

2008 BANCA FIDEURAM
ANNUAL REPORT

THE VALUE OF CLARITY



Mission

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

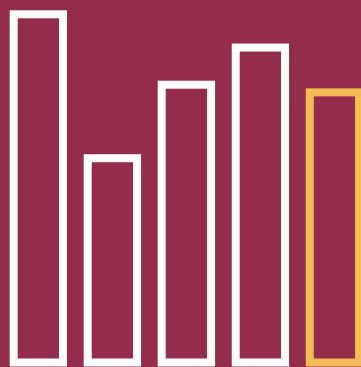
To offer financial and insurance advisory services with the support of expert professionals, acting with total transparency and complete respect for the rules.

That is Banca Fideuram's Mission.

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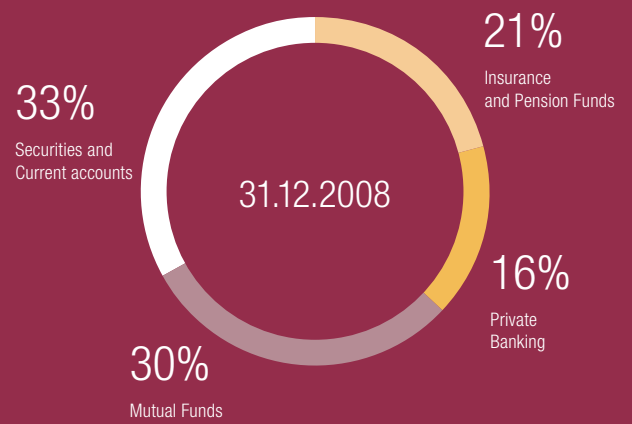
4,209



