to significant influence

10.2 Equity investments in jointly-controlled entities and in entities subject to considerable influence: accounting information

Name	Total assets	Total revenues	Net profit/ Loss	Shareholders' Equity (*)	Consolidated book value	Fair value
A. Investments carried at equity						
A.2 Entities subject to considerable influence						
1. Studi e Ricerche Fiscali - Consorzio	782	2,110	-	258	26	26
2. Universo Servizi	91,743	109,982	1,629	21,665	1,461	1,461
3. Società Gestione per il Realizzo	65,838	10,314	(415)	24,388	97	97

(*) Including the result in the previous column.



10.3 Equity investments: changes in the year

	31.12.2006	31.12.2005
A. Opening balance	26	26
B. Increases	1,558	-
B1. Purchases	-	-
B2. Write-backs	-	-
B3. Revaluations	-	-
B4. Other increases	1,558	-
C. Decreases	-	-
C1. Sales	-	-
C2. Write-downs	-	-
C3. Other decreases	-	-
D. Closing balance	1,584	26
E. Total revaluations	-	-
F. Total adjustments	-	-

B - SECTION 12

TANGIBLE ASSETS - ITEM 120

12.1 Tangible assets: analysis of assets valued at cost

	31.12.2006	31.12.2005
A. Functional assets		
1.1 Owned	45,288	51,138
a) land	25,125	25,125
b) buildings	12,372	13,945
c) furniture	3,927	4,515
d) electronic equipment	731	2,593
e) other	3,133	4,960
1.2 Purchased under financial leasing agreements	-	-
a) land	-	-
b) buildings	-	-
c) furniture	-	-
d) electronic equipment	-	-
e) other	-	-
Total A	45,288	51,138
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)	45,288	51,138

12.3 Functional tangible assets: changes in the year

	Land	Buildings	Furniture	Electronic equipment	Other	Total
A. Gross opening balance	25,125	78,639	26,647	42,678	41,955	215,044
A.1 Total net impairments	-	(64,694)	(22,132)	(40,085)	(36,995)	(163,906)
A.2 Net opening balance	25,125	13,945	4,515	2,593	4,960	51,138
B. Increases	-	202	1,557	36,966	11,713	50,438
B.1 Purchases	-	173	1,198	637	747	2,755
B.2 Expenditures for capitalised improvements	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Increases in fair value recognised in:	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
B.5 Positive exchange rate differences	-	-	-	-	-	-
B.6 Transfers from investment property	-	-	-	-	-	-
B.7 Other increases (*)	-	29	359	36,329	10,966	47,683
C. Decreases	-	1,775	2,145	38,828	13,540	56,288
C.1 Sales	-	-	130	5	-	135
C.2 Amortisation	-	1,775	1,445	788	1,470	5,478
C.3 Impairment write-downs recognised in:	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.4 Decreases in fair value recognised in:	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.5 Negative exchange rate differences	-	-	-	-	-	-
C.6 Transfers to:	-	-	-	-	-	-
a) investment tangible assets	-	-	-	-	-	-
b) assets held for sale	-	-	-	-	-	-
C.7 Other decreases (*)	-	-	570	38,035	12,070	50,675
D. Net closing balance	25,125	12,372	3,927	731	3,133	45,288
D.1 Total net impairments	-	66,786	26,157	3,946	23,063	119,952
D.2 Gross closing balance	25,125	79,158	30,084	4,677	26,196	165,240
E. Valuation at cost	-	-	-	-	-	-

(*) The amounts recorded under other increases and other decreases mainly refer to the hardware transferred to Universo Servizi following the transfer of the DOE company division.

The depreciation rates applied to tangible assets were as follows (% range):

Buildings: 3%

Furniture: between 12% and 15%

Electronic equipment: between 20% and 40%

Other: between 7.5% and 30%

B - SECTION 13

INTANGIBLE ASSETS - ITEM 130

13.1 Intangible assets: analysis by type of asset

	31.12.2006		31.12.2005	
	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	6,237	-	24,661	-
A.2.1 Assets valued at cost:	6,237	-	24,661	-
a) Internally generated intangible assets	93	-	146	-
b) Other assets	6,144	-	24,515	-
A.2.2 Assets valued at fair value:	-	-	-	-
a) Internally generated intangible assets	-	-	-	-
b) Other assets	-	-	-	-
Total	6,237	-	24,661	-

13.2 Intangible assets: changes in the year

	Goodwill	Other intangible assets: generated internally		Other intangible assets: other		Total
		Finite life	Indefinite life	Finite life	Indefinite life	
A. Opening balance	-	170	-	87,898	-	88,068
A.1. Total net impairments	-	(24)	-	(63,383)	-	(63,407)
A.2 Net opening balance	-	146	-	24,515	-	24,661
B. Increases	-	29	-	7,665	-	7,694
B.1 Purchases	-	-	-	6,617	-	6,617
B.2 Increases in internally generated intangible assets	X	-	-	-	-	-
B.3 Write-backs	X	-	-	-	-	-
B.4 Increases in fair value recognised in:	X	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
B.5 Positive exchange rate differences	-	-	-	-	-	-
B.6 Other increases	-	29	-	1,048	-	1,077
C. Decreases	-	82	-	26,036	-	26,118
C.1 Sales	-	-	-	-	-	-
C.2 Write-downs	-	58	-	6,511	-	6,569
- Depreciation and Amortisation	X	58	-	6,511	-	6,569
- Write-downs	-	-	-	-	-	-
+ shareholders' equity	X	-	-	-	-	-
+ income statement	-	-	-	-	-	-
C.3 Decreases in fair value recognised in:	X	-	-	-	-	-
- 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 (*)	-	24	-	19,525	-	19,549
D. Net closing balance	-	93	-	6,144	-	6,237
D.1 Total net adjustments	-	82	-	62,155	-	62,237
E. Gross closing balance	-	175	-	68,299	-	68,474
F. Valuation at cost	-	-	-	-	-	-

(*) This amount mainly refers to the software transferred to Universo Servizi following the transfer of the DOE company division.

The amortisation rate applied to intangible assets, mainly software, was 33.33%.

B - SECTION 14

TAX ASSETS AND TAX LIABILITIES - ASSETS ITEM 140 AND LIABILITIES ITEM 80

14.1 Deferred tax assets: analysis

	31.12.2006	31.12.2005
Breakdown of deferred tax assets:		
- Provisions for future charges	44,005	43,315
- Adjustments to equity investments	-	3,049
- Bonus and advance commission payments to the Private Banker Networks	23,747	16,398
- Adjustments to loans	206	388
- Other (*)	23,968	3,044
Total	91,926	66,194

(*) This amount included €15,721,000 relating to the tax benefit stated for the subholding Financière Fideuram as a consequence of the losses accrued by the Fideuram Wargny Group up until 31 December 2006.

14.2 Deferred tax liabilities: analysis

Deferred tax liabilities	7,279	1,488
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14.3 Change in deferred tax assets (balancing entry in income statement)

1. Opening balance	66,194	64,129
2. Increases	43,717	22,773
2.1 Deferred tax assets recognised in the year	40,369	22,736
a) from prior years	13,558	-
b) due to changes in accounting policies	-	-
c) write-backs	-	-
d) other	26,811	22,736
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	3,348	37
3. Decreases	17,985	20,708
3.1 Deferred tax assets reversed in the year	12,277	17,963
a) rebates	12,277	17,963
b) write-downs for uncollectibility	-	-
c) changes in accounting policies	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	5,708	2,745
4. Closing balance	91,926	66,194



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

	31.12.2006	31.12.2005
1. Opening balance	1,488	12,021
2. Increases	4,874	4,082
2.1 Deferred tax liabilities recognised in the year	221	422
a) from prior years	-	-
b) due to changes in accounting policies	-	-
c) other	221	422
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	4,653	3,660
3. Decreases	570	14,615
3.1 Deferred tax liabilities reversed in the year	-	8,314
a) rebates	-	8,314
b) due to changes in accounting policies	-	-
c) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	570	6,301
4. Closing balance	5,792	1,488

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

1. Opening balance	-	-
2. Increases	1,487	-
2.1 Deferred tax liabilities recognised in the year	1,487	-
a) from prior years	-	-
b) due to changes in accounting policies	-	-
c) other (*)	1,487	-
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	-	-
3.1 Deferred tax liabilities reversed in the year	-	-
a) rebates	-	-
b) due to changes in accounting policies	-	-
c) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	1,487	-

(*) This amount regards tax on the gains made on the AFS stock recognised in Shareholders' Equity.

Banca Fideuram S.p.A. received a report from the Latium Regional Tax Police concerning the 2003 and 2004 tax years with respect to the overall tax treatment of the Private Banker Loyalty Schemes (Partnership), together with a number of other lesser matters. Where these schemes were concerned, the report questioned the tax treatment chosen by the bank. An examination of this problem, which was conducted in considerable depth, concluded that the tax treatment adopted in past financial years could be considered valid. The Bank did not therefore make any special provisions to cover future litigation, considering the risk remote.

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.

B - SECTION 15

NON-CURRENT ASSETS AND GROUPS OF ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES - ASSETS ITEM 150 AND LIABILITIES ITEM 90**15.1 Non-current assets and groups of assets held for sale: analysis by type of asset**

	31.12.2006	31.12.2005
A. Individual assets		
A.1 Equity investments	-	-
A.2 Tangible assets	-	-
A.3 Intangible assets	2,365	-
A.4 Other non-current assets	-	-
Total A	2,365	-
B. Groups of assets (operating units disposed of)		
B.1 Financial assets held for trading	21,958	28,511
B.2 Financial assets valued at fair value	-	-
B.3 Financial assets available for sale	-	-
B.4 Financial assets held to maturity	-	-
B.5 Due from banks	32,726	66,427
B.6 Loans to customers	23,321	40,695
B.7 Equity investments	-	-
B.8 Tangible assets	941	-
B.9 Intangible assets	1,076	-
B.10 Other assets	54,178	34,935
Total B	134,200	170,568
C. Liabilities associated with individual assets held for sale		
C.1 Debts	-	-
C.2 Securities	-	-
C.3 Other liabilities	-	-
Total C	-	-
D. Liabilities associated with groups of assets held for sale		
D.1 Due to banks	242	11,557
D.2 Due to customers	62,902	86,306
D.3 Debt securities in issue	-	-
D.4 Financial liabilities held for trading	-	205
D.5 Financial liabilities valued at fair value	-	-
D.6 Provisions	74,396	25,019
D.7 Other liabilities	24,447	40,922
Total D	161,987	164,009



15.2 Other information on non-current assets and groups of assets held for sale and associated liabilities

During 2005, the Board of Directors of Banca Fideuram decided to investigate the opportunities for selling or restructuring the Fideuram Wargny Group. The sale process had not been successfully concluded at the end of the year since the offers received from potential purchasers were not considered sufficient, partly as a result of the difficult financial situation of the Wargny Group.

As part of this process, however, Banque Privée Fideuram Wargny's online brokerage division was sold to Bourse Direct (a subsidiary of the Viel & Cie Group - a leading operator on the French market) on 26 June 2006 for €6.3m. The breakdown in negotiations with the potential buyer of Banque Privée, taking the latter's financial situation into account, led to an assessment of whether to wind up Banque Privée and its subsidiary Fideuram Wargny Gestion S.A., while nevertheless at the same time seeking to maximise the value of the company assets held in which new

potential counterparties might express an interest. On 6 September 2006, Banca Fideuram's Board of Directors decided to set up a treasury company dedicated to managing part of Banca Fideuram's financial assets. The company chosen for this was Euro-Tresorerie S.A. (formerly W.D.W. S.A.), the controlling stake in which was transferred from Banque Privée Fideuram Wargny to Financière Fideuram in the third quarter of the year to ensure a direct chain of control. Euro-Tresorerie commenced operations in the last quarter of the financial year with a capital increase by Financière Fideuram, which was in its turn recapitalised by Banca Fideuram with €200m. The operational decisions described above made it necessary to again include Financière Fideuram, Euro-Tresorerie and Fideuram Wargny Gestion SAM in the consolidation at 31.12.2005, consolidating them line by line and no longer recognising them as "assets held for sale".

B - SECTION 16

OTHER ASSETS - ITEM 160

16.1 Other assets: analysis

	31.12.2006	31.12.2005
Commissions and fees receivable	138,176	129,436
Prepaid expenses relating to Network incentive costs (*)	117,075	93,183
Clearing accounts and other receivables	64,629	25,262
Due from Private Bankers	53,508	39,041
Other tax accounts	42,482	19,766
Transactions in progress	42,239	21,328
Cheques, coupons, prepaid stamp duty etc.	39,270	23,728
Prepaid expenses relating to Unit Linked insurance commissions (**)	13,920	12,135
Unprocessed transactions relating to securities transactions	5,900	45,667
Other	21,139	6,878
Total	538,338	416,424

(*) Prepaid expenses regarding bonuses linked to the quality net/inflow/insurance targets set in the 2002/2003/2004/2005/2006 schemes, linked to the average duration of life premiums written.

(**) Prepaid expenses calculated regarding commission expense paid to the Networks and linked to commission income on the policies calculated in 2003/2004/2005/2006.

LIABILITIES

B - SECTION 1

DUE TO BANKS - ITEM 10

1.1 Due to banks: analysis

	31.12.2006	31.12.2005
1. Due to Central Banks	-	-
2. Due to banks	225,531	287,514
2.1 Current accounts and demand deposits	171,049	181,611
2.2 Time deposits	42,354	104,736
2.3 Loans	7,091	-
2.3.1 Finance leases	-	-
2.3.2 Other	7,091	-
2.4 Debts from commitments to repurchase own equity instruments	-	-
2.5 Liabilities regarding assets disposed of but not written off	5,037	1,000
2.5.1 Repurchase agreement liabilities	5,037	1,000
2.5.2 Other	-	-
2.6 Other debts	-	167
Total	225,531	287,514
Fair value	225,531	287,514

B - SECTION 2

DUE TO CUSTOMERS – ITEM 20

2.1 Due to customers: analysis

	31.12.2006	31.12.2005
1. Current accounts and demand deposits	5,983,930	4,376,880
2. Time deposits	136,491	80,752
3. Third-party funds under management	-	-
4. Loans	426,951	-
4.1 Finance leases	-	-
4.2 Other	426,951	-
5. Debts from commitments to repurchase own equity instruments	-	-
6. Liabilities regarding assets disposed of but not written off	1,125,044	680,904
6.1 Repurchase agreement liabilities	1,125,044	680,904
6.2 Other	-	-
7. Other debts	-	58
Total	7,672,416	5,138,594
Fair value	7,672,416	5,138,594

B - SECTION 3

DEBT SECURITIES IN ISSUE – ITEM 30

3.1 Debt securities in issue: analysis

	31.12.2006		31.12.2005	
	Book value	Fair value	Book value	Fair value
A. Securities - listed	200,374	204,375	199,649	201,397
1. Bonds	200,374	204,375	199,649	201,397
1.1 Structured	-	-	-	-
1.2 Other	200,374	204,375	199,649	201,397
2. Other securities	-	-	-	-
2.1 Structured	-	-	-	-
2.2 Other	-	-	-	-
B. Securities - unlisted	153,890	153,814	153,847	151,408
1. Bonds	150,848	150,772	150,557	148,118
1.1 Structured	-	-	-	-
1.2 Other	150,848	150,772	150,557	148,118
2. Other securities	3,042	3,042	3,290	3,290
2.1 Structured	-	-	-	-
2.2 Other	3,042	3,042	3,290	3,290
Total	354,264	358,189	353,496	352,805

3.2 Breakdown of item 30 "Debt securities in issue": subordinated securities (current regulations)

Type	Book value	Interest rate	Issue date	Maturity date
Variable – rate bonds with half-yearly coupon payments	€200,374,311	Variable (last coupon date 02/10/2006 rate 3.477)	01/10/1999	01/10/2009



B - SECTION 4

FINANCIAL LIABILITIES HELD FOR TRADING - ITEM 40

4.1 Financial liabilities held for trading: analysis

	Nominal value	31.12.2006			Nominal value	31.12.2005		
		Fair Value		Fair value*		Fair Value		Fair value*
		Listed	Unlisted		Listed	Unlisted		
A. Cash Liabilities	-	-	-	-	-	-	-	-
1. Due to banks	-	-	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-	-	-
3.1.1 Structured	-	-	-	X	-	-	-	X
3.1.2 Other bonds	-	-	-	X	-	-	-	X
3.2 Other securities	-	-	-	-	-	-	-	-
3.2.1 Structured	-	-	-	X	-	-	-	X
3.2.2 Other	-	-	-	X	-	-	-	X
Total A	-	-	-	-	-	-	-	-
B. Derivatives								
1. Financial derivatives	X	-	15,655	X	X	-	3,348	X
1.1 Held for trading	X	-	15,655	X	X	-	3,348	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	-	15,655	X	X	-	3,348	X
Total (A+B)	X	-	15,655	X	X	-	3,348	X

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



4.4 Financial liabilities held for trading: derivatives

	Interest rates	Currencies and gold	Equities	Loans	Other	31.12.2006 Total	31.12.2005 Total
A) Listed derivatives							
1) Financial derivatives:	-	-	-	-	-	-	-
• with exchange of capital	-	-	-	-	-	-	-
- Options issued	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-
• without exchange of capital	-	-	-	-	-	-	-
- Options issued	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-
2) Credit derivatives:	-	-	-	-	-	-	-
• with exchange of capital	-	-	-	-	-	-	-
• without exchange of capital	-	-	-	-	-	-	-
Total A	-	-	-	-	-	-	-
B) Unlisted derivatives							
1) Financial derivatives:	275	15,380	-	-	-	15,655	3,348
• with exchange of capital	-	14,927	-	-	-	14,927	2,825
- Options issued	-	-	-	-	-	-	-
- Other derivatives	-	14,927	-	-	-	14,927	2,825
• without exchange of capital	275	453	-	-	-	728	523
- Options issued	-	101	-	-	-	101	-
- Other derivatives	275	352	-	-	-	627	523
2) Credit derivatives:	-	-	-	-	-	-	-
• with exchange of capital	-	-	-	-	-	-	-
• without exchange of capital	-	-	-	-	-	-	-
Total B	275	15,380	-	-	-	15,655	3,348
Total (A+B)	275	15,380	-	-	-	15,655	3,348



B - SECTION 6

HEDGING DERIVATIVES - ITEM 60

6.1 Hedging derivatives: analysis by type of contract and underlying asset

	Interest rates	Currencies and gold	Equities	Loans	Other	31.12.2006 Total
A) Listed						
1) Financial derivatives:	-	-	-	-	-	-
• with exchange of capital	-	-	-	-	-	-
- Options issued	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-
• without exchange of capital	-	-	-	-	-	-
- Options issued	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-
2) Credit derivatives:	-	-	-	-	-	-
• with exchange of capital	-	-	-	-	-	-
• without exchange of capital	-	-	-	-	-	-
Total A	-	-	-	-	-	-
B) Unlisted						
1) Financial derivatives:	42,593	-	-	-	-	42,593
• with exchange of capital	-	-	-	-	-	-
- Options issued	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-
• without exchange of capital	42,593	-	-	-	-	42,593
- Options issued	-	-	-	-	-	-
- Other derivatives	42,593	-	-	-	-	42,593
2) Credit derivatives:	-	-	-	-	-	-
• with exchange of capital	-	-	-	-	-	-
• without exchange of capital	-	-	-	-	-	-
Total B	42,593	-	-	-	-	42,593
Total (A+B) 31.12.2006	42,593	-	-	-	-	42,593
Total (A+B) 31.12.2005	-	-	-	-	-	-

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

	Fair value hedges					Macro-hedging	Hedging of financial flows	
	Interest rate risk	Exchange rate risk	Micro-hedging Credit risk	Price risk	Other risks		Micro-hedging	Macro-hedging
1. Financial assets available for sale	42,576	-	-	-	-	X	-	X
2. Loans	17	-	-	X	-	X	-	X
3. Financial assets held to maturity	X	-	-	X	-	X	-	X
4. Portfolio	X	X	X	X	X	-	X	-
Total assets	42,593	-	-	-	-	-	-	-
1. Financial liabilities	-	-	-	-	-	X	-	X
2. Portfolio	X	X	X	X	X	-	X	-
Total liabilities	-	-	-	-	-	-	-	-



B - SECTION 10**OTHER LIABILITIES - ITEM 100****10.1 Other liabilities: analysis**

	31.12.2006	31.12.2005
Due to Private Bankers	202,542	160,434
Amounts to be collected by customers	113,956	28,992
Due to suppliers	100,667	68,224
Clearing accounts and other payables	86,741	386
Payroll and contributions payable	34,416	43,878
Other tax liabilities	24,826	28,638
Non-liquid balances from portfolio transactions	18,960	14,437
Due to pension and social security institutions	11,532	9,641
Amounts relating to securities transactions	6,085	6,991
Other	18,095	4,032
Total	617,820	365,653

B - SECTION 11**PROVISION FOR EMPLOYMENT TERMINATION INDEMNITIES - ITEM 110****11.1 Provision for employment termination indemnities: changes in the year**

	Total
A. Opening balance	32,047
B. Increases	4,213
B1. Provision for the year	4,054
B2. Other increases	159
C. Decreases	17,676
C1. Indemnities paid	17,592
C2. Other decreases	84
D. Closing balance	18,584

C.1: the item "Indemnities paid" included indemnity payments of €15,697,000 (principally connected with the Universo Servizi operation), advances paid totalling €626,000 and payments of €1,269,000 to the Sanpaolo IMI Group Pension Fund (Italian legislative decree No. 124/93 of 21.4.1993).