2004 2005 2006 2007 2008

Private Bankers

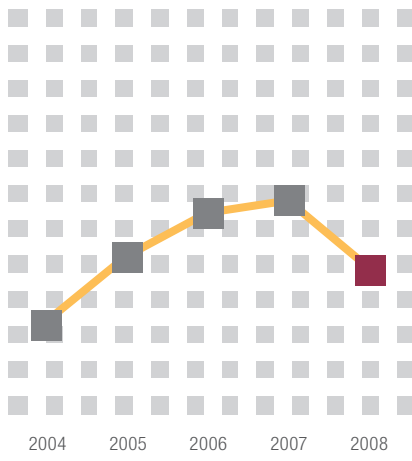
60,507 €m



Analysis of Assets Under Management %

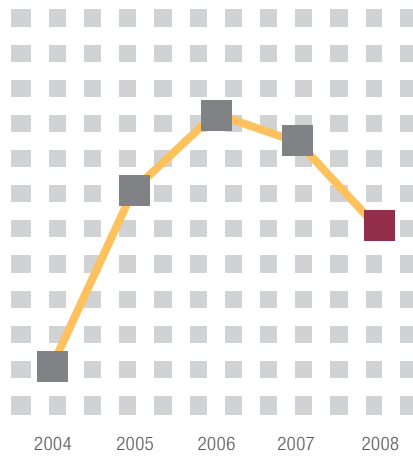
Highlights |

60,507 €m



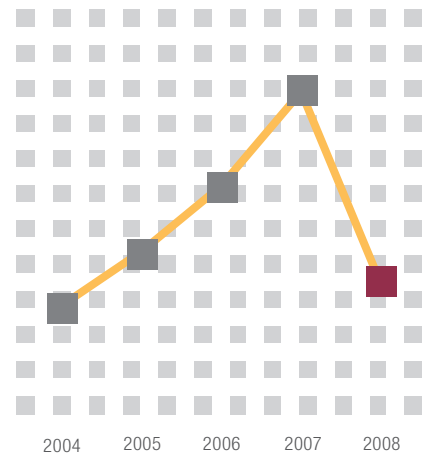
Assets Under Management

345 €m



Net inflows

176.1 €m



Consolidated net income

Assets Under Management

60,507
€m

Net commission income

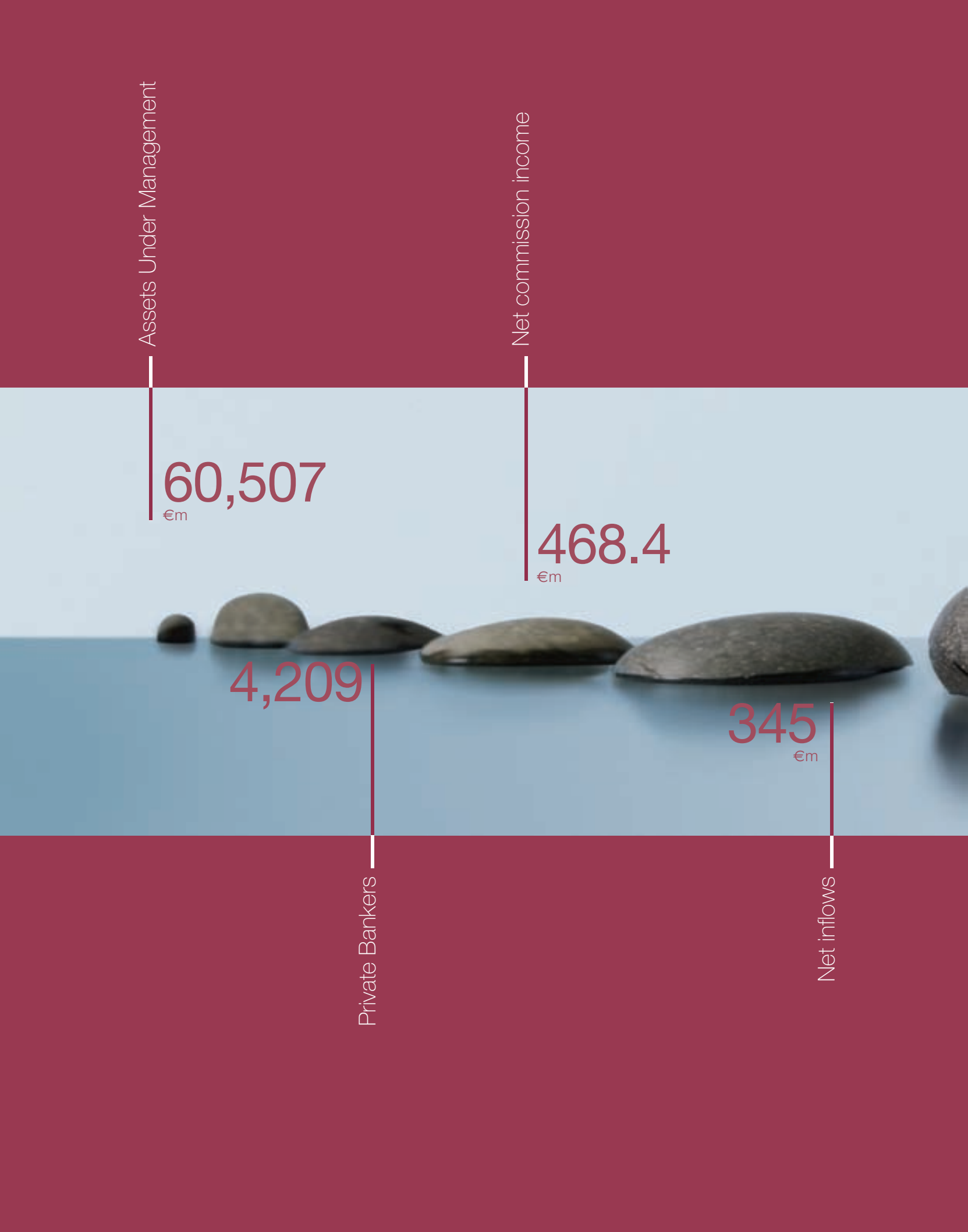
468.4
€m

4,209

Private Bankers

345
€m

Net inflows



Highlights |

Shareholders' equity

513
€m

ROE

25.8
%

52.7
%

Cost/Income Ratio

176.1
€m

Net income





BANCA FIDEURAM
AT A GLANCE



The value of clarity is itself
clear in the summarising
of salient information

Key ratios

	2008	2007	2006	2005	2004
CUSTOMER FINANCIAL ASSETS					
Net inflows into managed savings (€m)	(3,850)	(892)	681	930	434
Total net inflows (€m)	345	1,617	1,818	1,222	(798)
Assets Under Management (€m)	60,507	68,574	67,591	64,312	59,469
OPERATING STRUCTURE					
Private Bankers (no.)	4,209	4,280	4,216	4,150	4,313
Employees (no.)	1,467	1,461	1,304	1,866	1,824
Private Bankers' offices (no.)	285	254	256	257	263
Branches (no.)	97	97	94	91	89
CONSOLIDATED FINANCIAL RESULTS					
Consolidated net income (€m)	176.1	255.5	224.4	190.8	173.3
Consolidated shareholders' equity (€m)	513.0	850.3	760.3	692.7	646.0
Basic consolidated net earnings per share (€)	0.180	0.231	0.232	0.198	0.177
Dividend (€)	0.098	0.210	0.209	0.170	0.160
PROFITABILITY RATIOS					
R.O.E. (%)	25.8	31.7	30.9	28.5	28.1
Cost / Income Ratio (%) (*)	52.7	47.4	49.6	47.8	51.4
Staff costs / Total income from financing activities (%) (*)	19.7	15.4	17.6	21.4	21.1
Net income / Average Assets Under Management (%)	0.27	0.37	0.34	0.31	0.29
E.V.A. (€m)	128.9	202.0	182.2	153.9	142.1
Rating (Standard & Poor's)	Long term: A+	Short term: A-1	Outlook: Negative		

(*) Restated to take into account the changes made to the reclassified income statement from 30 June 2008 described in the section on accounting policies.

Managed savings environment

Assets (source Bank of Italy)

(€bn)

	2007	2006	2005	2004	2003
Household financial assets in Italy (HFA)	3,688	3,669	3,516	3,313	3,110
Managed savings (MS)	1,031	1,106	1,110	1,175	1,090
- Mutual funds	349	391	417	400	404
- Private banking	521	548	513	449	418
- Life insurance technical reserves (*)	357	371	355	313	272
- Pension funds (*)	41	37	35	31	29
- Adjustments	(237)	(241)	(210)	(18)	(33)
MS as % of HFA	28%	30%	32%	35%	35%

Flows (source Bank of Italy)

(€bn)

	2007	2006	2005	2004	2003
Household financial assets in Italy (HFA)	109	127	104	92	111
Managed savings (MS)	(68)	(9)	68	59	71
- Mutual funds	(50)	(39)	(4)	(15)	11
- Private banking	(26)	27	35	14	5
- Life insurance technical reserves (*)	(14)	16	42	41	44
- Pension funds (*)	4	3	4	2	2
- Adjustments	18	(16)	(9)	17	9
MS as % of HFA	n.s.	n.s.	66%	64%	64%

(*) Life insurance and Pension funds of 2007 are estimated.

n.s.: not significant

Board of Directors

Vincenzo Pontolillo*	Chairman
Luigi Maranzana*	Deputy Chairman
Matteo Colafrancesco*	Managing Director
Franca Cirri Fignagnani	Director
Giuseppe Fontana	Director
Giorgio Forti	Director
Salvatore Maccarone*	Director
Giampietro Nattino	Director
Gianemilio Osculati *	Director
Stefania Massenti	Secretary to the Board of Directors