B - SECTION 12

PROVISIONS FOR RISKS AND CHARGES - ITEM 120

12.1 Provisions for risks and charges: analysis

	31.12.2006	31.12.2005
1. Company pension funds	-	-
2. Other provisions for risks and charges	219,051	189,509
2.1 Legal disputes, securities in default and complaints	102,261	88,911
2.2 Personnel expenses	4,167	5,337
2.3 Contractual indemnity payments due to Private Bankers	41,111	39,871
2.4 Network loyalty schemes	71,512	55,253
2.5 Other	-	137
Total	219,051	189,509

- 2.1 - The provisions for legal disputes, securities in default and complaints included the provisions set aside to cover losses on legal disputes, including claims from receivers, and the provisions connected with the Group policy regarding corporate securities in default.
- 2.2 - The provision for personnel expenses mainly consisted of the provisions set aside to pay seniority bonuses to employees, determined on the basis of an independent actuary's report, using the methods provided for by IAS 19.
- 2.3 - The contractual indemnity payments due to Private bankers were calculated using actuarial valuations that take the indemnities actually accrued into account, together with the composition of the Network and the indemnities paid to those Private Bankers that had left the Group in the previous 5 financial years. The Provision also included the "meritocratic indemnity" set aside under the "New Collective Economic Agreement for Agents in the Commerce Sector" of 26 February 2002, which came into force on 2 April 2002.
- 2.4 - This provision is the best estimate of the amount due to Private bankers under the Network Loyalty Schemes, calculated using actuarial valuations.

12.2 Provisions for risks and charges: changes in the year

	Pension funds	Other provisions	Total
A. Opening balance	-	189,509	189,509
B. Increases	-	78,442	78,442
B1. Provision for the year	-	65,072	65,072
B2. Changes due to the passage of time	-	7,212	7,212
B3. Changes due to changes in the discount rate	-	-	-
B4. Other increases	-	6,158	6,158
C. Decreases	-	48,900	48,900
C1. Utilisation in the year	-	37,358	37,358
C2. Changes due to changes in the discount rate	-	3,926	3,926
C3. Other decreases	-	7,616	7,616
D. Closing balance	-	219,051	219,051





There were no new developments concerning the investigations launched by the judicial authorities regarding certain of the Banca Fideuram Group's private bankers and a number of employees of its subsidiary Fideuram Bank (Suisse). The cases are all for financial unlawful practice, consisting in the offer of investment services or financial products by someone who is not authorised to do so in Italy, with the exception of one private banker who no longer works with the bank, who is also charged with money laundering. Banca Fideuram, which set up a special working party to carry out a fact-finding study, collaborated as promptly and fully as possible with the Investigating Authorities. On 5 May 2005, the Spoleto Public Prosecutor's Office completed its enquiries into the alleged irregularities of a Sanpaolo Invest SIM private banker with respect to certain customers. The investigation also concerned a number of managers of Sanpaolo Invest SIM who were charged with breaching article 2638 of the Italian Civil Code, the allegation being that they had failed to notify the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB) of the irregularities that had emerged with regard to this affair during an audit of the internal control procedures regarding private bankers. The charge against aforesaid managers also led Sanpaolo Invest SIM and Banca Fideuram (considered jointly responsible as a result of the partial spin-off which transferred the former Sanpaolo Invest SIM banking division to Banca Fideuram) to be charged with administrative responsibility for alleged infringement of Italian law 231/2001. If said responsibility is proven, it will lead to the imposition of penalties that will solely be financial penalties due to the type of offence with which the company managers have been charged. The proceedings, which have only reached the end of the preliminary phase, are being monitored closely by a working party set up within the parent company. The judge at the pretrial hearing on 19 January 2007 ordered that the case be transferred to the Public Prosecutor at the Court of Rome, since the Court of Spoleto was not considered to be the court of competent jurisdiction. The Cagliari Public

Prosecutor's Office launched an investigation into a case of fraud against a number of Sardinian regional bodies, which was completed in February 2005. The investigation, which was launched in response to the alleged irregularities of a former Banca Fideuram private banker, also involved other employees of the bank and other private bankers in the network, with coordination responsibilities. On 16.1.2007, the judge at the pretrial hearing at the Court of Cagliari granted the applications of the Public Prosecutor's Office to start proceedings against all the bank employees, remanding the former private bankers for trial.

B - SECTION 15

SHAREHOLDER'S EQUITY - ITEMS 140, 160, 170, 180, 190, 200 AND 220**15.1 Group equity: analysis**

	31.12.2006	31.12.2005
1. Capital	186,255	186,255
2. Additional paid-in capital	301	301
3. Reserves	384,222	350,891
4. (Own shares)	(54,439)	(54,439)
a) Parent company	(54,439)	(54,439)
b) Subsidiaries	-	-
5. Valuation reserves	19,587	18,941
6. Capital instruments	-	-
7. Group interest in net income / loss for the year	224,378	190,785
Total	760,304	692,734

15.2 "Share capital" and "Own shares": Analysis

The share capital and additional paid-in capital were the same as the amounts for the corresponding items in Banca Fideuram's shareholders' equity. The 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 2006, the share capital totalled €186,255,207 divided into 980,290,564 ordinary shares with a par value €0.19.

At 31 December 2006, Banca Fideuram held 12,655,273 own shares, amounting to 1.3% of the share capital, which was the same as at 31 December 2005. In accordance with IAS 32, these shares were recorded at their historical values, resulting in a €54.4m adjustment to shareholders' equity.



15.3 Share capital - Number of shares held by parent company: changes in the year

	Ordinary	Other
A. Shares at beginning of financial year	980,290,564	-
- fully paid-up	980,290,564	-
- partially paid-up	-	-
A.1 Own shares (-)	(12,655,273)	-
A.2 Outstanding shares: opening balance	967,635,291	-
B. Increases	-	-
B.1 New issues	-	-
- Cash issues:	-	-
- business combination transactions	-	-
- conversion of bonds	-	-
- exercise of warrants	-	-
- other	-	-
- Free issues:	-	-
- for employees	-	-
- for directors	-	-
- other	-	-
B.2 Sale of own shares	-	-
B.3. Other increases	-	-
C. Decreases	-	-
C.1 Cancellation	-	-
C.2 Purchase of own shares	-	-
C.3 Company sale transactions	-	-
C.4 Other decreases	-	-
D. Outstanding shares: closing balance	967,635,291	-
D.1 Own shares (+)	12,655,273	-
D.2 Shares at end of financial year	980,290,564	-
- fully paid-up	980,290,564	-
- partially paid-up	-	-

15.6 Valuation reserves: analysis

	31.12.2006	31.12.2005
1. Financial assets available for sale	1,274	(1)
2. Tangible assets	-	-
3. Intangible assets	-	-
4. Hedging of foreign investments	-	-
5. Hedging of financial flows	-	-
6. Exchange rate differences	(629)	-
7. Non-current assets held for sale	-	-
8. Special revaluation laws	18,942	18,942
Total	19,587	18,941

15.7 Valuation reserves: changes in the year

	Financial assets available for sale	Tangible assets	Intangible assets	Hedging of foreign investments	Hedging of financial flows	Exchange rate differences	Non-current assets held for sale	Special revaluation laws
A. Opening balance	(1)	-	-	-	-	-	-	18,942
B. Increases	3,019	-	-	-	-	-	-	-
B.1 Increases in fair value	3,019	-	-	-	-	-	-	X
B.2 Other increases	-	-	-	-	-	-	-	-
C. Decreases	1,744	-	-	-	-	629	-	-
C.1 Increases in fair value	1,744	-	-	-	-	-	-	X
C.2 Other increases	-	-	-	-	-	629	-	-
D. Closing balance	1,274	-	-	-	-	(629)	-	18,942

15.8 Valuation reserves for financial assets available for sale: analysis

	31.12.2006		31.12.2005	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	3,018	(1,744)	-	-
2. Equities	-	-	-	(1)
3. Units in mutual funds	-	-	-	-
4. Loans	-	-	-	-
Total	3,018	(1,744)	-	(1)





15.9 Valuation reserves for financial assets available for sale: changes in the year

	Debt securities	Equities	Units in mutual funds	Loans
1. Opening balance	-	(1)	-	-
2. Increases	3,018	1	-	-
2.1 Increases in fair value	3,018	-	-	-
2.2 Reclassifications from negative reserves to the income statement	-	-	-	-
- following impairment	-	-	-	-
- following disposal	-	-	-	-
2.3 Other increases	-	1	-	-
3. Decreases	1,744	-	-	-
3.1 Reductions in fair value	1,744	-	-	-
3.2 Adjustments for impairment losses	-	-	-	-
3.3 Reclassifications from positive reserves to the income statement	-	-	-	-
- following disposal	-	-	-	-
3.4 Other decreases	-	-	-	-
4. Closing balance	1,274	-	-	-

B - SECTION 16

MINORITY INTERESTS - ITEM 210

16.1 Minority interests: analysis

	31.12.2006	31.12.2005
1. Capital	-	-
2. Additional paid-in capital	-	-
3. Reserves	134	163
4. (Own shares)	-	-
5. Valuation reserves	-	-
6. Capital instruments	-	-
7. Minority interests in net income / loss for the year (*)	64	51
Total	198	214

(*) Minority interests in the 2005 financial year did not include the €5,000 loss regarding the companies which were reconstituted line by line at 31.12.2006.

OTHER INFORMATION

1. Guarantees and commitments

	31.12.2006	31.12.2005
1. Financial guarantees	67,960	144,076
a) Banks	2,451	67,989
b) Customers	65,509	76,087
2. Commercial guarantees	7,540	7,468
a) Banks	-	-
b) Customers	7,540	7,468
3. Commitments to grant finance	233,839	80,097
a) Banks	200,827	68,984
i) certain to be called on	190,895	59,902
ii) not certain to be called on	9,932	9,082
b) Customers	33,012	11,113
i) certain to be called on	32,922	11,113
ii) not certain to be called on	90	-
4. Commitments underlying credit derivatives: protection sales	-	-
5) Assets pledged as security for third-party liabilities	-	-
6) Other commitments	66	729
Total	309,405	232,370

2. Assets pledged as security for own liabilities and commitments

1. Financial assets held for trading	20,000	21,549
2. Financial assets valued at fair value	-	-
3. Financial assets available for sale	896,304	-
4. Financial assets held to maturity	-	-
5. Due from banks	742,269	697,588
6. Loans to customers	-	-
7. Tangible assets	-	-



5. Administration and trading on behalf of third parties

	31.12.2006
1. Trading in financial instruments on behalf of third parties	1,535,409
a) Purchases	783,387
1. Settled	779,113
2. Not settled	4,274
b) Sales	725,022
1. Settled	746,378
2. Not settled	5,644
2. Asset Management	18,653,952
a) Individual	15,588,367
b) Collective	3,065,585
3. Custody and administration of securities	
a) Third-party securities held on deposit as part of activities as a depository bank (excluding asset management)	45,362,236
1. Securities issued by companies included in the consolidation	-
2. Other securities	45,362,236
b) Other third-party securities held on deposit (excluding asset management): other	34,224,439
1. Securities issued by companies included in the consolidation	390,735
2. Other securities	33,833,704
c) Third-party securities deposited with third parties	33,837,430
d) Portfolio securities deposited with third parties	14,501,106
4. Other transactions	57,023,948

PART C

NOTES TO THE CONSOLIDATED INCOME STATEMENT

C - SECTION 1

INTEREST - ITEMS 10 AND 20

1.1 Interest income and similar revenues: analysis

	Performing financial assets		Impaired financial assets	Other assets	2006	2005
	Debt securities	Loans			Total	Total
1. Financial assets held for trading	10,869	-	-	-	10,869	21,339
2. Financial assets valued at fair value	306	-	-	-	306	646
3. Financial assets available for sale	54,576	-	-	-	54,576	-
4. Financial assets held to maturity	133	-	-	-	133	106
5. Due from banks	28,765	89,875	-	-	118,640	70,250
6. Loans to customers	2,310	43,009	-	-	45,319	30,893
7. Hedging derivatives	X	X	X	-	-	-
8. Financial assets disposed of but not written off	-	-	-	-	-	-
9. Other assets	X	X	X	483	483	113
Total	96,959	132,884	-	483	230,326	123,347

Interest accrued on assets disposed of but not written off is summarised in the categories to which the assets themselves belong.

1.3.1 Interest income on financial assets denominated in foreign currencies

Financial assets denominated in foreign currencies	12,373	8,220
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1.4 Interest expense and similar charges: analysis

	Debts	Securities	Other liabilities	2006 Total	2005 Total
1. Due to banks	5,786	X	53	5,839	4,864
2. Due to customers	120,243	X	-	120,243	65,790
3. Debt securities in issue	X	12,250	-	12,250	7,184
4. Financial liabilities held for trading	-	-	-	-	-
5. Financial liabilities valued at fair value	-	-	-	-	-
6. Financial liabilities regarding assets disposed of but not written off	-	-	-	-	-
7. Other liabilities	X	X	-	-	7
8. Hedging derivatives	X	X	13,056	13,056	-
Total	126,029	12,250	13,109	151,388	77,845

Interest accrued on financial liabilities associated with assets disposed of but not written off is included in "Due to customers" or "Due to banks" according to the counterparties of the transactions.

1.5 Interest expense and similar charges: hedging gains and losses

A. Hedging gains regarding:

A.1 Micro-hedging of fair value of assets	23,109	-
A.2 Micro-hedging of fair value of liabilities	-	-
A.3 Macro-hedging of interest rate risk	-	-
A.4 Micro-hedging of financial flows of assets	-	-
A.5 Micro-hedging of financial flows of liabilities	-	-
A.6 Macro-hedging of financial flows	-	-
Total hedging gains (A)	23,109	-

B. Hedging losses regarding:

B.1 Micro-hedging of fair value of assets	(36,165)	-
B.2 Micro-hedging of fair value of liabilities	-	-
B.3 Macro-hedging of interest rate risk	-	-
B.4 Micro-hedging of financial flows of assets	-	-
B.5 Micro-hedging of financial flows of liabilities	-	-
B.6 Macro-hedging of financial flows	-	-
Total hedging losses (B)	(36,165)	-
Net gains / Losses (A-B)	(13,056)	-

1.6.1 Interest expense on liabilities denominated in foreign currencies

Financial liabilities denominated in foreign currencies	6,899	1,665
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C - SECTION 2

COMMISSION INCOME AND EXPENSE - ITEMS 40 AND 50

2.1 Commission income: analysis

	2006	2005
a) Guarantees given	440	306
b) Credit derivatives	-	-
c) Management, brokerage and advisory services:	1,015,389	957,891
1. Trading in financial instruments	2,647	5,323
2. Currency trading	43	33
3. Asset Management	156,160	216,962
3.1 Individual	117,773	184,163
3.2 Collective	38,387	32,799
4. Custody and administration of securities	12,617	18,234
5. Depository bank	37,755	63,040
6. Placement of securities	20,789	11,442
7. Acceptance of instructions	21,787	20,608
8. Advisory services	4,140	3,489
9. Supply of third-party services	759,451	618,760
9.1 Asset Management:	552,910	455,231
9.1.1 Individual	15,539	15,977
9.1.2 Collective	537,371	439,254
9.2 Insurance products	201,324	161,962
9.3 Other products	5,217	1,567
d) Collection and payment services	5,960	6,402
e) Securitization servicing	-	-
f) Factoring services	-	-
g) Tax collection services	-	-
h) Other services	56,183	48,662
Total	1,077,972	1,013,261

2.2 Commission income: distribution channels for products and services

a) Own branches:	-	-
1. Private banking	-	-
2. Placement of securities	-	-
3. Third-party products and services	-	-
b) Outside branch premises:	936,125	846,764
1. Private banking	156,160	216,962
2. Placement of securities	20,514	11,042
3. Third-party products and services	759,451	618,760
c) Other distribution channels:	275	400
1. Private banking	-	-
2. Placement of securities	275	400
3. Third-party products and services	-	-



2.3 Commission expense: analysis

	2006	2005
a) Guarantees received	-	-
b) Credit derivatives	-	-
c) Management and brokerage services:	449,089	389,098
1. Trading in financial instruments	357	171
2. Currency trading	31	25
3. Asset Management	16,591	-
3.1 Proprietary portfolio	16,591	-
3.2 Third-party portfolio	-	-
4. Custody and administration of securities	5,374	6,302
5. Placement of financial instruments	66	3,976
6. Sales of financial products, products and services through non-branch channels	426,670	378,624
d) Collection and payment services	3,266	3,133
e) Other services	26,210	33,795
Total	478,565	426,026

C - SECTION 3

DIVIDENDS AND SIMILAR INCOME - ITEM 70

3.1 Dividends and similar income: analysis

	2006		2005	
	Dividend income	Income from units in mutual funds	Dividend income	Income from units in mutual funds
A. Financial assets held for trading	-	-	-	-
B. Financial assets available for sale	1	-	1	-
C. Financial assets valued at fair value	-	-	-	-
D. Equity investments	-	X	-	X
Total	1	-	1	-

C - SECTION 4

NET GAINS OR LOSSES ON TRADING ACTIVITIES - ITEM 80

4.1 Net gains or losses on trading activities: analysis

	Gains	Trading profits	Losses	Trading losses	2006 Net gains or losses
1. Financial assets held for trading	21	1,674	(29)	(5,910)	(4,244)
1.1. Debt securities	18	1,655	(29)	(5,675)	(4,031)
1.2. Equities	-	16	-	(230)	(214)
1.3. Units in mutual funds	3	3	-	(5)	1
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	(2,449)
4. Derivatives	93	275	(251)	-	4,304
4.1 Financial derivatives:	93	275	(251)	-	4,304
- Debt derivatives and interest rate derivatives	93	275	(251)	-	117
- Equity derivatives and index derivatives	-	-	-	-	-
- Currencies and gold	X	X	X	X	4,187
- Other	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
Total	114	1,949	(280)	(5,910)	(2,389)

C - SECTION 5

NET GAINS OR LOSSES ON HEDGING ACTIVITIES - ITEM 90

5.1 Net gains or losses on hedging activities: analysis

	2006	2005
A. Gains on:		
A.1 Fair value hedge derivatives	17,470	-
A.2 Hedged financial assets (fair value)	35,994	-
A.3 Hedged financial liabilities (fair value)	-	-
A.4 Financial derivatives hedging financial flows	-	-
A.5 Assets and liabilities denominated in foreign currencies	-	-
Total gains on hedging activities (A)	53,464	-
B. Losses on:		
B.1 Fair value hedge derivatives	(36,065)	-
B.2 Hedged financial assets (fair value)	(17,341)	-
B.3 Hedged financial liabilities (fair value)	-	-
B.4 Financial derivatives hedging financial flows	-	-
B.5 Assets and liabilities denominated in foreign currencies	-	-
Total losses on hedging activities (B)	(53,406)	-
Net gains or losses on hedging activities (A-B)	58	-



C - SECTION 6

INCOME/LOSS FROM SALE AND REPURCHASE - ITEM 100

6.1 Income/loss from sale and repurchase: analysis

	2006			2005		
	Income	Losses	Net gains/ losses	Income	Losses	Net gains/ losses
Financial assets						
1. Due from banks (*)	6,215	-	6,215	3,811	(223)	3,588
2. Loans to customers	-	-	-	-	-	-
3. Financial assets available for sale	571	(327)	244	-	-	-
3.1 Debt securities	571	(327)	244	-	-	-
3.2 Equities	-	-	-	-	-	-
3.3 Units in mutual funds	-	-	-	-	-	-
3.4 Loans	-	-	-	-	-	-
4. Financial assets held to maturity	-	-	-	-	-	-
Total assets	6,786	(327)	6,459	3,811	(223)	3,588
Financial liabilities						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Debt securities in issue	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-

(*) This amount concerns the trading in securities issued by Sanpaolo Bank S.A. under repurchase agreements with customers.