* Members of the Executive Committee

Internal Audit Committee

Salvatore Maccarone	Chairman
Franca Cirri Fignagnani	Member
Giorgio Forti	Member

Board of Auditors

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

General Management

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

Senior Manager Responsible for the Preparation of the Company Accounts

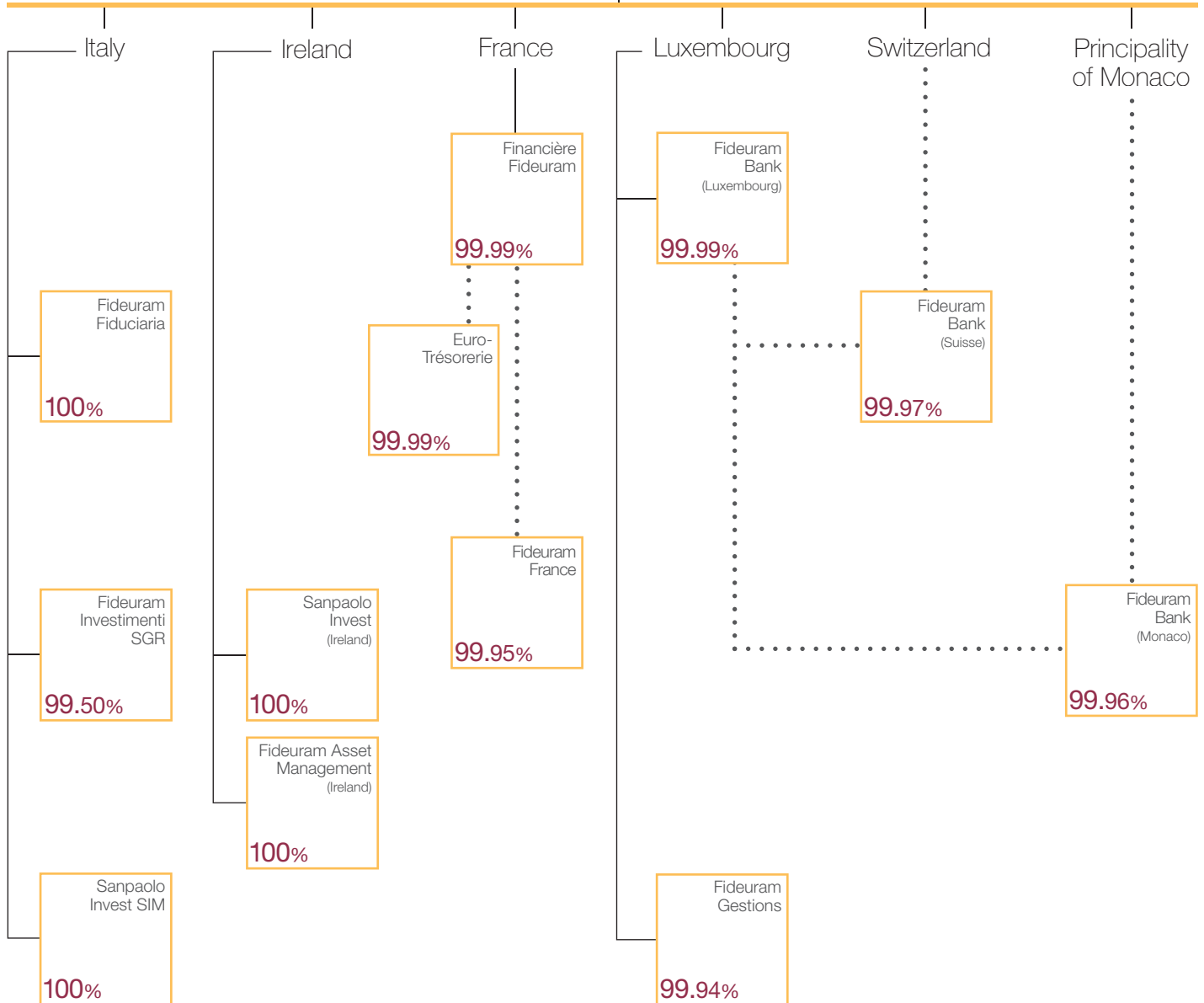
Paolo Bacciga

Independent Auditors

Reconta Ernst & Young S.p.A.