C - SECTION 7

NET GAINS OR LOSSES ON FINANCIAL ASSETS VALUED AT FAIR VALUE - ITEM 110

7.1 Net gains or losses on financial assets/liabilities valued at fair value: analysis

	Gains	Gains on disposal	Losses	Losses on disposal	2006 Net gains or losses
1. Financial assets	3,795	772	(24)	(77)	4,466
1.1 Debt securities	3,738	772	(24)	(77)	4,409
1.2 Equities	-	-	-	-	-
1.3 Units in mutual funds	57	-	-	-	57
1.4 Loans	-	-	-	-	-
2. Financial liabilities	-	-	-	-	-
2.1 Debt securities	-	-	-	-	-
2.2 Due to banks	-	-	-	-	-
2.3 Due to customers	-	-	-	-	-
3. Financial assets and liabilities denominated in foreign currencies: exchange rate differences	X	X	X	X	-
4. Derivatives	-	-	-	-	-
4.1 Financial derivatives	-	-	-	-	-
- debt derivatives and interest rate derivatives	-	-	-	-	-
- equity derivatives and index derivatives	-	-	-	-	-
- currency derivatives and gold derivatives	X	X	X	X	-
- other	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
Total derivatives	-	-	-	-	-
Total	3,795	772	(24)	(77)	4,466

C - SECTION 8

NET ADJUSTMENTS/WRITE-BACKS FOR IMPAIRMENT LOSSES - ITEM 130

8.1 Net adjustments for impairment losses on loans: analysis

	Adjustments			Write-backs				2006 Total	2005 Total
	Specific		Portfolio	Specific		Portfolio			
	Write-offs	Other		Interest	Other write-backs	Interest	Other write-backs		
A. Due from banks	-	-	(7)	-	-	-	38	31	239
B. Loans to customers	-	(1,133)	-	218	694	-	750	529	(1,127)
Total	-	(1,133)	(7)	218	694	-	788	560	(888)

8.2 Net adjustments for impairment losses on financial assets available for sale: analysis

	Adjustments		Write-backs		2006 Total	2005 Total
	Specific		Specific			
	Write-offs	Other	Interest	Other write-backs		
A. Debt securities	-	-	-	-	-	-
B. Equities	-	-	-	-	-	(15)
C. Units in mutual funds	-	-	-	-	-	-
D. Loans to banks	-	-	-	-	-	-
E. Loans to customers	-	-	-	-	-	-
Total	-	-	-	-	-	(15)

8.4 Net adjustments for impairment losses on other financial transactions: analysis

	Adjustments			Write-backs				2006 Total	2005 Total
	Specific		Portfolio	Specific		Portfolio			
	Write-offs	Other		Interest	Other write-backs	Interest	Other write-backs		
A. Guarantees issued	-	-	-	-	-	-	-	-	-
B. Credit derivatives	-	-	-	-	-	-	-	-	-
C. Commitments to grant finance	-	-	-	-	-	-	-	-	-
D. Other transactions	-	-	-	-	-	-	-	-	(11)
Total	-	-	-	-	-	-	-	-	(11)

C - SECTION 11

ADMINISTRATIVE COSTS - ITEM 180

11.1 Staff costs: analysis

	2006	2005
1) Employees	115,977	133,043
a) Wages and salaries	77,804	91,245
b) Social security contributions	19,637	24,118
c) Termination indemnities	457	-
d) Pension costs	2,649	3,231
e) Provision for employee termination indemnities	4,054	5,838
f) Provision for retirement benefits and similar obligations:	-	-
- defined contribution	-	-
- defined benefit	-	-
g) Payments to external supplementary pension funds:	306	-
- defined contribution	306	-
- defined benefit	-	-
h) Costs arising from payment agreements based on own equity instruments	-	-
i) Other employee benefits	11,070	8,611
2) Other staff	1,787	1,512
3) Directors	2,252	2,256
Total	120,016	136,811

11.2 Average number of employees by category

	2006
Employees:	1,492
a) Executives	60
b) Total Managers	818
- Middle management	340
c) Other employees	614
Other staff	39

11.4 Other employees benefits

This item mainly comprised seniority bonuses and other bonuses.



11.5 Other administrative costs: analysis

	2006	2005
IT costs	12,339	27,163
- Software maintenance and upgrades	4,911	11,168
- Data transmission	3,522	8,281
- Maintenance and rental of electronic equipment	926	1,911
- Telephone	2,236	3,751
- Rental of office equipment	1,007	2,301
- Recovery of IT costs	(263)	(249)
Property management costs	29,735	31,990
- Property rent	25,806	24,854
- Maintenance of rented property	375	441
- Maintenance of own property	73	305
- Security	494	881
- Cleaning	1,852	1,777
- Power	2,239	2,221
- Miscellaneous building costs	2,128	2,124
- Recovery of property management costs	(3,232)	(613)
General expenses	27,675	28,180
- Postage and telegraphic expenses	2,615	3,791
- Office supplies	1,820	2,068
- Transport and counting of valuables	506	481
- Couriers and transport	1,523	2,045
- Search and information services	3,784	4,743
- Other expenses	18,463	16,344
- Recovery of general expenses	(1,036)	(1,292)
Professional and insurance costs	22,035	16,167
- Professional fees	16,906	12,114
- Legal advice and court fees	4,363	3,093
- Bank and customer insurance premiums	797	964
- Recovery of professional and insurance costs	(31)	(4)
Promotional and advertising expenses	7,787	5,850
- Advertising and entertainment	7,111	5,313
- Trade union and trade/professional association insurance premiums	676	537
- Recovery of promotional and advertising expenses	-	-
Indirect personnel expenses	6,512	9,307
- Indirect personnel expenses	6,512	9,307
- Recovery of indirect personnel expenses	-	-
Services by third parties	95,568	20,710
- Expenses for services by third parties	4,826	12,219
- Expenses for outsourcing within the Group (*)	91,723	9,240
- Recovery of services by third parties	(981)	(749)
Total other administrative costs net of indirect taxes	201,651	139,367
Indirect taxes		
- Stamp duty	22,301	21,969
- Substitute tax (Italian Presidential Decree. 601/73)	60	76
- Local council property tax	220	220
- Other indirect taxes	2,475	1,947
- Recovery of indirect taxes	(21,395)	(21,317)
Total indirect taxes	3,661	2,895
Total other administrative expenses	205,312	142,262

(*) Includes the costs of the services outsourced upon the transfer of the DOE company division to Universo Servizi S.p.A.

C - SECTION 12

NET PROVISIONS FOR RISKS AND CHARGES - ITEM 190

12.1 Net provisions for risks and charges: analysis

	2006	2005
Legal disputes and claims from receivers	42,476	36,861
Contractual indemnities due to Private Bankers	3,936	7,377
Costs relating to the Private Banker Networks' Loyalty Schemes	14,593	26,815
Total	61,005	71,053

C - SECTION 13

NET ADJUSTMENTS/WRITE-BACKS OF TANGIBLE ASSETS - ITEM 200

13.1 Net adjustments to tangible assets: analysis

	Depreciation	Net adjustments for impairment losses	Write-backs	2006 Net adjustments
A. Tangible assets				
A.1 Owned	5,478	-	-	5,478
- Functional tangible assets	5,478	-	-	5,478
- Investment tangible assets	-	-	-	-
A.2 Purchased under finance lease arrangements	-	-	-	-
- Functional tangible assets	-	-	-	-
- Investment tangible assets	-	-	-	-
Total	5,478	-	-	5,478

C - SECTION 14

NET ADJUSTMENTS/WRITE-BACKS OF INTANGIBLE ASSETS - ITEM 210

14.1 Net adjustments to intangible assets: analysis

	Amortisation	Net adjustments for impairment losses	Write-backs	2006 Net adjustments
A. Intangible assets				
A.1 Owned	6,569	-	-	6,569
- Generated internally by the Bank	58	-	-	58
- Other	6,511	-	-	6,511
A.2 Purchased under finance lease arrangements	-	-	-	-
Total	6,569	-	-	6,569

C - SECTION 15

OTHER OPERATING INCOME AND EXPENSE - ITEM 220

15.1 Other operating expenses: analysis

	2006	2005
Brokerage expenses	231	245
Private Bankers - related expenses	5,747	1,203
Other expenses	3,667	1,861
Total	9,645	3,309

15.2 Other operating income: analysis

	2006	2005
Recovery of allowances for want of notice	668	1,788
Recovery of expenses	24	585
Brokerage income	59	73
Other income	5,359	1,916
Total	6,110	4,362



C - SECTION 16

INCOME/LOSSES ON EQUITY INVESTMENTS - ITEM 240

16.1 Income/losses on equity investments: analysis

	2006	2005
1) Jointly-controlled entities		
A. Income	-	-
1. Revaluations	-	-
2. Gains from sales	-	-
3. Write-backs	-	-
4. Other increases	-	-
B. Expenses	-	-
1. Write-downs	-	-
2. Adjustments for impairment losses	-	-
3. Losses from sales	-	-
4. Other decreases	-	-
Net income/loss	-	-
2) Entities subject to considerable influence		
A. Income	81	-
1. Revaluations	81	-
2. Gains from sales	-	-
3. Write-backs	-	-
4. Other increases	-	-
B. Expenses	-	-
1. Write-downs	-	-
2. Adjustments for impairment losses	-	-
3. Losses from sales	-	-
4. Other decreases	-	-
Net income/loss	81	-
Total	81	-

C - SECTION 20

INCOME TAXES FOR THE YEAR ON CURRENT OPERATIONS - ITEM 290

20.1 Income taxes for the year on current operations: analysis

	2006	2005
1. Current taxes	(58,856)	(65,342)
2. Changes to current taxes for prior years	(2,094)	-
3. Reduction in current taxes for the year	-	-
4. Change in deferred tax assets	28,845	4,773
5. Change in deferred tax liabilities	(612)	7,892
6. Income taxes for the year	(32,717)	(52,677)





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

	2006
Taxable income	257,095
Standard tax rate applicable	38.25%
Theoretical tax burden	98,339
Tax impact with respect to:	
Different tax rates applying to foreign subsidiaries	(70,550)
Effects of Fideuram Wargny transaction	(4,817)
Substitute tax on revaluation of building	-
IRAP regional business tax and minor effects	9,745
Actual tax burden	32,717

C - SECTION 21

INCOME/LOSS AFTER TAX ON GROUPS OF ASSETS HELD FOR SALE - ITEM 310

21.1 - Income/loss after tax on groups of assets/liabilities held for sale: analysis

	2006	2005
Group of assets/liabilities		
1. Income	29,487	42,566
2. Expenses	(35,194)	(51,186)
3. Net gains/losses on valuations of group of assets and associated liabilities	(44,100)	(26,169)
4. Income/losses on disposal	-	-
5. Taxes and levies	21,300	-
Income/loss	(28,507)	(34,789)

21.2 Breakdown of income taxes on groups of assets/liabilities held for sale

1. Current tax	-	-
2. Change in deferred tax assets	21,300	-
3. Change in deferred tax liabilities	-	-
4. Income taxes for the year	21,300	-

C - SECTION 22

MINORITY INTERESTS IN NET INCOME/LOSS FOR THE YEAR - ITEM 330

22.1 Breakdown of item 330 "Minority interests in net income for the year"

	2006	2005
Minority interests in net income for the year	64	46

C - SECTION 24

EARNINGS PER SHARE

24.1 Average number of diluted capital ordinary shares

	2006	2005
Average number of diluted capital ordinary shares	968,287,286	966,030,672
Net income for the year for calculating diluted earning per share	224,378	190,785
Diluted earning per share	0.2317	0.1975

Diluted earnings per share were calculated taking the own shares held that could be issued as part of the stock option plan into account, as well as the number of shares outstanding. The contribution of the former was estimated to be 651,995 shares.

PART D SEGMENT REPORTING

A. PRIMARY FORMAT

DISTRIBUTION BY BUSINESS SECTOR

	Managed Financial Savings	Insurance Savings	Banking and Other Services	2006 Total	2005 Total
(€m)					
BUSINESS SEGMENTATION					
Net interest income	-	-	78.9	78.9	45.5
<i>Commission income</i>	694.9	273.8	109.3	1,078.0	1,013.2
- Entry	33.4	20.6	55.5	109.5	110.3
- Recurring	661.5	253.2	53.8	968.5	902.9
- Other	-	-	-	-	-
<i>Commission expense</i>	(284.0)	(127.5)	(67.1)	(478.6)	(426.0)
- Entry	(18.6)	(11.1)	(17.4)	(47.1)	(52.2)
- Recurring	(216.1)	(94.0)	(29.2)	(339.3)	(308.3)
- Other	(49.3)	(22.4)	(20.5)	(92.2)	(70.5)
<i>Net Commission income</i>	410.9	146.3	42.2	599.4	587.2
- Entry	14.8	9.5	38.1	62.4	58.0
- Recurring	445.2	159.2	24.6	629.2	599.7
- Other	(49.3)	(22.4)	(20.5)	(92.2)	(70.5)
Net gains or losses on financial assets and liabilities	-	-	8.6	8.6	22.9
Total income from financing activities	410.9	146.3	129.7	686.9	655.6
Operating costs	(177.3)	(32.5)	(127.6)	(337.4)	(306.3)
Other	(41.5)	(14.8)	(7.5)	(63.8)	(71.0)
Total income from current operations	192.1	99.0	(5.4)	285.7	278.3
Average AUM	36,636	14,122	14,671	65,429	62,416
AUM as at 31.12.2006	37,729	14,322	15,540	67,591	64,312
Key ratios					
Cost/Income Ratio	43.1%	22.2%	98.3%	49.1%	46.7%
Gross total income/Average AUM	0.52%	0.70%	-0.04%	0.44%	0.45%
Net commission income/Average AUM	1.12%	1.04%	0.29%	0.92%	0.94%

B. SECONDARY FORMAT

The Banca Fideuram Group's revenues are principally generated by customers in Italy.

PART E

INFORMATION ON RISKS AND RELATED HEDGING POLICIES

SECTION 1 - GROUP RISKS

1.1 CREDIT RISK

QUALITATIVE INFORMATION

GENERAL INFORMATION

The Banca Fideuram Group's lending activities support its core business of providing investment services to private customers. As a result, loans to customers mainly consist of demand loans which are, moreover, supported by collateral or bank guarantees, to counterparties who are generally also customers of the Banca Fideuram Group's investment services. Analysis of the loan portfolio 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 linked directly to the Banca Fideuram Group's private banking business.

In order to mitigate the credit risk of loans to customers, the bank generally obtains collateral or bank guarantees, mainly securities listed on major regulated markets, which are required to have a minimum external rating, or products sold by the Banca Fideuram Group.

The Banca Fideuram Group has a low overall exposure to credit risk. Indeed, at 31 December 2006, 74.7% of loans to customers were supported by collateral or bank guarantees.

CREDIT RISK MANAGEMENT POLICIES

Organisational aspects

The Group's loan granting and management activities are governed by internal regulations that follow the related guidelines for all companies in the Sanpaolo IMI Group (now Intesa Sanpaolo Group). These internal regulations specify the company bodies with the authority to grant loans and the maximum permissible amounts for each individual risk category, as well as the organisational units responsible for managing credit risk and the risks associated with impaired loans.

The offering and granting of level one loans is carried out in the Group's peripheral branches, while the granting of higher-level loans is handled by its central units. Credit risk management is carried out by a central unit that is separate from those in charge of granting and managing loans.

Management, measurement and control systems

Credit risk management, measurement and control is carried out by constantly monitoring each individual relationship and analysing the relevant indicators, as well as by periodically reviewing every position. The adequacy of the value of any credit risk guarantees obtained from private customers is also verified constantly. Further controls are carried out by our central departments on both the nature and quality of the overall exposures.

In addition, dedicated controls specified by Intesa Sanpaolo Group regulations are carried out in order to limit exposure concentration.



Credit risk mitigation techniques

The Bank generally obtains collateral or bank guarantees to mitigate the credit risk of loans to customers. Loans secured by collateral or bank guarantees accounted for 74.7% of loans to customers at 31/12/2006.

The main types of collateral obtained are securities listed on major regulated markets and products sold by the Banca Fideuram Group (funds, asset management and insurance policies). Bonds are only accepted as collateral if the issuer or loan satisfies a minimum external rating (by a leading rating agency).

The concentration of collateral in issuers is very low, excepting for funds and other products distributed by the Banca Fideuram Group.

There were no obligations at the time this report was prepared capable of undermining the legal validity of the guarantees, the operative effectiveness of which is moreover subject to periodic verification.

Impaired financial assets

The potential impairment of financial assets is subjected to detailed ongoing monitoring, examining the positions with respect to the length of time that has passed since the related due/overdue date, and analysing all the other indicators available.

The different types of anomalous loans, their management and the procedures for transferring performing positions to impaired assets are all governed by the Bank's internal regulations, which also specify the company bodies empowered to authorise transfers between different classes of loans.

Non-performing loans net of write-downs account for a very small percentage of total loans (0.2% of loans to customers).

Loss forecasts are formulated analytically for each

individual position on the basis of all the relevant valuation factors (debtor assets, employment income and estimated recovery date etc.) The valuations are examined at regular intervals and revised if any new and significant events have occurred.

The losses in value of performing loans and overdue loans are determined on a collective basis, adopting a historical/statistical approach 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 as yet being known at the time of valuation.

QUANTITATIVE INFORMATION

A. CREDIT QUALITY

A.1 IMPAIRED AND PERFORMING EXPOSURES: AMOUNTS, ADJUSTMENTS, CHANGES, FINANCIAL AND GEOGRAPHICAL DISTRIBUTION

A.1.1 Distribution of financial assets by portfolio and credit quality (book values)

	Banking Group						Other companies		Total
	Non-performing loans	Doubtful loans	Restructured loans	Overdue loans	Country risk	Other assets	Impaired	Other	
1. Financial assets held for trading	-	-	-	-	-	51,712	-	-	51,712
2. Financial assets available for sale	-	-	-	-	-	2,865,118	-	-	2,865,118
3. Financial assets held to maturity	-	-	-	-	-	3,541	-	-	3,541
4. Due from banks	-	-	-	-	179	5,097,941	-	-	5,098,120
5. Loans to customers	2,572	-	-	2,402	-	1,060,075	-	-	1,065,049
6. Financial assets valued at fair value	-	-	-	-	-	171,184	-	-	171,184
7. Financial assets held for sale	-	-	-	-	-	78,005	-	-	78,005
8. Hedging derivatives	-	-	-	-	-	10,886	-	-	10,886
Total as at 31.12.2006	2,572	-	-	2,402	179	9,338,462	-	-	9,343,615
Total as at 31.12.2005	2,689	-	-	5,716	251	6,677,163	-	-	6,685,819

A.1.2 Distribution of financial assets by portfolio and credit quality (gross and net values)

	Impaired assets			Net Exposure	Other assets			Total (net exposure)
	Gross exposure	Specific adjustments	Portfolio adjustments		Gross exposure	Portfolio adjustments	Net Exposure	
A. Banking group								
1. Financial assets held for trading	-	-	-	-	X	X	51,712	51,712
2. Financial assets available for sale	-	-	-	-	2,865,118	-	2,865,118	2,865,118
3. Financial assets held to maturity	-	-	-	-	3,541	-	3,541	3,541
4. Due from banks	-	-	-	-	5,098,197	(77)	5,098,120	5,098,120
5. Loans to customers	17,386	(12,227)	(185)	4,974	1,062,111	(2,036)	1,060,075	1,065,049
6. Financial assets valued at fair value	-	-	-	-	X	X	171,184	171,184
7. Financial assets held for sale	-	-	-	-	78,005	-	78,005	78,005
8. Hedging derivatives	-	-	-	-	X	X	10,886	10,886
Total A	17,386	(12,227)	(185)	4,974	9,106,972	(2,113)	9,338,641	9,343,615
B. Other companies included in the consolidation								
1. Financial assets held for trading	-	-	-	-	X	X	-	-
2. Financial assets available for sale	-	-	-	-	-	-	-	-
3. Financial assets held to maturity	-	-	-	-	-	-	-	-
4. Due from banks	-	-	-	-	-	-	-	-
5. Loans to customers	-	-	-	-	-	-	-	-
6. Financial assets valued at fair value	-	-	-	-	X	X	-	-
7. Financial assets held for sale	-	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	-	X	X	-	-
Total B	-	-	-	-	-	-	-	-
Total as at 31.12.2006	17,386	(12,227)	(185)	4,974	9,106,972	(2,113)	9,338,641	9,343,615
Total as at 31.12.2005	20,604	(11,767)	(432)	8,405	5,919,698	(3,275)	6,677,414	6,685,819

A.1.3 Cash and off-balance-sheet exposures of due from banks: gross and net values

	Gross exposure	Specific adjustments	Portfolio adjustments	Net exposure
A. Cash exposures				
A.1 Banking group				
a) Non-performing loans	-	-	-	-
b) Doubtful loans	-	-	-	-
c) Restructured loans	-	-	-	-
d) Overdue loans	-	-	-	-
e) Country risk	256	X	(77)	179
f) Other assets	6,177,814	X	-	6,177,814
Total A.1	6,178,070	-	(77)	6,177,993
A.2 Other companies				
a) Impaired	-	-	-	-
b) Other	-	X	-	-
Total A.2	-	-	-	-
Total A	6,178,070	-	(77)	6,177,993
B. Off-balance-sheet exposures				
B.1 Banking group				
a) Impaired	-	-	-	-
b) Other	-	X	-	-
Total B.1	-	-	-	-
B.2 Other companies				
a) Impaired	-	-	-	-
b) Other	222,627	X	-	222,627
Total B.2	222,627	-	-	222,627
Total B	222,627	-	-	222,627

A.1.4 Cash exposures of due from banks: changes in gross impaired exposures subject to country risk

	Non-performing loans	Doubtful loans	Restructured loans	Overdue loans	Country risk
A. Gross exposure at beginning of period	-	-	-	-	359
- Including: loans disposed of but not written off	-	-	-	-	-
B. Increases	-	-	-	-	22
B.1 Transfers from performing loans	-	-	-	-	-
B.2 Transfers from other categories of impaired exposures	-	-	-	-	-
B.3 Other increases	-	-	-	-	22
C. Decreases	-	-	-	-	125
C.1 Transfers to performing loans	-	-	-	-	-
C.2 Write-offs	-	-	-	-	-
C.3 Collections	-	-	-	-	125
C.4 Disposals	-	-	-	-	-
C.5 Transfers to other categories of impaired exposures	-	-	-	-	-
C.6 Other decreases	-	-	-	-	-
D. Gross exposure at end of period	-	-	-	-	256
- Including: loans disposed of but not written off	-	-	-	-	-



A.1.5 Cash exposures of due from banks: changes in total adjustments

	Non-performing loans	Doubtful loans	Restructured loans	Overdue loans	Country risk
A. Total adjustments at beginning of period	-	-	-	-	108
- Including: loans disposed of but not written off	-	-	-	-	-
B. Increases	-	-	-	-	7
B.1 Adjustments	-	-	-	-	7
B.2 Transfers from other categories of impaired exposures	-	-	-	-	-
B.3 Other increases	-	-	-	-	-
C. Decreases	-	-	-	-	38
C.1 Write-backs from period-end valuations	-	-	-	-	-
C.2 Write-backs on collections	-	-	-	-	38
C.3 Write-offs	-	-	-	-	-
C.4 Transfers to other categories of impaired exposures	-	-	-	-	-
C.5 Other decreases	-	-	-	-	-
D. Total adjustments at end of period	-	-	-	-	77
- Including: loans disposed of but not written off	-	-	-	-	-

A.1.6 Cash and off-balance-sheet exposures of loans to customers: gross and net values

	Gross exposure	Specific adjustments	Portfolio adjustments	Net exposure
A. Cash exposure				
A.1 Banking group				
a) Non-performing loans	14,799	(12,227)	-	2,572
b) Doubtful loans	-	-	-	-
c) Restructured loans	-	-	-	-
d) Overdue loans	2,587	-	(185)	2,402
e) Country risk	-	X	-	-
f) Other assets	3,142,695	X	(2,036)	3,140,659
Total A.1	3,160,081	(12,227)	(2,221)	3,145,633
A.2 Other companies				
a) Impaired	-	-	-	-
b) Other	-	X	-	-
Total A.2	-	-	-	-
Total A	3,160,081	(12,227)	(2,221)	3,145,633
B. Off-balance-sheet exposures				
B.1 Banking group				
a) Impaired	185	-	-	185
b) Other	106,582	X	-	106,582
Total B.1	106,767	-	-	106,767
B.2 Other companies				
a) Impaired	-	-	-	-
b) Other	-	X	-	-
Total B.2	-	-	-	-
Total B	106,767	-	-	106,767

A.1.7 Cash exposures of loans to customers changes in gross impaired exposures subject to country risk

	Non-performing loans	Doubtful loans	Restructured loans	Overdue loans	Country risk
A. Gross exposure at beginning of period	14,456	-	-	6,148	-
- Including: loans disposed of but not written off	-	-	-	-	-
B. Increases	1,589	-	-	-	-
B.1 Transfers from performing assets	915	-	-	-	-
B.2 Transfers from other categories of impaired exposures	-	-	-	-	-
B.3 Other increases	674	-	-	-	-
C. Decreases	1,247	-	-	3,561	-
C.1 Transfers to performing assets	-	-	-	3,561	-
C.2 Write-offs	390	-	-	-	-
C.3 Collections	739	-	-	-	-
C.4 Disposals	-	-	-	-	-
C.5 Transfers to other categories of impaired exposures	-	-	-	-	-
C.6 Other decreases	118	-	-	-	-
D. Gross exposure at end of period	14,798	-	-	2,587	-
- Including: loans disposed of but not written off	-	-	-	-	-

A.1.8 Cash exposures of loans to customers changes in total adjustments

	Non-performing loans	Doubtful loans	Restructured loans	Overdue loans	Country risk
A. Total adjustments at beginning of period	11,767	-	-	432	-
- Including: loans disposed of but not written off	-	-	-	-	-
B. Increases	1,825	-	-	-	-
B.1 Adjustments	1,551	-	-	-	-
B.2 Transfers from other categories of impaired exposures	-	-	-	-	-
B.3 Other increases	274	-	-	-	-
C. Decreases	1,365	-	-	247	-
C.1 Write-backs from period-end valuations	456	-	-	247	-
C.2 Write-backs on collections	457	-	-	-	-
C.3 Write-offs	350	-	-	-	-
C.4 Transfers to other categories of impaired exposures	-	-	-	-	-
C.5 Other decreases	102	-	-	-	-
D. Total adjustments at end of period	12,227	-	-	185	-
- Including: loans disposed of but not written off	-	-	-	-	-



A.2 CLASSIFICATION OF EXPOSURES BY EXTERNAL RATING

A.2.1 Distribution of cash and off-balance-sheet exposures by external rating (book values)

	External rating class						No rating	Total
	AAA/AA-	A+/A	BBB+/BBB-	BB+/BB-	B+/B-	Lower than B-		
A. Cash exposures	1,626,546	2,704,994	332,748	8,489	-	4,974	4,645,875	9,323,626
B. Derivatives	10,069	807	-	-	-	-	9,113	19,989
B.1 Financial derivatives	10,069	807	-	-	-	-	9,113	19,989
B.2 Credit derivatives	-	-	-	-	-	-	-	-
C. Guarantees issued	2,451	-	-	-	-	-	73,049	75,500
D. Commitments to grant finance	80,276	134,046	-	-	58	287	19,238	233,905
Total	1,719,342	2,839,847	332,748	8,489	58	5,261	4,747,275	9,653,020

A.3 DISTRIBUTION OF GUARANTEED EXPOSURES BY TYPE OF GUARANTEE

A.3.1 Cash exposure of guaranteed loans to banks and customers

Value of exposure	Secured guarantees			Personal guarantees								Total	
	Buildings	Securities	Other assets	Credit derivatives				Endorsement credit					
				Governments and Central Banks	Other public entities	Banks	Other parties	Governments and Central Banks	Other public entities	Banks	Other parties		
1. Exposure of guaranteed loans to banks:	-	-	-	-	-	-	-	-	-	-	-	-	-
1.1 Fully guaranteed	-	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Partially guaranteed	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Exposure of guaranteed loans to customers:	798,917	197,165	1,341,903	576,641	-	-	-	-	-	-	4,731	13,350	2,133,790
2.1 Fully guaranteed	785,931	197,165	1,330,094	576,521	-	-	-	-	-	-	4,731	13,259	2,121,770
2.2 Partially guaranteed	12,986	-	11,809	120	-	-	-	-	-	-	-	91	12,020

A.3.2 Off-balance-sheet exposure of guaranteed loans to banks and customers

	Value of exposure	Secured guarantees			Personal guarantees								Total	
		Buildings	Securities	Other assets	Credit derivatives				Endorsement credit					
					Governments and Central Banks	Other public entities	Banks	Other parties	Governments and Central Banks	Other public entities	Banks	Other parties		
1. Exposure of guaranteed loans to banks:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.1 Fully guaranteed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Partially guaranteed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Exposure of guaranteed loans to customers:	66,900	-	87,764	27,089	-	-	-	-	-	-	-	1,715	116,568	
2.1 Fully guaranteed	63,948	-	87,351	26,979	-	-	-	-	-	-	-	-	114,330	
2.2 Partially guaranteed	2,952	-	413	110	-	-	-	-	-	-	-	1,715	2,238	

A.3.3 Cash exposure of impaired guaranteed loans to banks and customers

	Value of exposure	Amount guaranteed	Guarantees (fair value)									
			Secured guarantees					Personal guarantees				
			Buildings	Securities	Other assets	Credit derivatives			Non-financial companies	Other parties		
Governments and Central Banks	Other public entities	Banks				Financial institutions	Insurance companies					
1. Exposure of guaranteed loans to banks:												
1.1 over 150%	-	-	-	-	-	-	-	-	-	-	-	-
1.2 between 100% and 150%	-	-	-	-	-	-	-	-	-	-	-	-
1.3 between 50% and 100%	-	-	-	-	-	-	-	-	-	-	-	-
1.4 under 50%	-	-	-	-	-	-	-	-	-	-	-	-
2. Exposure of guaranteed loans to customers:	3,498	3,498	1,292	1,354	458	-	-	-	-	-	-	-
2.1 over 150%	965	965	413	320	225	-	-	-	-	-	-	-
2.2 between 100% and 150%	2,151	2,151	879	820	233	-	-	-	-	-	-	-
2.3 between 50% and 100%	258	258	-	214	-	-	-	-	-	-	-	-
2.4 under 50%	124	124	-	-	-	-	-	-	-	-	-	-

A.3.4 Off-balance-sheet exposure of impaired guaranteed loans to banks and customers

	Value of exposure	Amount guaranteed	Guarantees (fair value)									
			Secured guarantees					Personal guarantees				
			Buildings	Securities	Other assets	Credit derivatives			Non-financial companies	Other parties		
Governments and Central Banks	Other public entities	Banks				Financial institutions	Insurance companies					
1. Exposure of guaranteed loans to banks:												
1.1 over 150%	-	-	-	-	-	-	-	-	-	-	-	-
1.2 between 100% and 150%	-	-	-	-	-	-	-	-	-	-	-	-
1.3 between 50% and 100%	-	-	-	-	-	-	-	-	-	-	-	-
1.4 under 50%	-	-	-	-	-	-	-	-	-	-	-	-
2. Exposure of guaranteed loans to customers:	185	185	-	251	11	-	-	-	-	-	-	-
2.1 over 150%	36	36	-	63	11	-	-	-	-	-	-	-
2.2 between 100% and 150%	149	149	-	188	-	-	-	-	-	-	-	-
2.3 between 50% and 100%	-	-	-	-	-	-	-	-	-	-	-	-
2.4 under 50%	-	-	-	-	-	-	-	-	-	-	-	-



Endorsement credit								Total	Excess fair value of guarantees
Governments and Central Banks	Other public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other parties			
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	853	1,348	5,305	1,944	
-	-	-	-	-	853	310	2,121	1,156	
-	-	-	-	-	-	1,007	2,939	788	
-	-	-	-	-	-	-	214	-	
-	-	-	-	-	-	31	31	-	

Endorsement credit								Total	Excess fair value of guarantees
Governments and Central Banks	Other public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other parties			
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	262	77	
-	-	-	-	-	-	-	74	38	
-	-	-	-	-	-	-	188	39	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	



B. DISTRIBUTION AND CONCENTRATION OF LOANS

B.1 Distribution of cash and off-balance-sheet exposures of loans to customers by sector

	Governments				Other public entities				Financial institutions			
	Gross exposure	Specific adjustments	Portfolio adjustments	Net exposure	Gross exposure	Specific adjustments	Portfolio adjustments	Net exposure	Gross exposure	Specific adjustments	Portfolio adjustments	Net exposure
A. Cash exposures												
A.1 Non-performing loans	2,496	(2,496)	-	-	-	-	-	-	-	-	-	-
A.2 Doubtful loans	-	-	-	-	-	-	-	-	-	-	-	-
A.3 Restructured loans	-	-	-	-	-	-	-	-	-	-	-	-
A.4 Overdue loans	-	-	-	-	-	-	-	-	-	-	-	-
A.5 Other exposures	1,308,455	X	-	1,308,455	11	X	-	11	344,341	X	(1,185)	343,156
Total A	1,310,951	(2,496)	-	1,308,455	11	-	-	11	344,341	-	(1,185)	343,156
B. Off-balance-sheet exposures												
B.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-	-	-
B.2 Doubtful loans	-	-	-	-	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-	-	-	-
B.4 Other exposures	74	X	-	74	2,556	X	-	2,556	391	X	-	391
Total B	74	-	-	74	2,556	-	-	2,556	391	-	-	391
Total as at 31.12.2006	1,311,025	(2,496)	-	1,308,529	2,567	-	-	2,567	344,732	-	(1,185)	343,547

B.2 Distribution of loans to Italian-resident non-financial companies

A) Other service - sale	106,370
B) Construction and public works	38,043
C) Commerce	24,264
D) Textile, footwear and clothing	7,742
E) Other - manufactured products	6,984
F) Other sectors	21,422

Insurance companies				Non-financial companies				Other parties			
Gross exposure	Specific adjustments	Portfolio adjustments	Net exposure	Gross exposure	Specific adjustments	Portfolio adjustments	Net exposure	Gross exposure	Specific adjustments	Portfolio adjustments	Net exposure
-	-	-	-	3,112	(2,760)	-	352	9,191	(6,971)	-	2,220
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	48	-	(4)	44	2,539	-	(181)	2,358
179,327	X	-	179,327	613,897	X	(198)	613,699	696,664	X	(653)	696,011
179,327	-	-	179,327	617,057	(2,760)	(202)	614,095	708,394	(6,971)	(834)	700,589
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	185	-	-	185
23,827	X	-	23,827	54,041	X	-	54,041	25,693	X	-	25,693
23,827	-	-	23,827	54,041	-	-	54,041	25,878	-	-	25,878
203,154	-	-	203,154	671,098	(2,760)	(202)	668,136	734,272	(6,971)	(834)	726,467

B.3 Geographical distribution of cash and off-balance-sheet exposures of loans to customers (book value)

	Italy		Other European countries	
	Gross exposure	Net exposure	Gross exposure	Net exposure
A. Cash exposures				
A.1 Non-performing loans	12,303	2,572	-	-
A.2 Doubtful loans	-	-	-	-
A.3 Restructured loans	-	-	-	-
A.4 Overdue loans	2,587	2,402	-	-
A.5 Other exposures	2,540,284	2,539,222	550,789	549,815
Total A	2,555,174	2,544,196	550,789	549,815
B. Off-balance-sheet exposures				
B.1 Non-performing loans	-	-	-	-
B.2 Doubtful loans	-	-	-	-
B.3 Other impaired assets	185	185	-	-
B.4 Other exposures	99,831	99,831	6,751	6,751
Total B	100,016	100,016	6,751	6,751
Total as at 31.12.2006	2,655,190	2,644,212	557,540	556,566

B.4 Geographical distribution of cash and off-balance-sheet exposures of due from banks

	Italy		Other European countries	
	Gross exposure	Net exposure	Gross exposure	Net exposure
A. Cash exposures				
A.1 Non-performing loans	-	-	-	-
A.2 Doubtful loans	-	-	-	-
A.3 Restructured loans	-	-	-	-
A.4 Overdue loans	-	-	-	-
A.5 Other exposures	1,680,110	1,680,110	3,547,095	3,547,095
Total A	1,680,110	1,680,110	3,547,095	3,547,095
B. Off-balance-sheet exposures				
B.1 Non-performing loans	-	-	-	-
B.2 Doubtful loans	-	-	-	-
B.3 Other impaired assets	-	-	-	-
B.4 Other exposures	203,278	203,278	6,174	6,174
Total B	203,278	203,278	6,174	6,174
Total as at 31.12.2006	1,883,388	1,883,388	3,553,269	3,553,269



America		Asia		Rest of the world	
Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure
-	-	-	-	2,496	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
11,375	11,375	-	-	40,247	40,247
11,375	11,375	-	-	42,743	40,247
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
11,375	11,375	-	-	40,743	40,247

America		Asia		Rest of the world	
Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
353,342	353,342	496,703	496,651	100,819	100,795
353,342	353,342	496,703	496,651	100,819	100,795
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
600	600	-	-	12,575	12,575
600	600	-	-	12,575	12,575
353,942	353,942	496,703	496,651	113,394	113,370

C. SECURITISATION AND SALE OF ASSET TRANSACTIONS

C.1 SECURITISATION TRANSACTIONS

C.1.1 Exposures from securitisation transactions broken down by type of underlying asset

	Cash exposures						Guarantees issued					
	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
A. Own underlying assets:												
a) Impaired	-	-	-	-	-	-	-	-	-	-	-	-
b) Other	-	-	-	-	-	-	-	-	-	-	-	-
B. Third-party underlying assets:												
a) Impaired	-	-	-	-	-	-	-	-	-	-	-	-
b) Other	251,082	251,082	-	-	-	-	-	-	-	-	-	-

C.1.3 Exposures from principal securitisation transactions of “third parties” broken down by type of asset securitised and type of exposure

Type of asset	Cash exposures						Guarantees issued					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Book value	Adjustments/ write-backs	Book value	Adjustments/ write-backs	Book value	Adjustments/ write-backs	Book value	Adjustments/ write-backs	Book value	Adjustments/ write-backs	Book value	Adjustments/ write-backs
Mortgage loans	251,082	(118)	-	-	-	-	-	-	-	-	-	-



	Lines of credit					
	Senior		Mezzanine		Junior	
	Gross exposure	Net Exposure	Gross exposure	Net Exposure	Gross exposure	Net Exposure
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-

	Lines of credit					
	Senior		Mezzanine		Junior	
	Book value	Adjustments/ write-backs	Book value	Adjustments/ write-backs	Book value	Adjustments/ write-backs
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-

C.1.4 Exposures from securitisations broken down by portfolio of financial assets and type of exposure

	Held for Trading	Valued at fair value	Available for sale	Held to maturity
1. Cash exposures				
- Senior	-	-	251,082	-
- Mezzanine	-	-	-	-
- Junior	-	-	-	-
2. Off-balance-sheet exposures				
- Senior	-	-	-	-
- Mezzanine	-	-	-	-
- Junior	-	-	-	-

C.2 DISPOSAL TRANSACTIONS

C.2.1 Assets disposed of but not written off

	Financial assets held for trading			Financial assets valued at fair value			Financial assets available for sale			Financial assets held to maturity		
	A	B	C	A	B	C	A	B	C	A	B	C
A. Cash assets	-	-	-	-	-	-	370,628	-	-	-	-	-
1. Debt securities	-	-	-	-	-	-	370,628	-	-	-	-	-
2. Equities	-	-	-	-	-	-	-	-	-	X	X	X
3. Units in mutual funds	-	-	-	-	-	-	-	-	-	X	X	X
4. Loans	-	-	-	-	-	-	-	-	-	-	-	-
5. Impaired assets	-	-	-	-	-	-	-	-	-	-	-	-
B. Derivatives	-	-	-	X	X	X	X	X	X	X	X	X
Total at 31.12.2006	-	-	-	-	-	-	370,628	X	-	-	-	-

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)

Loans	31.12.2006 Total
-	251,082
-	-
-	-
-	-
-	-
-	-

Due from banks			Loans to customers			31.12.2006 Total
A	B	C	A	B	C	
749,987	-	-	-	-	-	1,120,615
749,987	-	-	-	-	-	1,120,615
X	X	X	X	X	X	-
X	X	X	X	X	X	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
X	X	X	X	X	X	-
749,987	-	-	-	-	-	1,120,615



C.2.2 Financial liabilities regarding financial assets disposed of but not written off

	Financial assets held for trading	Financial assets valued at fair value	Financial assets available for sale	Financial assets held to maturity	Due from banks	Loans to customers	Total
1. Due to customers	-	-	373,583	-	751,461	-	1,125,044
a) regarding assets recognised in full	-	-	373,583	-	751,461	-	1,125,044
b) regarding assets partially recognised	-	-	-	-	-	-	-
2. Due to banks	-	-	5,037	-	-	-	5,037
a) regarding assets recognised in full	-	-	5,037	-	-	-	5,037
b) regarding assets partially recognised	-	-	-	-	-	-	-
Total at 31.12.2006	-	-	378,620	-	751,461	-	1,130,081



1.2 MARKET RISK

1.2.1 INTEREST RATE RISK - REGULATORY TRADING BOOK

QUALITATIVE INFORMATION

The business areas and companies in the Banca Fideuram Group that generate market risk operate independently within clearly-defined and closely-governed limits that underwent further development in 2006.