Banca FIDEURAM



Ownership:
— Direct
••• Indirect

THE VALUE OF CLARITY

Market scenario

2008 was undoubtedly a year we will have cause to remember for a long time to come. A year unleashing a succession of events that was difficult to foresee. The financial world was turned upside down. Entire production sectors entered deep crises. Countries and banks were declared in default and others are still experiencing severe financial difficulties. Faced with all this, the countries most affected approved unprecedented interventions to support the financial and real economy.

Our response to the crisis

We, too, were unquestionably affected by these difficulties and it could not be otherwise. Yet even in a situation dominated by uncertainty, our business model showed its solidity. Belonging to a leading Italian banking group and above all benefiting from the solid relationships and professional skills of our Private Bankers and Staff, we were able to react promptly and effectively to these events as they unfolded. Unwaveringly dedicated to total transparency with our customers, we offered "tactical" non-discretionary savings products to provide efficient liquidity management. We likewise worked to improve and extend our managed savings range with products and solutions focused on meeting the need to protect our customers' capital and at the same time enable them to benefit from the gradual normalisation of the stock markets. We are, however, aware that the financial and economic crisis we are going through is a deep one. The actions taken by national and supranational authorities are without question substantial and noteworthy. Just as it is certain that the events we are living through will lead to profound changes in the financial world and the rules that govern it, but will equally - as in every period of crisis - also offer unique opportunities for professionals in our sector.

“We are healthy,
sound and well
capitalised”

Those who stray from the core values which ought to inspire every professional responsible for managing the savings of their customers - their "most precious asset" - will emerge weaker from the crisis.

We are healthy, sound and well capitalised. Assets under management exceed 60 billion euro. ROE continues to be excellent at over 25%. Our Core Tier 1 Ratio is 10.64%.



Our Growth Plan

2008 saw us engaged in establishing the guidelines for our growth strategy. Our plan, which builds on the group's established business model based on the central role of our Private Bankers, includes ambitious yet concrete projects in the following areas:

Private Banking

Our goal is to achieve further radical improvements in quality through a growth plan that enhances our product range, strong local presence and organisational specialisation.

Our range already benefits from new products developed in 2008 for our Private Banking customers, including new asset management lines and insurance policies offering high levels of customisation. We will continue in this direction in 2009, bringing out dedicated banking and lending products.

We will open branches for our Private Banking customers, where they can gain the support of sector specialists and customised services.

And our corporate structures will likewise be strengthened with the creation of a dedicated service line for Private Banking customers.

Consultancy

During 2008 we launched the plan for rolling out our advanced financial planning model, SEI.

This model is the fruit of over 40 years' leading experience in Private Banking and a customer service approach that is firmly rooted in consistently offering the highest standards of consultancy, underpinned by providing our Private Bankers with the support of appropriate technological infrastructures.

We have every confidence in this model and its ability to create high added value for our customers. We will therefore continue to pursue this strategy in 2009, offering Banca Fideuram and Sanpaolo Invest customers a special contract providing advanced consultancy distinguished by significantly higher levels of service than required by the MiFID directive.

Organisational Structure

Every growth plan inevitably seeks to improve organisational efficiency and effectiveness.

Having completed the plan bringing the organisational support for our core business back into the Group, we launched an analysis of all the bank's and its subsidiaries' corporate structures to measure their competencies and ability to provide appropriate support for the growth plans developed.

Our goal is to strengthen the corporate structures that play a strategic role in our business, while likewise seeking to achieve the greatest possible efficiency in every department, including through streamlining our processes.

Last but not least, and of great strategic importance, we have laid plans to once again complete our corporate structure with an integrated Life Insurance company.