Banca Fideuram has formulated the risk and capital consumption policies of the bank and its subsidiaries in accordance with the guidelines issued by the Intesa Sanpaolo Group and by the bank's parent company Eurizon Financial Group. Banca Fideuram acts as treasury manager for the Banca Fideuram Group and plays a central role in managing market risk.

The management of the Group's structural liquidity, resulting from liquid assets from customer deposits and historically marginal retail investment, was developed and consolidated in the second half of the year, both through operational reorganisation, with the centralisation of liquid assets in Banca Fideuram, and the implementation of operating strategies governed by our Investment Policy.

The bank portfolio and trading book are both governed by the aforesaid Policy, which splits them each into two main portfolios, a liquid assets portfolio and an investment portfolio, and provides for a series of limits designed to guide investment choices with respect to asset allocation, concentration, rating and financial risks.

The Liquid Assets Portfolio has a specified minimum size and by its nature involves low-risk positions.

The Investment Portfolio varies in size in relation to the structure of the Bank's inflows, investments and shareholders' equity minus the Liquid Assets Portfolio.

The asset allocation aspects of the composition

of the investment portfolio were determined by subjecting the portfolio to limits with respect to rating (for asset type and investment duration), currency area, geographical area, sector concentration and counterparty. Risk and stop loss limits are likewise specified for investing activities.

A dedicated Risk Management Unit, independent of the operating unit concerned, is responsible for monitoring that the limits specified in the Investment Policy are respected, and for measuring market risk.

The trading book is small and tailored to suit the requirements of retail customer transactions.

The interest rate risk of the trading book is measured in relation to its fair value and expressed in terms of shift sensitivity. The shift sensitivity quantifies the change in the fair value of the financial portfolio resulting from adverse movements of the risk factors with an upwards instant shock of 25 basis points in interest rates and amounted to €70,000 at the end of December.

The interest rate risk of the bank portfolio, measured in relation to its fair value and expressed in terms of shift sensitivity, was €3m at the end of December.

The portfolio's sensitivity to market risk is calculated taking all hedging strategies in place into account. Price risk is monitored with respect to Value at Risk, which is the maximum amount that the portfolio can lose over the following ten working days in 99% of cases, calculated in relation to volatility and the historical correlations (of the last 500 working days) between the individual risk factors, namely the short, medium and long-term interest rates, credit spreads and share prices for each investment. The Value at Risk of the trading

book was €40m at the end of December 2006, and the Value at Risk of the bank portfolio was €13m at the end of December.

The Banca Fideuram Group did not have any positions in equities in either the trading book or bank portfolio at the end of December 2006. The Group did have positions in shares considered to be strategic for minority interests in unlisted companies.

The increase in the position in derivatives in the year was a result of an interest rate risk hedging strategy that involved buying swaps linked to the individual fixed-coupon bonds in the portfolio. This strategy made our securities holdings less sensitive to interest rate risk.

The increase in the duration of the investments immunised by extensive hedging enabled Banca Fideuram to neutralise the negative impact of falling bond prices on the income statement.

The unhedged fixed-rate component of the portfolio is minimal, while the potential risk of the loan issuer spread widening has not been hedged in order to maintain current and anticipated returns. Analysis of the Investment Portfolio reveals high loan quality, with over 56% of the investments regarding securities with triple and double A ratings, 28% regarding securities with an A rating and the remainder of the portfolio consisting almost entirely of investment grade securities. Italian government debt securities were rated AA-.

Positions in derivatives that were not held for hedging interest rate risk mainly related to foreign exchange transactions.



1.2.1 INTEREST RATE RISK - REGULATORY TRADING BOOK

QUANTITATIVE INFORMATION

1. Regulatory trading book: distribution by residual term (repricing date) of cash financial assets and liabilities and financial derivatives

Euro

	Demand deposits	Up to 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years	Unspecified maturity
1. Cash assets	-	20,529	295	34,735	8,053	132	476	232
1.1 Debt securities	-	20,529	295	34,735	8,053	132	476	232
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	-	20,529	295	34,735	8,053	132	476	232
1.2 Other assets	-	-	-	-	-	-	-	-
2. Cash liabilities	-	1,501,653	48,670	453	-	-	-	-
2.1 Debt securities in issue	-	1,501,653	48,670	453	-	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	-	1,501,653	48,670	453	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
3. Financial derivatives	1,173,753	2,731,597	14,193	93,382	767,332	9,020	-	-
3.1 With underlying security	11,183	1,114,883	14,154	90,528	767,332	9,020	-	-
- Options	-	12,000	-	-	-	-	-	-
+ Long positions	-	8,000	-	-	-	-	-	-
+ Short positions	-	4,000	-	-	-	-	-	-
- Other	11,183	1,102,883	14,154	90,528	767,332	9,020	-	-
+ Long positions	10,500	978,786	3,310	1,948	3,437	-	-	-
+ Short positions	683	124,097	10,844	88,580	763,895	9,020	-	-
3.2 Without underlying security	1,162,570	1,616,714	39	2,854	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other	1,162,570	1,616,714	39	2,854	-	-	-	-
+ Long positions	386,864	1,055,358	39	7	-	-	-	-
+ Short positions	775,706	561,356	-	2,847	-	-	-	-

US Dollar

	Demand deposits	Up to 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years	Unspecified maturity
1. Cash assets	-	-	-	-	-	-	-	-
1.1 Debt securities	-	-	-	-	-	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. Cash liabilities	-	1,220	-	-	-	-	-	-
2.1 Debt securities in issue	-	1,220	-	-	-	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	-	1,220	-	-	-	-	-	-
2.2 Other assets	-	-	-	-	-	-	-	-
3. Financial derivatives	1,291,348	1,928,874	38	3,745	6,965	-	-	-
3.1 With underlying security	-	266,520	-	3,745	6,965	-	-	-
- Options	-	12,247	-	-	-	-	-	-
+ Long positions	-	4,146	-	-	-	-	-	-
+ Short positions	-	8,101	-	-	-	-	-	-
- Other	-	254,273	-	3,745	6,965	-	-	-
+ Long positions	-	141,089	-	2,234	3,479	-	-	-
+ Short positions	-	113,184	-	1,511	3,486	-	-	-
3.2 Without underlying security	1,291,348	1,662,354	38	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other	1,291,348	1,662,354	38	-	-	-	-	-
+ Long positions	804,481	556,384	-	-	-	-	-	-
+ Short positions	486,867	1,105,970	38	-	-	-	-	-

Yen

	Demand deposits	Up to 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years	Unspecified maturity
1. Cash assets	-	-	-	-	-	-	-	-
1.1 Debt securities	-	-	-	-	-	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. Cash liabilities	-	-	-	-	-	-	-	-
2.1 Debt securities in issue	-	-	-	-	-	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
2.2 Other assets	-	-	-	-	-	-	-	-
3. Financial derivatives	48,414	290,189	-	2,783	-	-	-	-
3.1 With underlying security	-	101,761	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other	-	101,761	-	-	-	-	-	-
+ Long positions	-	55,907	-	-	-	-	-	-
+ Short positions	-	45,854	-	-	-	-	-	-
3.2 Without underlying security	48,414	188,428	-	2,783	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other	48,414	188,428	-	2,783	-	-	-	-
+ Long positions	45,763	121,494	-	2,783	-	-	-	-
+ Short positions	2,651	66,934	-	-	-	-	-	-



Swiss Franc

	Demand deposits	Up to 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years	Unspecified maturity
1. Cash assets	-	-	-	-	-	-	-	-
1.1 Debt securities	-	-	-	-	-	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. Cash liabilities	-	-	-	-	-	-	-	-
2.1 Debt securities in issue	-	-	-	-	-	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
2.2 Other assets	-	-	-	-	-	-	-	-
3. Financial derivatives	294	44,297	-	-	-	-	-	-
3.1 With underlying security	-	44,266	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other	-	44,266	-	-	-	-	-	-
+ Long positions	-	5,744	-	-	-	-	-	-
+ Short positions	-	38,522	-	-	-	-	-	-
3.2 Without underlying security	294	31	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other	294	31	-	-	-	-	-	-
+ Long positions	-	21	-	-	-	-	-	-
+ Short positions	294	10	-	-	-	-	-	-

Sterling

	Demand deposits	Up to 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years	Unspecified maturity
1. Cash assets	-	-	-	-	-	-	-	-
1.1 Debt securities	-	-	-	-	-	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. Cash liabilities	-	-	-	-	-	-	-	-
2.1 Debt securities in issue	-	-	-	-	-	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
2.2 Other assets	-	-	-	-	-	-	-	-
3. Financial derivatives	8,130	37,981	-	-	-	-	-	-
3.1 With underlying security	-	33,728	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other	-	33,728	-	-	-	-	-	-
+ Long positions	-	15,190	-	-	-	-	-	-
+ Short positions	-	18,538	-	-	-	-	-	-
3.2 Without underlying security	8,130	4,253	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other	8,130	4,253	-	-	-	-	-	-
+ Long positions	7,802	156	-	-	-	-	-	-
+ Short positions	328	4,097	-	-	-	-	-	-

Other currencies

	Demand deposits	Up to 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years	Unspecified maturity
1. Cash assets	-	-	-	-	-	-	-	-
1.1 Debt securities	-	-	-	-	-	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. Cash liabilities	-	-	-	-	-	-	-	-
2.1 Debt securities in issue	-	-	-	-	-	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
2.2 Other assets	-	-	-	-	-	-	-	-
3. Financial derivatives	92,456	35,625	2	28	-	-	-	-
3.1 With underlying security	-	31,948	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other	-	31,948	-	-	-	-	-	-
+ Long positions	-	14,758	-	-	-	-	-	-
+ Short positions	-	17,190	-	-	-	-	-	-
3.2 Without underlying security	92,456	3,677	2	28	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other	92,456	3,677	2	28	-	-	-	-
+ Long positions	56,155	965	-	-	-	-	-	-
+ Short positions	36,301	2,712	2	28	-	-	-	-

US Dollar

	Demand deposits	Up to 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years	Unspecified maturity
1. Cash assets	3,672	511,045	-	-	456	-	-	-
1.1 Debt securities	-	-	-	-	-	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
1.2 Loans to banks	3,509	510,886	-	-	-	-	-	-
1.3 Loans to customers	163	159	-	-	456	-	-	-
- Current accounts	158	-	-	-	-	-	-	-
- Other loans	5	159	-	-	456	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	5	159	-	-	456	-	-	-
2. Cash liabilities	58,472	10,264	-	-	-	-	-	-
2.1 Due to customers	58,352	-	-	-	-	-	-	-
- Current accounts	58,352	-	-	-	-	-	-	-
- Other debts	-	-	-	-	-	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
2.2 Due to banks	120	10,264	-	-	-	-	-	-
- Current accounts	120	10,264	-	-	-	-	-	-
- Other debts	-	-	-	-	-	-	-	-
2.3 Debt securities	-	-	-	-	-	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
3. Financial derivatives	-	-	-	-	-	-	-	-
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-



Swiss Franc

	Demand deposits	Up to 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years	Unspecified maturity
1. Cash assets	4,893	-	549	773	498	-	-	-
1.1 Debt securities	-	-	-	-	-	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
1.2 Loans to banks	4,883	-	-	-	-	-	-	-
1.3 Loans to customers	10	-	549	773	498	-	-	-
- Current accounts	2	-	-	-	-	-	-	-
- Other loans	8	-	549	773	498	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	8	-	549	773	498	-	-	-
2. Cash liabilities	841	34,041	-	-	-	-	-	-
2.1 Due to customers	837	-	-	-	-	-	-	-
- Current accounts	837	-	-	-	-	-	-	-
- Other debts	-	-	-	-	-	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
2.2 Due to banks	4	34,041	-	-	-	-	-	-
- Current accounts	-	-	-	-	-	-	-	-
- Other debts	4	34,041	-	-	-	-	-	-
2.3 Debt securities	-	-	-	-	-	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
3. Financial derivatives	-	-	-	-	-	-	-	-
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-

Sterling

	Demand deposits	Up to 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years	Unspecified maturity
1. Cash assets	793	968	-	-	-	-	-	-
1.1 Debt securities	-	-	-	-	-	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
1.2 Loans to banks	308	968	-	-	-	-	-	-
1.3 Loans to customers	485	-	-	-	-	-	-	-
- Current accounts	484	-	-	-	-	-	-	-
- Other loans	1	-	-	-	-	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	1	-	-	-	-	-	-	-
2. Cash liabilities	3,217	-	-	-	-	-	-	-
2.1 Due to customers	1,789	-	-	-	-	-	-	-
- Current accounts	1,789	-	-	-	-	-	-	-
- Other debts	-	-	-	-	-	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
2.2 Due to banks	1,428	-	-	-	-	-	-	-
- Current accounts	1,428	-	-	-	-	-	-	-
- Other debts	-	-	-	-	-	-	-	-
2.3 Debt securities	-	-	-	-	-	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
3. Financial derivatives	-	-	-	-	-	-	-	-
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-

Other currencies

	Demand deposits	Up to 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years	Unspecified maturity
1. Cash assets	3,143	29,981	-	-	-	-	-	-
1.1 Debt securities	-	-	-	-	-	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
1.2 Loans to banks	3,141	29,981	-	-	-	-	-	-
1.3 Loans to customers	2	-	-	-	-	-	-	-
- Current accounts	2	-	-	-	-	-	-	-
- Other loans	-	-	-	-	-	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
2. Cash liabilities	11,371	-	-	-	-	-	-	-
2.1 Due to customers	11,371	-	-	-	-	-	-	-
- Current accounts	11,371	-	-	-	-	-	-	-
- Other debts	-	-	-	-	-	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
2.2 Due to banks	-	-	-	-	-	-	-	-
- Current accounts	-	-	-	-	-	-	-	-
- Other debts	-	-	-	-	-	-	-	-
2.3 Debt securities	-	-	-	-	-	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- With option of advance repayment	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
3. Financial derivatives	-	-	-	-	-	-	-	-
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-



1.2.3 PRICE RISK - REGULATORY TRADING BOOK

QUANTITATIVE INFORMATION

1. Regulatory trading book: cash exposures in equities and mutual funds

	Book value	
	Listed	Unlisted
A. Equities	-	-
A.1 Shares	-	-
A.2 Innovative capital instruments	-	-
A.3 Other equities	-	-
B. Mutual funds	89	26
B.1 Italian	-	-
- Harmonised open-end funds	-	-
- Non-harmonised open-end funds	-	-
- Closed-end funds	-	-
- Reserved funds	-	-
- Speculative	-	-
B.2 Other EU countries	89	26
- Harmonised	89	26
- Non-harmonised open-end funds	-	-
- Non-harmonised closed-end funds	-	-
B.3 Non-EU countries	-	-
- Open-end funds	-	-
- Closed-end funds	-	-
Total	89	26

2. Regulatory trading book: distribution of exposures to equities and equity indexes in relation to major listed market countries

	Listed	Unlisted
A. Equities	-	-
- Long positions	-	-
- Short positions	-	-
B. Equity transactions to be settled	-	-
- Long positions	-	-
- Short positions	-	-
C. Other equity derivatives	-	150
- Long positions	-	150
- Short positions	-	-
D. Equity index derivatives	-	-
- Long positions	-	-
- Short positions	-	-

1.2.4 PRICE RISK - BANK PORTFOLIO

QUANTITATIVE INFORMATION

1. Bank portfolio: cash exposures in equities and mutual funds

	Book value	
	Listed	Unlisted
A. Equities	-	55
A.1 Shares	-	55
A.2 Innovative capital instruments	-	-
A.3 Other equities	-	-
B. Mutual funds	49,905	1,803
B.1 Italian	-	-
- Harmonised open-end funds	-	-
- Non-harmonised open-end funds	-	-
- Closed-end funds	-	-
- Reserved funds	-	-
- Speculative	-	-
B.2 Other EU countries	49,905	1,803
- Harmonised	49,905	1,803
- Non-harmonised open-end funds	-	-
- Non-harmonised closed-end funds	-	-
B.3 Non-EU countries	-	-
- Open-end funds	-	-
- Closed-end funds	-	-
Total	49,905	1,858

1.2.5 EXCHANGE RATE RISK

QUANTITATIVE INFORMATION

1. Distribution by currency of denomination of assets and liabilities and derivatives

	Book value				
	US Dollar	Yen	Swiss franc	Sterling	Other currencies
A. Financial assets	537,819	57,073	6,711	1,760	35,519
A.1 Debt securities	-	-	-	-	-
A.2 Equities	-	-	-	-	-
A.3 Loans to banks	514,395	55,949	4,883	1,276	33,466
A.4 Loans to customers	3,459	1,124	1,828	484	2,053
A.5 Other financial assets	19,965	-	-	-	-
B. Other assets	-	-	-	-	-
C. Financial liabilities	278,181	148,775	50,284	7,272	71,871
C.1 Due to banks	42,019	1,341	34,127	1,579	19,397
C.2 Due to customers	236,162	147,434	16,157	5,693	52,474
C.3 Debt securities	-	-	-	-	-
C.4 Other financial liabilities	-	-	-	-	-
D. Financial derivatives	3,230,722	341,387	44,590	46,110	128,114
- Options	12,000	-	-	-	-
+ Long positions	4,000	-	-	-	-
+ Short positions	8,000	-	-	-	-
- Other	3,218,722	341,387	44,590	46,110	128,114
+ Long positions	1,507,666	225,947	5,764	23,148	71,880
+ Short positions	1,711,056	115,440	38,826	22,962	56,234
Total assets	2,049,485	283,020	12,475	24,908	107,399
Total liabilities	1,997,237	264,215	89,110	30,234	128,105
Balance (+/-)	52,248	18,805	(76,635)	(5,326)	(20,706)

1.2.6 DERIVATIVES

A. FINANCIAL DERIVATIVES

A.1 Regulatory trading book: period-end notional values

	Debt securities and interest rate derivatives		Equity derivatives and index derivatives		Currency derivatives and gold derivatives		Other instruments		31.12.2006 Total		31.12.2005 Total	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
1. Forward rate agreement	-	-	-	-	-	-	-	-	-	-	-	-
2. Interest rate swap	-	-	-	-	-	-	-	-	-	-	-	-
3. Domestic currency swap	-	-	-	-	-	-	-	-	-	-	-	371,859
4. Currency interest rate swap	-	-	-	-	-	-	-	-	-	-	-	-
5. Basis Swap	-	-	-	-	-	-	-	-	-	-	-	-
6. Equity index Swap	-	-	-	-	-	-	-	-	-	-	-	-
7. CPI Swap	-	-	-	-	-	-	-	-	-	-	-	-
8. Futures	-	-	-	-	-	-	-	-	-	-	-	-
9. Cap options	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-	-	-	-	-	-	-
- Issued	-	-	-	-	-	-	-	-	-	-	-	-
10. Floor options	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-	-	-	-	-	-	-
- Issued	-	-	-	-	-	-	-	-	-	-	-	-
11. Other options	-	-	-	604	-	12,000	-	-	-	12,604	-	-
- Purchased	-	-	-	604	-	8,000	-	-	-	8,604	-	-
- Plain vanilla	-	-	-	604	-	8,000	-	-	-	8,604	-	-
- Exotic	-	-	-	-	-	-	-	-	-	-	-	-
- Issued	-	-	-	-	-	4,000	-	-	-	4,000	-	-
- Plain vanilla	-	-	-	-	-	4,000	-	-	-	4,000	-	-
- Exotic	-	-	-	-	-	-	-	-	-	-	-	-
12. Forward contracts	63,596	1,020,052	-	301	-	3,414,996	-	-	63,596	4,435,349	-	610,519
- Purchases	-	215,427	-	153	-	1,469,468	-	-	-	1,685,048	-	369,313
- Sales	63,596	804,625	-	148	-	1,572,130	-	-	63,596	2,376,903	-	209,416
- Cross-currency	-	-	-	-	-	373,398	-	-	-	373,398	-	31,790
13. Other derivative contracts	-	-	-	-	-	-	-	-	-	-	-	-
Total	63,596	1,020,052	-	905	-	3,426,996	-	-	63,596	4,447,953	-	982,378

A.2 Bank portfolio: period-end notional values

A.2.1 Hedging

	Debt securities and interest rate derivatives		Equity derivatives and index derivatives		Currency derivatives and gold derivatives		Other instruments		31.12.2006 Total		31.12.2005 Total	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
	1. Forward rate agreement	-	-	-	-	-	-	-	-	-	-	-
2. Interest rate swap	-	1,551,490	-	-	-	-	-	-	-	1,551,490	-	-
3. Domestic currency swap	-	-	-	-	-	-	-	-	-	-	-	-
4. Currency interest rate swap	-	-	-	-	-	-	-	-	-	-	-	-
5. Basis Swap	-	-	-	-	-	-	-	-	-	-	-	-
6. Equity index Swap	-	-	-	-	-	-	-	-	-	-	-	-
7. CPI Swap	-	-	-	-	-	-	-	-	-	-	-	-
8. Futures	-	-	-	-	-	-	-	-	-	-	-	-
9. Cap options	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-	-	-	-	-	-	-
- Issued	-	-	-	-	-	-	-	-	-	-	-	-
10. Floor options	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-	-	-	-	-	-	-
- Issued	-	-	-	-	-	-	-	-	-	-	-	-
11. Other options	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-	-	-	-	-	-	-
- Plain vanilla	-	-	-	-	-	-	-	-	-	-	-	-
- Exotic	-	-	-	-	-	-	-	-	-	-	-	-
- Issued	-	-	-	-	-	-	-	-	-	-	-	-
- Plain vanilla	-	-	-	-	-	-	-	-	-	-	-	-
- Exotic	-	-	-	-	-	-	-	-	-	-	-	-
12. Forward contracts	-	-	-	-	-	-	-	-	-	-	-	-
- Purchases	-	-	-	-	-	-	-	-	-	-	-	-
- Sales	-	-	-	-	-	-	-	-	-	-	-	-
- Cross-currency	-	-	-	-	-	-	-	-	-	-	-	-
13. Other derivative contracts	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	1,551,490	-	-	-	-	-	-	-	1,551,490	-	-

A.2 Bank portfolio: period-end notional values

A.2.2 Other derivatives

	Debt securities and interest rate derivatives		Equity derivatives and index derivatives		Currency derivatives and gold deriva tives		Other instruments		31.12.2006 Total		31.12.2005 Total	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
1. Forward rate agreement	-	-	-	-	-	-	-	-	-	-	-	-
2. Interest rate swap	-	-	-	-	-	-	-	-	-	-	-	-
3. Domestic currency swap	-	-	-	-	-	-	-	-	-	-	-	-
4. Currency interest rate swap	-	-	-	-	-	-	-	-	-	-	-	-
5. Basis Swap	-	-	-	-	-	-	-	-	-	-	-	-
6. Equity index Swap	-	-	-	-	-	-	-	-	-	-	-	-
7. CPI Swap	-	-	-	-	-	-	-	-	-	-	-	-
8. Futures	-	-	-	-	-	-	-	-	-	-	-	-
9. Cap options	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-	-	-	-	-	-	-
- Issued	-	-	-	-	-	-	-	-	-	-	-	-
10. Floor options	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-	-	-	-	-	-	-
- Issued	-	-	-	-	-	-	-	-	-	-	-	-
11. Other options	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-	-	-	-	-	-	-
- Plain vanilla	-	-	-	-	-	-	-	-	-	-	-	-
- Exotic	-	-	-	-	-	-	-	-	-	-	-	-
- Issued	-	-	-	-	-	-	-	-	-	-	-	-
- Plain vanilla	-	-	-	-	-	-	-	-	-	-	-	-
- Exotic	-	-	-	-	-	-	-	-	-	-	-	-
12. Forward contracts	-	-	-	-	-	-	-	-	-	-	-	811,248
- Purchases	-	-	-	-	-	-	-	-	-	-	-	48,716
- Sales	-	-	-	-	-	-	-	-	-	-	-	762,532
- Cross-currency	-	-	-	-	-	-	-	-	-	-	-	-
13. Other derivative contracts	-	-	-	-	-	-	-	-	-	-	-	17,460
Total	-	-	-	-	-	-	-	-	-	-	-	828,708



A.4 Over-the-counter financial derivatives: positive fair value - counterparty risk

	Debt securities and interest rate derivatives			Equity derivatives and index derivatives			Currency derivatives and gold derivatives			Other instruments			Other underlying instruments	
	Gross non-cleared	Gross cleared	Future exposure	Gross non-cleared	Gross cleared	Future exposure	Gross non-cleared	Gross cleared	Future exposure	Gross non-cleared	Gross cleared	Future exposure	Cleared	Future exposure
A. Regulatory trading book:														
A.1 Governments and Central Banks	74	-	-	-	-	-	-	-	-	-	-	-	-	-
A.2 Public entities	-	-	-	-	-	2	1,373	-	1,104	-	-	-	-	-
A.3 Banks	10	-	-	-	-	-	-	-	-	-	-	-	-	-
A.4 Financial institutions	-	-	-	-	-	-	7,021	-	-	-	-	-	-	-
A.5 Insurance companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.6 Non-financial companies	-	-	-	150	-	36	-	-	-	-	-	-	-	-
A.7 Other parties	-	-	-	-	-	-	475	-	963	-	-	-	-	-
Total (A) as at 31.12.2006	84	-	-	150	-	38	8,869	-	2,067	-	-	-	-	-
Total as at 31.12.2005	6	-	-	19	-	2	2,790	-	4,287	-	-	-	-	-
B. Bank portfolio:														
B.1 Governments and Central Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.2 Public entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.3 Banks	10,079	-	6,307	-	-	-	-	-	-	-	-	-	-	-
B.4 Financial institutions	807	-	300	-	-	-	-	-	-	-	-	-	-	-
B.5 Insurance companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.6 Non-financial companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.7 Other parties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (B) as at 31.12.2006	10,886	-	6,607	-	-	-	-	-	-	-	-	-	-	-
Total as at 31.12.2005	-	-	-	-	-	-	-	-	-	-	-	-	-	-

A.5 Over-the-counter financial derivatives: negative fair value - financial risk

	Debt securities and interest rate derivatives			Equity derivatives and index derivatives			Currency derivatives and gold derivatives			Other instruments			Other underlying instruments	
	Gross non-cleared	Gross cleared	Future exposure	Gross non-cleared	Gross cleared	Future exposure	Gross non-cleared	Gross cleared	Future exposure	Gross non-cleared	Gross cleared	Future exposure	Cleared	Future exposure
A. Regulatory trading book:														
A.1 Governments and Central Banks	173	-	-	-	-	1	-	-	-	-	-	-	-	-
A.2 Public entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.3 Banks	30	-	-	-	-	-	808	-	1,698	-	-	-	-	-
A.4 Financial institutions	-	-	-	-	-	-	14,342	-	-	-	-	-	-	-
A.5 Insurance companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.6 Non-financial companies	-	-	-	-	-	-	16	-	-	-	-	-	-	-
A.7 Other parties	72	-	-	-	-	-	214	-	316	-	-	-	-	-
Total (A) as at 31.12.2006	275	-	-	-	-	1	15,380	-	2,014	-	-	-	-	-
Total as at 31.12.2005	2	-	-	-	-	1	3,346	-	2,784	-	-	-	-	-
B. Bank portfolio:														
B.1 Governments and Central Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.2 Public entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.3 Banks	40,262	-	9,800	-	-	-	-	-	-	-	-	-	-	-
B.4 Financial institutions	2,331	-	1,275	-	-	-	-	-	-	-	-	-	-	-
B.5 Insurance companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.6 Non-financial companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.7 Other parties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (B) as at 31.12.2006	42,593	-	11,075	-	-	-	-	-	-	-	-	-	-	-
Total as at 31.12.2005	-	-	-	-	-	-	-	-	-	-	-	-	-	-

A.6 Residual life of over-the-counter financial derivatives: notional values

	Up to 1 year	Between 1 and 5 years	Over 5 years	Total
A. Regulatory trading book:	4,504,584	6,965	-	4,511,549
A.1 Debt securities and interest rate derivatives	1,083,485	-	-	1,083,485
A.2 Equity derivatives and index derivatives	905	-	-	905
A.3 Currency derivatives and gold derivatives	3,420,194	6,965	-	3,427,159
A.4 Financial derivatives on other instruments	-	-	-	-
B. Bank portfolio:	366,000	10,000	1,175,490	1,551,490
B.1 Debt securities and interest rate derivatives	366,000	10,000	1,175,490	1,551,490
B.2 Equity derivatives and index derivatives	-	-	-	-
B.3 Currency derivatives and gold derivatives	-	-	-	-
B.4 Financial derivatives on other instruments	-	-	-	-
Total at 31.12.2006	4,870,584	16,965	1,175,490	6,063,039

1.3 LIQUIDITY RISK**QUALITATIVE INFORMATION**

Analysis of the composition of the Banca Fideuram Group's financial instruments shows low overall exposure to liquidity risk. Analysis of the loan portfolio reveals that it, as stated, mainly comprised short-term loans on the interbank market (with 78% of the item "due from banks" being current accounts and deposits with leading Eurozone banks) and short-term loans to customers (with 79% of loans to customers being short-term loans linked

directly to our private banking business). The bond portfolio consisted almost entirely of bonds with medium-to-high investment grade ratings, mainly issued by Eurozone countries and leading financial institutions. The average duration of the portfolio was around one year and the fixed-rate exposure was extremely low. In addition a Liquid Assets Portfolio was established within the bond portfolio. This Liquid Assets Portfolio has a specified size and by its nature involves low-risk positions. On the liabilities side, the inflows were into current accounts and customer deposits and bond issues.

1.3 LIQUIDITY RISK

QUANTITATIVE INFORMATION

1. Distribution of financial assets and liabilities by remaining contractual term

Euro

	Demand deposits	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 month and 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years
Cash assets	1,403,304	820,672	152,756	360,047	1,995,337	115,588	244,410	1,524,479	2,594,689
A.1 Government securities	-	509	-	-	-	-	12,769	61,510	879,764
A.2 Listed debt securities	-	-	-	-	-	-	16,125	593,643	936,881
A.3 Other debt securities	-	-	-	-	-	8	157,755	868,367	698,864
A.4 Units in mutual funds	-	1,803	-	-	-	-	-	-	30,055
A.5 Loans	1,403,304	818,360	152,756	360,047	1,995,337	115,580	57,761	959	49,125
- Banks	607,830	757,032	134,661	325,828	1,993,814	114,998	32,726	-	2,619
- Customers	795,474	61,328	18,095	34,219	1,523	582	25,035	959	46,506
Cash liabilities	6,142,314	82,633	133,441	379,591	1,044,325	51,911	70,688	351,222	3,042
B.1 Deposits	2,148,024	50	-	-	133,250	3,241	70,235	-	-
- Banks	9,332	50	-	-	-	-	7,333	-	-
- Customers	2,138,692	-	-	-	133,250	3,241	62,902	-	-
B.2 Debt securities	-	-	-	-	-	-	-	351,222	3,042
B.3 Other liabilities	3,994,290	82,583	133,441	379,591	911,075	48,670	453	-	-
Off-balance-sheet transactions	1,194,013	949,923	205,600	720,796	1,029,927	36,723	93,960	898,679	68,511
C.1 Financial derivatives with exchange of capital	1,173,752	735,023	205,312	711,700	1,029,561	14,193	93,382	767,332	9,020
- Long positions	397,364	725,972	196,094	373,163	696,914	3,349	1,955	3,437	-
- Short positions	776,388	9,051	9,218	338,537	332,647	10,844	91,427	763,895	9,020
C.2 Deposits and loans receivable	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-
C.3 Commitments to grant finance	20,261	214,900	288	9,096	366	22,530	578	131,347	59,491
- Long positions	10,298	-	288	9,096	366	22,530	578	131,347	59,336
- Short positions	9,963	214,900	-	-	-	-	-	-	155

US Dollar

	Demand deposits	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 month and 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years
Cash assets	1,995	18,001	20,633	15,054	-	159	-	456	19,965
A.1 Government securities	-	-	-	-	-	-	-	-	-
A.2 Listed debt securities	-	-	-	-	-	-	-	-	-
A.3 Other debt securities	-	-	-	-	-	-	-	-	-
A.4 Units in mutual funds	-	-	-	-	-	-	-	-	19,965
A.5 Loans	1,995	18,001	20,633	15,054	-	159	-	456	-
- Banks	1,832	18,001	20,633	15,054	-	-	-	-	-
- Customers	163	-	-	-	-	159	-	456	-
Cash liabilities	9,463	17,643	13,170	9,609	-	-	-	-	-
B.1 Deposits	3,672	16,423	13,170	9,609	-	-	-	-	-
- Banks	49	16,423	13,170	9,609	-	-	-	-	-
- Customers	3,623	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	5,791	1,220	-	-	-	-	-	-	-
Off-balance-sheet transactions	1,291,348	669,947	186,831	385,869	635,793	38	3,745	6,965	-
C.1 Financial derivatives with exchange of capital	1,291,348	669,947	186,831	385,869	635,793	38	3,745	6,965	-
- Long positions	804,481	77,025	51,496	248,133	324,965	-	2,234	3,479	-
- Short positions	486,867	592,922	135,335	137,736	310,828	38	1,511	3,486	-
C.2 Deposits and loans receivable	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-
C.3 Commitments to grant finance	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-

Swiss Franc

	Demand deposits	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 month and 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years
Cash assets	4,888	-	-	-	-	549	773	498	-
A.1 Government securities	-	-	-	-	-	-	-	-	-
A.2 Listed debt securities	-	-	-	-	-	-	-	-	-
A.3 Other debt securities	-	-	-	-	-	-	-	-	-
A.4 Units in mutual funds	-	-	-	-	-	-	-	-	-
A.5 Loans	4,888	-	-	-	-	549	773	498	-
- Banks	4,878	-	-	-	-	-	-	-	-
- Customers	10	-	-	-	-	549	773	498	-
Cash liabilities	782	1	-	-	-	-	-	-	-
B.1 Deposits	629	1	-	-	-	-	-	-	-
- Banks	4	1	-	-	-	-	-	-	-
- Customers	625	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	153	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	315	35,754	-	8,522	-	-	-	-	-
C.1 Financial derivatives with exchange of capital	315	35,754	-	8,522	-	-	-	-	-
- Long positions	21	1,360	-	4,384	-	-	-	-	-
- Short positions	294	34,394	-	4,138	-	-	-	-	-
C.2 Deposits and loans receivable	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-
C.3 Commitments to grant finance	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-

Sterling

	Demand deposits	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 month and 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years
Cash assets	721	-	-	-	-	-	-	-	-
A.1 Government securities	-	-	-	-	-	-	-	-	-
A.2 Listed debt securities	-	-	-	-	-	-	-	-	-
A.3 Other debt securities	-	-	-	-	-	-	-	-	-
A.4 Units in mutual funds	-	-	-	-	-	-	-	-	-
A.5 Loans	721	-	-	-	-	-	-	-	-
- Banks	236	-	-	-	-	-	-	-	-
- Customers	485	-	-	-	-	-	-	-	-
Cash liabilities	2,831	-	-	-	-	-	-	-	-
B.1 Deposits	164	-	-	-	-	-	-	-	-
- Banks	-	-	-	-	-	-	-	-	-
- Customers	164	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	2,667	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	8,130	6,722	-	27,162	4,097	-	-	-	-
C.1 Financial derivatives with exchange of capital	8,130	6,722	-	27,162	4,097	-	-	-	-
- Long positions	7,802	1,961	-	13,385	-	-	-	-	-
- Short positions	328	4,761	-	13,777	4,097	-	-	-	-
C.2 Deposits and loans receivable	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-
C.3 Commitments to grant finance	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-

Other currencies

	Demand deposits	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 month and 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years
Cash assets	1,267	14,933	-	-	-	-	-	-	-
A.1 Government securities	-	-	-	-	-	-	-	-	-
A.2 Listed debt securities	-	-	-	-	-	-	-	-	-
A.3 Other debt securities	-	-	-	-	-	-	-	-	-
A.4 Units in mutual funds	-	-	-	-	-	-	-	-	-
A.5 Loans	1,267	14,933	-	-	-	-	-	-	-
- Banks	1,266	14,933	-	-	-	-	-	-	-
- Customers	1	-	-	-	-	-	-	-	-
Cash liabilities	1,525	2	-	-	-	-	-	-	-
B.1 Deposits	87	2	-	-	-	-	-	-	-
- Banks	3	2	-	-	-	-	-	-	-
- Customers	84	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	1,438	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	92,455	19,087	49	13,428	3,062	2	28	-	-
C.1 Financial derivatives with exchange of capital	92,455	19,087	49	13,428	3,062	2	28	-	-
- Long positions	56,154	8,380	49	6,939	356	-	-	-	-
- Short positions	36,301	10,707	-	6,489	2,706	2	28	-	-
C.2 Deposits and loans receivable	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-
C.3 Commitments to grant finance	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-

2. Distribution of financial liabilities by sector

	Governments	Other public entities	Banks	Financial institutions	Insurance companies	Non-financial companies and Family businesses	Other parties
1. Due to customers	43,818	663	-	1,707,639	1,113,497	168,449	4,638,350
2. Debt securities in issue	-	-	-	2,403	-	-	351,861
3. Financial liabilities held for trading	173	-	450	14,747	-	-	285
4. Financial liabilities valued at fair value	-	-	-	-	-	-	-
Total as at 31.12.2006	43,991	663	450	1,724,789	1,113,497	168,449	4,990,496

3. Geographical distribution of financial liabilities

	Italy	Other European countries	America	Asia	Rest of the world
1. Due to customers	6,328,144	1,240,358	865	36	103,013
2. Due to banks	57,011	168,251	118	151	-
3. Debt securities in issue	354,264	-	-	-	-
4. Financial liabilities held for trading	1,043	14,612	-	-	-
5. Financial liabilities valued at fair value	-	-	-	-	-
Total as at 31.12.2006	6,740,462	1,423,221	983	187	103,013

4. OPERATIONAL RISK

QUALITATIVE INFORMATION

Within the framework of the New Capital Accord known as the Basel II Accord, Operational Risk is defined as “the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events”. The regulatory definition also includes legal risk, while the Group definition extends this to reputational risk as well.

The Banca Fideuram Group's Operational Risk Management (ORM) is carried out by the Group's ORM unit as a decentred organisational unit responsible for the process of managing operational risk through the collection and structured recording of information on the events that generate operational losses, through scenario analyses and through evaluating the risks associated with the Bank's operating context.

The internal Advanced Measurement Approach (AMA) model adopted for measuring regulatory capital makes combined use of information on historical operational losses and qualitative factors obtained from scenario analyses and evaluations of the audit system and operating context.

In 2006, Banca Fideuram's Operational Risk Management Unit structured a historical operational loss data collection system using referents inside the Banca Fideuram Group's subsidiaries and Central Management Departments. A Risk Self Assessment (RSA) of the Bank's operational risk profile was also carried out last year by each organisational unit through scenario analyses and the use of questionnaires.

Analysis of the historical loss data made it possible to identify the primary sources of operational risk for the bank, while RSA operational loss projections enabled the bank to identify those business areas which could give rise to greater operational risks and high-impact losses in the future.

At the same time that the aforesaid activities were

being carried out, we also launched a system in 2006 for regularly and systematically reporting on the bank's Management and formed an Operational Risk Committee that meets quarterly to analyse the operational risk reports, monitoring summaries and any critical situations identified, and to propose any corrective actions required. In addition to promoting an operational risk culture, the Committee also ensures that the Group complies with its regulatory requirements with respect to operational risk.

During 2007 we will not only continue the process of collecting the Group's operating loss data, but also plan to update the assessment activities carried out with respect to Banca Fideuram and its subsidiaries' business areas, and in addition perform an Operating Context Evaluation (OCE) that aims to identify and evaluate any possible organisational, management, technical and legal factors that could cause potential loss events.

A description of all significant pending law suits is provided in Part B Section 12 of this report, Information on the Consolidated Balance Sheet, and in the Additional Information section of the Directors' Report.

Where the sources of operational risk events are concerned, the percentage analyses of the losses by type of event are shown below in accordance with the classification framework introduced by the Basel II New Capital Accord and adopted in Europe, which is summarised hereunder to provide complete information:

- Internal Fraud ("Internal Fraud" in the graph): losses due to acts of fraud, embezzlement or the circumvention of the law, regulations or company policy - excluding diversity/discrimination events - which involve at least one internal party.
- External Fraud: losses due to acts of fraud, embezzlement or the violation/circumvention of the law by third parties.
- Employment Practices and Workplace Safety ("Staff" in the graph): losses arising from acts inconsistent with employment, health or safety

laws or agreements, from payment of personal injury claims, or from diversity/discrimination events.

- Clients, Products and Business Practices (“Business Practices” in the graph): losses arising from an unintentional or negligent failure to meet a professional obligation to specific clients (including fiduciary and suitability requirements), or from the nature or design of a product.
- Damage to Physical Assets (“Disasters” in the graph): losses arising from loss or damage to physical assets from natural disasters or other events.
- Business disruption and system failures: losses arising from disruption of business or system failures.
- Execution, Delivery and Process Management

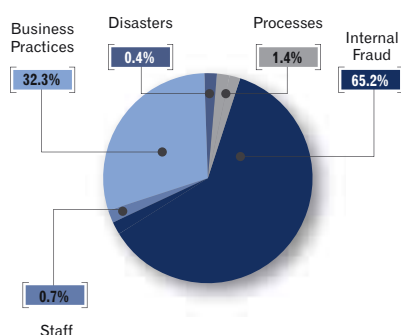
(“Processes” in the graph): losses from failed transaction processing or process management, from relations with trade counterparties and vendors.

The analysis was carried out with respect to operational loss events that involved losses incurred and/or for which provisions were set aside totalling €500 or more, initially recognised in the 2006 financial year.

“Internal Fraud” was the principal source of operational risk for the Banca Fideuram Group in 2006. “Business Practices” was likewise significant, particularly regarding the percentage of events connected with complaints and disputes regarding bonds in default.



Analysis of Fideuram Group operating losses initially recognised in the 2006 financial year



PART H

TRANSACTIONS WITH RELATED PARTIES

1. Information on the remuneration of Directors and Senior Managers

Form of remuneration	31.12.2006
<i>(All figures in thousands of euros)</i>	
Short-term benefits	921
Post-employment benefits	-
Other long-term benefits	-
Employment termination indemnity	-
Payments in shares	-
Other remuneration	-
Total remuneration paid to senior managers with strategic responsibilities	921

The Short-term benefits include the directors' remuneration and the gross annual remuneration of the General Manager.



2. Information on transactions with related parties

Banca Fideuram is controlled by Eurizon Financial Group S.p.A. (a wholly-owned subsidiary of Sanpaolo IMI S.p.A. - now Intesa Sanpaolo S.p.A.), which holds 98.7% of its share capital, including the own shares held by the bank.

Neither Banca Fideuram nor any of the other companies included in the consolidation bought shares in the bank, its immediate parent company or its overall parent company during the year, either directly or through trust companies or third parties. Banca Fideuram held 12,655,273 of its own shares.

The bank did not engage in any atypical and/or unusual transactions with other group companies, related parties or third parties in the period.

During the financial year, "ordinary" routine transactions (which were neither atypical nor unusual), were entered into with related parties, as regulated and defined by the regulations of the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB). These transactions were based on mutually-beneficial economic valuations in accordance with the law and the internal procedures established for the purpose, and were conducted under arm's-length conditions.

Banca Fideuram acquired the remainder of Banca Finnat Euramerica's holding in the share capital of Financière Fideuram on 15 December 2005 at a price calculated on the basis of the book value of the French company's shares in the bank's 2004 financial statements. The agreements between the parties provide for an adjustment mechanism that is applied to the purchase price if Banca Fideuram sells the Financière Fideuram shares it has purchased to third parties, together with a put option granted to Banca Fideuram with respect to the same shares, at a price equal to the purchase cost if no such sale is made. The terms of the aforementioned agreement, which were amended subsequent to further extensions during the

year, grant Banca Fideuram a put option with respect to said shares bought up until 31 July 2007.

On 16 February 2006, the Board of Directors of Banca Fideuram voted to centralise the bank's operating activities in a single entity known as the Divisional Operating Engine (DOE) in order to promote the creation of synergies within the Eurizon Financial Group. The transfer of the DOE company division to the company Universo Servizi (controlled by the Eurizon Financial Group) took effect from 1 May 2006. Upon this transfer, Universo Servizi increased its share capital by issuing new ordinary shares reserved for Banca Fideuram. The transfer was linked to the signing of a long-term outsourcing agreement between the parties, the fees for which will be determined on the basis of the total costs borne by Universo Servizi.

Lastly, Banca Fideuram's relations with its subsidiaries, as well as its relations with Eurizon Financial Group and with Sanpaolo IMI (now Intesa Sanpaolo) and their respective subsidiaries may be considered to form part of its ordinary operations. Banca Fideuram uses the brokerage services above all of its associate company Banca IMI for buying and selling securities, as well as those of Banca Finnat Euramerica. These transactions are conducted under arm's-length conditions. There were no insider transactions during the period with individuals performing director-level, senior management or auditing functions at Banca Fideuram, its immediate parent company Eurizon, overall parent company Sanpaolo IMI (now Intesa Sanpaolo) or any other companies in the banking group of that name.

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. This tax consolidation regime, which is governed by a special contract, provides for the aggregation of the taxable income of all the subsidiaries involved and a single payment of IRES corporate income tax by the overall parent company.

Relationships with group companies

(All figures in thousands of euros)

	Assets	Liabilities	Guarantees and commitments	Income	Expenses
Overall parent company					
Sanpaolo IMI S.p.A.	144,140	19,817	516	15,379	16,878
Immediate parent company					
Eurizon Financial Group	433	232,727	-	664	2,959
Companies subject to considerable influence					
Consorzio Studi e Ricerche Fiscali	-	-	-	-	212
Universo Servizi S.p.A.	6,957	18,467	-	3,446	78,013
Companies controlled by the immediate parent company					
Banca d'Intermediazione Mobiliare I.M.I. S.p.A (Banca IMI)	80,786	22,776	-	6,336	28,308
Banca OPI S.p.A.	3	-	1,935	-	-
Cassa di Risparmio di Padova e Rovigo S.p.A.	46	-	-	94	-
Cassa di Risparmio di Venezia S.p.A.	6	-	-	15	-
Cassa di Risparmio in Bologna S.p.A.	68	-	-	44	-
Eurizon Alternative Investments SGR S.p.A.	919	-	-	3,964	-
Eurizon Capital S.A.	507	-	-	2,122	-
Eurizon Capital SGR S.p.A.	2,635	3	-	12,036	35
Eurizon Life Limited	72	9,590	-	72	735
Eurizon Tutela S.p.A.	36	895	-	1,080	10
Eurizon Vita S.p.A.	203,409	647,823	-	166,882	9,503
Friulcassa S.p.A.	20	-	-	41	-
Inter Europa Bank S.A.	66	-	-	2	-
Sanpaolo Banca dell'Adriatico S.p.A.	37	-	-	68	-
Sanpaolo Banco di Napoli S.p.A.	150	5	-	249	53
Sanpaolo Bank S.A.	755,541	2,760	-	23,560	10
Sanpaolo IMI Bank Ireland Plc	70,322	-	-	333	293
Sanpaolo Leasing S.p.A.	24	-	-	100	-

PART I

PAYMENT AGREEMENTS BASED ON OWN EQUITY INSTRUMENTS

A. QUALITATIVE INFORMATION

1. Payment agreements based on own equity instruments

The Shareholders' Meeting of 27.4.2001 passed a resolution authorising the purchase of own shares, to be used for stock option plans for Private Bankers and employees of Banca Fideuram or its Subsidiaries, and the subsequent Shareholders' Meetings of 29.4.2002, 28.4.2003, 22.4.2004 and 27.4.2005 extended said authorisation.

By virtue of said authorisation, Banca Fideuram purchased 15,000,000 own shares on the market during the 2002 financial year, to be used in its 2003, 2004 and 2005-2007 stock option plans.

The 2003 plan, approved by the Board of Directors on 16 December 2002, ended in December 2004, largely without the options having been exercised (3,000 shares assigned).

The 2004 plan, approved by the Board of Directors on 16 December 2003, provided for assigning options to purchase Banca Fideuram shares to the Private Bankers of the Banca Fideuram Group in the ratio of one share for each option, at a unit price, recalculated following the spin-off of Fideuram Vita, of €4.43. This plan ended in December 2005 and saw 2,341,727 Banca Fideuram shares assigned to the Private Bankers of the bank and its subsidiary Sanpaolo Invest.

At 31 December 2006, Banca Fideuram held 12,655,273 own shares with a par value of €0.19 each, amounting to 1.3% of the share capital.

The Board of Directors' meeting of 16.3.2005 approved a new stock option plan for the 2005-2007 three-year

period for the Banca Fideuram Group's Private Bankers, the main elements in which are as follows:

- The plan assigns stock options in the bank's own shares in the ratio of one share per option for shares that were bought in accordance with the authorisations conferred by the resolutions passed at shareholders' ordinary meetings. Our estimates have led the number of own shares earmarked for the 2005-2007 plan to be set at approximately 5-6 million.
- The exercise price of the options for the 2005-2007 plan has been set at €4.074 for all participants.
- The number of options assigned to each participant has been linked to the three-year monetary bonus provided for in the 2005-2007 bonus scheme. In particular, the number of options assigned has been calculated so that when multiplied by the exercise price the total comes to 35% of the value of the bonus.
- All participants shall be entitled to exercise their stock options between 1.6.2008 and 23.12.2008 upon condition that they have:
 - met the individual three-year target required to receive their cash bonus
 - are in the network upon the exercise date of the options.
- There are no provisions for loans or other facilities to be made available for participants to buy the shares.

On 26 July 2006, the Board of Directors of Banca Fideuram voted to extend the 2005-2007 plan to 2008, delegating the Managing Director to redefine the terms of the stock option plan.



B. QUANTITATIVE INFORMATION**1. Changes in the year**

	31-12-2006			31-12-2005		
	Number of options	Average price	Average maturity	Number of options	Average price	Average maturity
A. Opening balance	5,626,203	4.074	June-December 2008	3,557,695	4.43	June-December 2005
B. Increases	-	-	X	5,626,203	4.074	X
B.1. New issues	-	-	X	5,626,203	4.074	June-December 2008
B.2. Other increases	-	-	X	-	-	X
C. Decreases	-	-	X	(3,557,695)	4.43	X
C1. Cancelled	-	-	X	-	-	X
C2. Exercised	-	-	X	(2,341,727)	4.43	X
C3. Expired	-	-	X	-	-	X
C4. Other decreases	-	-	X	(1,215,968)	-	X
D. Closing balance	5,626,203	4.074	June-December 2008	5,626,203	4.074	June-December 2008
E. Options exercisable at end of financial year	-	-	X	-	-	X



REPORT OF THE DIRECTORS OF BANCA FIDEURAM S.P.A.

Balance Sheet

(Reclassified - €m)

	31.12.2006	31.12.2005	change	
			amount	%
ASSETS				
Cash and cash equivalents	21.9	21.3	0.6	+2.8
Financial assets (other than loans and financial assets held to maturity)	1,772.7	715.3	1,057.4	+147.8
Due from banks	4,225.5	3,307.6	917.9	+27.8
Loans to customers	2,104.6	1,137.1	967.5	+85.1
Hedging derivatives	10.9	-	10.9	n.s.
Equity investments	360.1	148.3	211.8	+142.8
Tangible assets	41.7	47.0	(5.3)	-11.3
Intangible assets	4.1	20.5	(16.4)	-80.0
Tax assets	59.5	52.4	7.1	+13.5
Non-current assets and groups of assets held for sale	-	7.6	(7.6)	n.s.
Other assets	395.9	277.3	118.6	+42.8
TOTAL ASSETS	8,996.9	5,734.4	3,262.5	+56.9
LIABILITIES				
Due to banks	1,011.6	260.6	751.0	+288.2
Due to customers	6,304.0	4,129.3	2,174.7	+52.7
Debt securities in issue	354.2	353.4	0.8	+0.2
Financial liabilities held for trading	0.9	2.8	(1.9)	-67.9
Hedging derivatives	42.6	-	42.6	n.s.
Tax liabilities	2.0	5.7	(3.7)	-64.9
Liabilities associated with groups of assets held for sale	-	1.0	(1.0)	n.s.
Other liabilities	542.2	299.0	243.2	+81.3
Provisions for risks and charges	193.9	182.1	11.8	+6.5
Shareholders' equity	545.5	500.5	45.0	+9.0
TOTAL LIABILITIES	8,996.9	5,734.4	3,262.5	+56.9
n.s.: not significant				

Income Statement

(Reclassified - €m)

	2006	2005	change	
			amount	%
NET INTEREST INCOME	64.5	38.0	26.5	+69.7
Net commission income	202.3	216.3	(14.0)	-6.5
Dividends	231.6	203.9	27.7	+13.6
Net gains or losses on financial assets and liabilities	7.6	19.2	(11.6)	-60.4
TOTAL INCOME FROM FINANCING ACTIVITIES	506.0	477.4	28.6	+6.0
Net adjustments for impairment losses	3.6	(0.9)	4.5	n.s.
NET GAINS OR LOSSES ON FINANCING ACTIVITIES	509.6	476.5	33.1	+6.9
Staff costs	(82.3)	(103.0)	20.7	-20.1
Other administrative costs	(159.3)	(97.6)	(61.7)	+63.2
Other operating income/expense	(3.4)	0.9	(4.3)	n.s.
Net adjustments to tangible and intangible assets	(8.3)	(21.3)	13.0	-61.0
OPERATING EXPENSES	(253.3)	(221.0)	(32.3)	+14.6
Net provisions for risks and charges	(52.1)	(59.2)	7.1	-12.0
INCOME/LOSS BEFORE TAX ON CURRENT OPERATIONS	204.2	196.3	7.9	+4.0
Income taxes for the year on current operations	2.9	(6.7)	9.6	n.s.
Income/losses after tax on non-current assets held for sale	-	(35.8)	35.8	n.s.
NET INCOME	207.1	153.8	53.3	+34.7

n.s.: not significant



PERFORMANCE OF BANCA FIDEURAM

The distinctive operating characteristics of the Banca Fideuram Group mean that the Consolidated Report meets the requirements of providing an accurate representation of our financial performance better than the Individual Report of the bank alone. This short report on the performance of Banca Fideuram alone is intended to complete the consolidated information, which should be taken as the prime point of reference.

The following section briefly reports on the bank's main profit margins and operating ratios, as calculated from the figures in the income statement and balance sheet presented above.

Banca Fideuram's results show a strong financial performance:

- Net income totalled €207.1m, up 34.7% on the previous financial year (€153.8m).
- Income from current operations before tax totalled €204.2m, up €7.9m on 2005 (+4%), largely due to solid growth in net interest income (+€26.5m) and dividend income (+€27.7m), which more than offset a decline in net commission income (-€14m) and increased operating expenses (+€32.3m).

The main income statement figures were as follows:

- Net interest income was €64.5m, up 69.7% on 2005, due both to increased average trading volumes and increased spreads resulting from the improved scenario of our investment and treasury activities.
- Net commission income was down 6.5% on the previous financial year as the result of a €31.4m increase in commission income (+5.6%), offset by a €45.4m increase in commission expense (+13.1%). This growth was largely due to the increased total for management fees payable to the Private Banker Network and to the increased

sums set aside for the annual and long-term bonus schemes for Private Bankers.

- Dividend income was up €27.7m, largely as a result of the higher payout received by subsidiary Fideuram Asset Management Ireland (+€25m).

DIVIDEND INCOME BY SECTOR

	2006 financial year	2005 financial year
<small>(All figures in thousands of euros)</small>		
ASSET MANAGEMENT		
Fideuram Asset Management (Ireland)	205,000	180,000
Fideuram Bank (Luxembourg)	8,834	5,660
Fideuram Gestions	400	390
Fideuram Investimenti SGR	8,955	8,500
Sanpaolo Invest (Ireland)	8,000	8,900
Total Asset Management	231,189	203,450
OTHER		
Fideuram Fiduciaria	450	450
Total Other	450	450
TOTAL	231,639	203,900

- **Net gains on financial assets** came to €7.6m, down €11.6m principally as a result of lower gains on the fair value recognition of the insurance policies taken out as part of the Private Bankers' loyalty schemes. The gains resulting from this valuation (€3.3m) have a balancing entry of practically the same amount in the provisions for risks and charges since they belong to the Private Bankers in accordance with the contracts governing said loyalty schemes.
- **Operating expenses** totalled €253.3m, up 14.6% from €221m in the previous financial year. This €32.3m increase was mainly due to the costs of outsourced data services, to the costs of our new planning initiatives, to the extraordinary transactions connected with the Eurizon Financial Group's public offer to purchase Banca Fideuram shares, and to the process of strengthening the bank's internal audit system in line with the Sarbanes Oxley Act.
- **Net provisions for risks and charges** came to



€52.1m, down €7.1m from the previous financial year, and included €32.6m provisions for legal disputes and complaints, €3.6m provisions for contractual indemnity payments due to Private Bankers and €12m provisions set aside for the Network loyalty schemes, with the latter including the €2.9m linked to insurance policy returns referred to above.

Moving on to the balance sheet aggregate values, the salient developments were as follows:

- Financial assets totalled €1,772.7m, an increase of €1,057.4m on the figure of €715.3m at 31.12.2005 (+147.8%), mainly as a result of increased customer deposits.
- The Bank continued to be a net lender on the interbank market, with total deposits of €3,213.9m, compared to €3,047m at 31.12.2005. The item "Due from banks" included unlisted securities issued by Sanpaolo Bank S.A. with a total value of €754m (€709.4m at 31.12.2005) that were mainly used for repurchase agreements.
- Loans to customers rose from €1,137.1m to €2,104.6m, an 85.1% increase on the figure at 31.12.2005, and included a €1,055m loan to subsidiary Euro-Tresorerie. There was an increase in the item "Due to customers", which rose from €4,129.3m at 31.12.2005 to €6,303.9m at 31.12.2006. This increase was behind the growth in the bank's portfolio of financial assets.

REGULATORY CAPITAL

The bank's regulatory capital totalled €456.2m at 31 December 2006 (€465.5m at the end of 2005 - IAS estimate). The individual total solvency ratio, calculated as the ratio of regulatory capital to risk-weighted assets, was 11.7% (20.1% in 2005 - IAS estimate). The regulatory capital returns for 2006 were calculated in accordance with the IAS/IFRS criteria.

MOTION TO APPROVE THE FINANCIAL STATEMENTS AND DISTRIBUTION OF DIVIDENDS

Banca Fideuram ended the 2006 financial year with net income of €207,100,351.12. The Board proposes allocating the net income as follows:

- €204,880,727.88 to Shareholders.
- €2,035,963.69 to the Restricted Reserve established pursuant to article 6 of Italian Legislative Decree 38/2005.
- €183,659.35 to the Extraordinary Reserve.

The Board moreover proposes that having allocated the above provisions to the Restricted Reserve established pursuant to article 6 of Legislative Decree 38/2005 and to the Extraordinary Reserve, the entire remainder of net income for the year of €204,880,727.88 be distributed to the shareholders in order to pay a dividend of €0.209 (raised from 2005) for each of the bank's 980,290,564 shares with a par value of €0.19 forming the share capital.

In conclusion, the Shareholders' Meeting is invited to approve:

- The Report of the Directors, Balance Sheet, Income Statement and Notes to the Financial Statements for the 2006 financial year as presented both together and individually.
- The allocation of net income for the year described

above includes the distribution of a single dividend of €0.209, to become payable on 27.4.2007 (coupon date 24.4.2007).

Should the proposals be accepted, the composition of the bank's capital and reserves would be as follows:

(All figures in euros)

- Share capital	186,255,207.16
- Legal reserve amounting to 20% of share capital	37,251,041.43
- Additional paid-in capital	300,511.48
- Extraordinary reserve (*)	26,303,766.92
- Reserve for own shares	54,438,820.87
- Own shares held	(54,438,820.87)
- Other reserves	90,503,554.05
Total	340,614,081.04

(*) The amount set aside does not take into account the effects of own shares held.



FINANCIAL STATEMENTS OF BANCA FIDEURAM S.P.A.

Balance Sheet

(All figures in euros)

	31.12.2006	31.12.2005
ASSETS		
10. Cash and cash equivalents	21,919,703	21,280,379
20. Financial assets held for trading	23,544,645	583,728,066
30. Financial assets valued at fair value	140,606,762	131,538,651
40. Financial assets available for sale	1,608,556,992	125,840
50. Financial assets held to maturity	-	-
60. Due from banks	4,225,500,538	3,307,617,417
70. Loans to customers	2,104,645,290	1,137,147,685
80. Hedging derivatives	10,885,918	-
100. Equity investments	360,126,799	148,275,695
110. Tangible assets	41,748,242	46,990,511
120. Intangible assets	4,051,428	20,529,188
130. Tax assets	59,467,773	52,419,188
a) current	3,473,233	2,064,528
b) deferred	55,994,540	50,354,660
140. Non-current assets and groups of assets held for sale	-	7,558,911
150. Other assets	395,865,972	277,250,463
TOTAL ASSETS	8,996,920,062	5,734,461,994

Chairman of the
Board of Directors
Vincenzo Pontolillo

Managing Director
Massimo Arrighi

Deputy General Manager (CFO)
Alberto M. Maturi

Administration and
Reporting Director
Paolo Bacciga

Balance Sheet
(All figures in euros)

	31.12.2006	31.12.2005
LIABILITIES AND SHAREHOLDERS' EQUITY		
10. Due to banks	1,011,601,208	260,577,162
20. Due to customers	6,303,968,022	4,129,334,427
30. Debt securities in issue	354,263,754	353,496,252
40. Financial liabilities held for trading	869,323	2,759,313
60. Hedging derivatives	42,592,424	-
80. Tax liabilities	1,976,168	5,733,581
a) current	-	5,113,017
b) deferred	1,976,168	620,564
90. Liabilities associated with assets held for sale	-	1,000,000
100. Other liabilities	542,240,605	299,027,419
110. Provision for employment termination indemnities	15,813,000	29,374,952
120. Provisions for risks and charges:	178,100,750	152,695,251
a) Pensions and other commitments	-	-
b) Other provisions	178,100,750	152,695,251
130. Valuation reserves	20,028,863	18,941,268
160. Reserves	186,248,697	195,566,225
170. Additional paid-in capital	300,511	300,511
180. Capital	186,255,207	186,255,207
190. Own shares (-)	(54,438,821)	(54,438,821)
200. Net profit (loss) for the year	207,100,351	153,839,247
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	8,996,920,062	5,734,461,994

Chairman of the
Board of Directors
Vincenzo Pontolillo

Managing Director
Massimo Arrighi

Deputy General Manager (CFO)
Alberto M. Maturi

Administration and
Reporting Director
Paolo Bacciga



Income Statement

(All figures in euros)

	2006	2005
10. Interest income and similar revenues	204,686,662	100,088,847
20. Interest expense and similar charges	(140,192,981)	(62,085,714)
30. Net interest income	64,493,681	38,003,133
40. Commission income	593,756,731	562,381,694
50. Commission expense	(391,504,050)	(346,139,960)
60. Net commission income	202,252,681	216,241,734
70. Dividends and similar income	231,639,404	203,900,346
80. Net gains or losses on trading activities	(3,012,446)	(292,019)
90. Net gains or losses on hedging activities	57,791	-
100. Income/loss from sale or repurchase of:	6,459,016	3,587,629
a) loans	6,215,471	3,587,629
b) financial assets available for sale	243,545	-
c) financial assets held to maturity	-	-
d) financial liabilities	-	-
110. Net gains or losses on financial assets and liabilities valued at fair value	4,037,268	15,971,578
120. Total net interest and trading income	505,927,395	477,412,401
130. Net adjustments/write-backs for impairment losses to:	3,622,142	(888,212)
a) loans	3,622,142	(888,212)
b) financial assets available for sale	-	-
c) financial assets held to maturity	-	-
d) other financial transactions	-	-
140. Net gains or losses on financing activities	509,549,537	476,524,189
150. Administrative costs:	(241,559,255)	(200,588,300)
a) staff costs	(82,229,682)	(102,982,263)
b) other administrative costs	(159,329,573)	(97,606,037)
160. Net provisions for risks and charges	(52,082,815)	(59,185,662)
170. Net adjustments/write-backs of tangible assets	(3,774,956)	(5,940,666)
180. Net adjustments/write-backs of intangible assets	(4,541,698)	(15,404,013)
190. Other operating income/expense	(3,403,869)	964,590
200. Operating costs	(305,362,593)	(280,154,051)
210. Income/losses on equity investments	-	-
240. Income/losses on sale of investments	-	-
250. Income/loss before tax on current operations	204,186,944	196,370,138
260. Income taxes on current operations	2,913,407	(6,711,093)
270. Income/loss after tax on current operations	207,100,351	189,659,045
280. Income/loss after tax on groups of assets held for sale	-	(35,819,798)
290. Net profit/loss for the year	207,100,351	153,839,247

Chairman of the
Board of Directors
Vincenzo Pontolillo

Managing Director
Massimo Arrighi

Deputy General Manager (CFO)
Alberto M. Maturi

Administration and
Reporting Director
Paolo Bacciga



Statement of changes in shareholders' equity

(All figures in thousands of euros)

	Balance as at 31.12.2004 (*)	Change to opening balance	Balance as at 1.1.2005 (**)	Allocation of income for the previous year		Changes in the year							Shareholders' equity as at 31.12.2005	
				Reserves	Dividends and other	Changes in reserves	Transactions involving shareholders' equity					Net profit (loss) for the year as at 31.12.2005		
							Issue of new shares	Purchase of own shares	Distribution of extraordinary dividends	Change in capital instruments	Derivatives based on own shares			Stock options
Capital:	186,255	-	186,255	-	-	-	-	-	-	-	-	-	-	186,255
a) Ordinary shares	186,255	-	186,255	-	-	-	-	-	-	-	-	-	-	186,255
b) Other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional paid-in capital	-	-	-	-	-	-	301	-	-	-	-	-	-	301
Reserves:	223,223	12,443	235,666	9,040	-	(48,837)	-	-	-	-	-	(303)	-	195,566
a) from net income	110,255	12,443	122,698	9,040	-	(48,837)	-	-	-	-	-	(303)	-	82,598
b) other	112,968	-	112,968	-	-	-	-	-	-	-	-	-	-	112,968
Valuation reserves:	16,083	-	16,083	-	-	2,858	-	-	-	-	-	-	-	18,941
a) available for sale	-	-	-	-	-	(1)	-	-	-	-	-	-	-	(1)
b) hedging of financial flows	-	-	-	-	-	-	-	-	-	-	-	-	-	-
c) other	16,083	-	16,083	-	-	2,859	-	-	-	-	-	-	-	18,942
Capital instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Own shares (***)	-	(64,512)	(64,512)	-	-	-	10,073	-	-	-	-	-	-	(54,439)
Net profit/loss for the year	115,667	-	115,667	(9,040)	(106,627)	-	-	-	-	-	-	-	153,839	153,839
Shareholders' equity	541,228	(52,069)	489,159	-	(106,627)	(45,979)	10,374	-	-	-	-	(303)	153,839	500,463

(*) Balances resulting from the adoption of the IAS/IFRS, excepting IAS 32 and IAS 39.

(**) Balances resulting from the adoption of the IAS/IFRS, including IAS 32 and IAS 39.

(***) Own shares was deducted from shareholders' equity at cost.

Statement of changes in shareholders' equity

(All figures in thousands of euros)

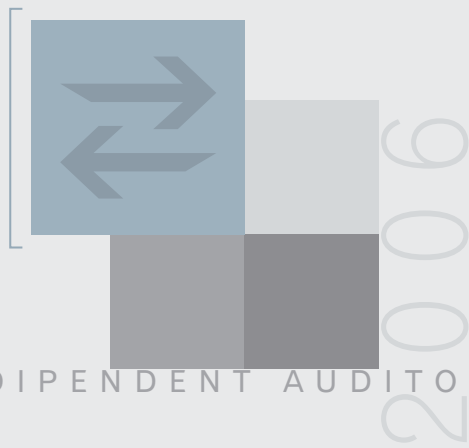
	Balance as at 31.12.2005	Change to opening balance	Balance as at 1.1.2006	Allocation of income for the previous year		Changes in the year							Shareholders' equity as at 31.12.2006	
				Reserves	Dividends and other	Changes in reserves	Transactions involving shareholders' equity					Net profit (loss) for the year as at 31.12.2006		
							Issue of new shares	Purchase of own shares	Distribution of extraordinary dividends	Change in capital instruments	Derivatives based on own shares			Stock options
Capital:	186,255	-	186,255	-	-	-	-	-	-	-	-	-	-	186,255
a) Ordinary shares	186,255	-	186,255	-	-	-	-	-	-	-	-	-	-	186,255
b) Other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional paid-in capital	301	-	301	-	-	-	-	-	-	-	-	-	-	301
Reserves:	195,566	-	195,566	(10,659)	-	-	-	-	-	-	1,342	-	186,249	
a) from net income	82,598	-	82,598	(10,659)	-	-	-	-	-	-	1,342	-	73,281	
b) other	112,968	-	112,968	-	-	-	-	-	-	-	-	-	112,968	
Valuation reserves:	18,941	-	18,941	-	-	1,088	-	-	-	-	-	-	20,029	
a) available for sale	(1)	-	(1)	-	-	1,088	-	-	-	-	-	-	1,087	
b) hedging of financial flows	-	-	-	-	-	-	-	-	-	-	-	-	-	
c) other	18,942	-	18,942	-	-	-	-	-	-	-	-	-	18,942	
Capital instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	
Own shares	(54,439)	-	(54,439)	-	-	-	-	-	-	-	-	-	(54,439)	
Net profit/loss for the year	153,839	-	153,839	10,659	(164,498)	-	-	-	-	-	-	207,100	207,100	
Shareholders' equity	500,463	-	500,463	- (164,498)	1,088	-	-	-	-	-	1,342	207,100	545,495	



Cash flow statement

(All figures in thousands of euros)

	2006	2005
A. OPERATING ACTIVITIES		
1. Operations	253,422	258,521
Net profit/loss	207,100	153,839
Net gains or losses on financial assets held for trading and on assets/liabilities valued at fair value	(1,025)	(15,680)
Net gains or losses on hedging activities	(58)	-
Net gains or losses on financial assets available for sale	(244)	-
Net adjustments/write-backs for impairment losses	(3,622)	888
Net adjustments/write-backs of tangible and intangible assets	8,316	21,345
Net provisions for risks and charges and other costs/revenues	52,083	59,186
Uncollected net premiums	-	-
Uncollected other insurance income/expense	-	-
Unpaid taxes and levies	(2,913)	6,711
Net adjustments/write-backs of net value after tax of groups of assets held for sale	-	35,820
Other adjustments	(6,215)	(3,588)
2. Cash from/used in financing activities	(2,942,419)	(1,272,964)
Financial assets held for trading	557,171	399,223
Financial assets valued at fair value	(5,031)	(115,567)
Financial assets available for sale	(10,828)	(126)
Hedging assets	(1,608,187)	-
Due from banks: demand deposits	502,536	(503,836)
Due from banks: other receivables	(1,420,420)	(743,666)
Loans to customers	(957,660)	(308,992)
3. Cash from/used in financial liabilities	2,654,014	779,316
Due to banks: demand deposits	(15,339)	22,862
Due to banks: other debts	766,363	12,911
Due to customers	2,174,633	1,014,854
Debt securities in issue	768	149,807
Financial liabilities held for trading	(1,890)	2,759
Financial liabilities valued at fair value	-	-
Hedging liabilities	42,593	-
Other liabilities	(313,114)	(423,877)
Net cash from/used in operating activities	(34,983)	(235,127)
B. INVESTMENT ACTIVITIES		
1. Cash from	245,044	336,092
Disposal of subsidiaries	-	16,385
Dividend income in equity investments	231,639	203,900
Sale of financial assets held to maturity	-	115,807
Sale of tangible assets	1,468	-
Sale of intangible assets	11,937	-
Sale of subsidiaries and company divisions	-	-
2. Cash used in	(211,851)	(61,854)
Acquisition of subsidiaries	(211,851)	-
Acquisition of financial assets held to maturity	-	-
Acquisition of tangible assets	-	(3,187)
Acquisition of intangible assets	-	(15,288)
Acquisition of subsidiaries and company divisions	-	(43,379)
Net cash from/used in investing activities	33,193	274,238
C. FUNDING ACTIVITIES		
Issue/purchase of own shares	-	(54,439)
Issue/purchase of capital instruments	-	-
Distribution of dividends and other	2,430	14,282
Net cash from/used in funding activities	2,430	(40,157)
NET CASH GENERATED/USED IN THE YEAR	640	(1,046)
Reconciliation		
Cash and cash equivalents at beginning of year	21,280	22,326
Net cash generated/used in the year	640	(1,046)
Cash and cash equivalents: effect of changes in exchange rates	-	-
Cash and cash equivalents at end of year	21,920	21,280



INDIPENDENT AUDITORS' REPORT

2006

INDEPENDENT AUDITORS' REPORT PURSUANT TO
ART. 156 AND ART. 165 OF LEGISLATIVE DECREE No. 58 OF FEBRUARY 24, 1998
(TRANSLATION FROM THE ORIGINAL ITALIAN TEXT)

To the Shareholders of
Banca Fideuram S.p.A.

1. We have audited the consolidated financial statements of Banca Fideuram S.p.A. and subsidiaries (the Banca Fideuram Group), as of and for the year ended December 31, 2006, comprising the consolidated balance sheet, the consolidated income statement, changes in shareholders' equity and cash flows and the related explanatory notes. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the 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 statement, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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.

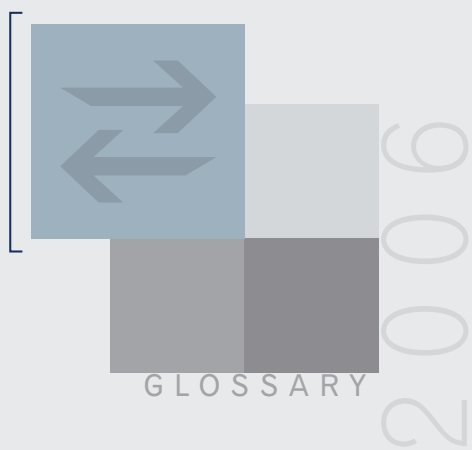
The consolidated financial statements include the comparative information for the prior year. As described in the explanatory notes, management, pursuant to the international accounting standard IFRS 5, has modified the comparative information related to the prior year's audited consolidated financial statements, on which we issued our auditors' report on date April 5, 2006. We have examined the methods adopted to retrospectively adjust the comparative financial information for the prior period and the information presented in the explanatory notes in this respect for the purpose of expressing our opinion on the consolidated financial statements as of December 31, 2006.

3. In our opinion, the consolidated financial statements present clearly and give a true and fair view of the financial position, the result of operations, the changes in shareholders' equity and the cash flows of the Banca Fideuram Group as of December 31, 2006 and for the year then ended in accordance with IFRS as adopted by the European Union and the standards issued in accordance with art. 9 of Italian Legislative Decree No. 38/2005.

Rome, March 26, 2007

Reconta Ernst & Young S.p.A.
Signed by: Carlo Vago, partner





Advisor

Financial advisor who assists companies involved in corporate finance transactions. Their tasks include providing consultancy services and preparing valuations.

Affluent customers

High-income customers.

ALM (Asset & Liability Management)

Body of techniques that allow a bank to provide integrated financial statement asset and liability management, typically used for measuring interest rate risk.

Asset allocation

Procedure adopted by an asset manager that consists in distributing a portfolio across a variety of financial instruments in different investment markets.

Asset gathering

The activity of collecting savings.

Asset management

The activity of managing and administering assets on behalf of customers.

Assets Under Management

These assets comprise:

- Managed savings, which include the assets in mutual funds and pension funds, private banking and the life insurance technical reserves.
- Non-discretionary savings, which include securities deposited (net of units in Group funds), the 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 is scheduled to come into effect in late 2006. The Accord is based on three "pillars": 1. Minimum Capital Requirement: 8% of risk-weighted assets. 2. Supervision by the Central Banks, who will have greater discretion in evaluating capital requirements and will be 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.

Bp (Basis point)

One hundredth of a percentage point (0.01%).

Branches

The Bank's area branches.

CONSOB

Acronym of "Commissione Nazionale per le Società e la Borsa" - the Italian National Commission for Listed Companies and the Stock Exchange.

Core Capital

Comprises the paid-in capital plus the reserves minus own shares, intangible assets and losses in prior years and/or the current year.

Corporate governance

The body of rules and regulations that govern the life of a company in particular with respect to the transparency of its documents and company





minutes, and to the completeness of the information it provides the market.

Cost/Income Ratio

The ratio of administrative costs and net adjustments to tangible and intangible assets, on the one hand, to total income from financing activities on the other (including other revenues, net).

Counterparty risk

The risk of a potential loss due to a counterparty failing to meet their contractual obligations.

Country risk

Set of economic, financial and political factors that may make it difficult to obtain the repayment of debts contracted by trusted foreign clients irrespective of their individual solvency.

Credit risk

The risk that a change in the credit rating of a trusted counterparty with whom a bank has an exposure could generate a corresponding change in value of the credit position.

Default

The situation in which it is impossible for a party to meet their contracted financial obligations.

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

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.

Endorsement credit

Operation through which a bank or finance company undertakes to bear or guarantee a customer's debt to a third-party.

E.V.A. (Economic Value Added)

An internal financial ratio used to calculate the value created by a company in a given period. It is calculated by subtracting the shareholder's expected return on consolidated shareholders' equity from net income. The expected return is generally taken to equal the net return on 12-month Treasury Bills issued at the beginning of the year plus a market risk premium which is assumed to be constant at 4.5 percent over the periods concerned.

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.

Embedded Value

The value of the Group's adjusted shareholders' equity plus the value of its business portfolio at the valuation date.

EPS (Earnings per Share)

Ratio of net income for the year to the number of shares at period end.

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.

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.

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.

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 market.

IASB (International Accounting Standard Board).

The international body that issues the IAS/IFRS international accounting standards.

IFRIC (International Financial Reporting Interpretation 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.

Information system

The system of machines, personnel and procedures used to manage important information for a company. The part of this system which is managed using information technology is generally called the information technology (IT) system.

Insurance consultants

Trainee Private Bankers.

Interbank deposit market (e-MID)

Electronic market for trading in interbank deposits operated by e-MID SpA.

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 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.

Operational risk

The risk of loss resulting from inadequate or failed internal processes, human resources and 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

Loan to a party who has loans that are overdue or past due by more than 180 days at period end.

Patti chiari

A project formed by a consortium of Italian banks to offer simple, modern, certified 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

Loan to a party that does not currently present any specific insolvency risks.

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 the fluctuations caused by interest rate risk or exchange-rate risk), irrespective of whether the fluctuations are caused by factors specific to the individual instrument or its issuer, or whether they are due to factors that influence every similar financial instrument traded on the market.

Private Bankers

Professionals registered in the Italian National Register of Financial Advisers, including insurance consultants.

Private Banking

Financial services for private customers to provide the global management of their financial requirements.

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.

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.

Risk Management

The acquisition, measurement, evaluation and global management of the various different types of risks and their respective hedging.

ROE (Return on equity)

The ratio of consolidated net income to average shareholders' equity.

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.

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.

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.

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 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.

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.

VaR (Value at Risk)

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.

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.



Edited by
Mercurio S.r.l. - Milan

Graphic Design
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Grafica Comunicazione Immagine - Rome

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