This is a complex and extensive project that we aim to complete in the shortest time possible. Urgent action is required to help our customers maintain an adequate standard of living in retirement, particularly with respect to medium-to-long term financial planning and, consequently, pension planning.

We offer professionals of the highest calibre able to provide our customers with an element of certainty.

We don't wait for our customers to come to us, we go to them.

And we speak to them using clear and simple language.

We have a history of 40 years' leadership which we commemorated in October 2008. A history

constellated with challenging and immensely rewarding moments, a history of innovation and growth. A history which has led us to be considered a benchmark in financial services consultancy.

We are leaders, and - with the energy and initiative for achievement which has always distinguished us - I am convinced we will continue to play a leading role.

“Those who stray from the core values which ought to inspire every professional responsible for managing the savings of their customers - their “most precious asset” - will emerge weaker from the crisis”

“We use clear and simple language”

Matteo Colafrancesco



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DIRECTORS' REPORT



The value of clarity
means also being aware
of risk and uncertainty

RECLASSIFIED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet

(Reclassified - €m)

	31.12.2008	31.12.2007	change	
			amount	%
ASSETS				
Cash and cash equivalents	29.1	26.2	2.9	11.1
Financial assets (other than loans and financial assets held to maturity)	2,894.2	4,424.2	(1,530.0)	-34.6
Financial assets held to maturity	609.8	4.6	605.2	n.s.
Due from banks	4,462.4	5,488.8	(1,026.4)	-18.7
Loans to customers	1,852.2	897.4	954.8	106.4
Hedging derivatives	-	80.8	(80.8)	-100.0
Equity investments	0.1	0.1	-	-
Tangible assets	31.8	33.4	(1.6)	-4.8
Intangible assets	26.6	28.2	(1.6)	-5.7
Tax assets	148.4	120.8	27.6	22.8
Non-current assets and groups of assets held for sale	-	9.4	(9.4)	-100.0
Other assets	510.4	727.8	(217.4)	-29.9
TOTAL ASSETS	10,565.0	11,841.7	(1,276.7)	-10.8
LIABILITIES				
Due to banks	452.9	969.6	(516.7)	-53.3
Due to customers	8,262.5	8,660.0	(397.5)	-4.6
Debt securities in issue	202.4	352.6	(150.2)	-42.6
Financial liabilities held for trading	82.9	10.7	72.2	n.s.
Hedging derivatives	307.4	35.5	271.9	n.s.
Tax liabilities	31.0	31.7	(0.7)	-2.2
Other liabilities	463.8	700.1	(236.3)	-33.8
Provisions for risks and charges	248.9	231.0	17.9	7.7
Minority interests	0.2	0.2	-	-
Group interests	513.0	850.3	(337.3)	-39.7
TOTAL LIABILITIES	10,565.0	11,841.7	(1,276.7)	-10.8

n.s.: not significant

Consolidated Income Statement

(Reclassified - €m)

	2008	2007 Restated (*)	change amount	%
Net interest income	158.2	131.9	26.3	19.9
Net commission income	468.4	575.4	(107.0)	-18.6
Net gains or losses on financial assets and liabilities	(10.2)	3.9	(14.1)	n.s.
TOTAL INCOME FROM FINANCING ACTIVITIES	616.4	711.2	(94.8)	-13.3
Net adjustments for impairment losses	(3.5)	2.0	(5.5)	n.s.
NET GAINS OR LOSSES ON FINANCING ACTIVITIES	612.9	713.2	(100.3)	-14.1
Staff costs	(121.6)	(109.4)	(12.2)	11.2
Other administrative costs	(189.9)	(225.5)	35.6	-15.8
Net adjustments to tangible and intangible assets	(15.6)	(7.0)	(8.6)	122.9
OPERATING EXPENSES	(327.1)	(341.9)	14.8	-4.3
Net provisions for risks and charges	(45.3)	(41.6)	(3.7)	8.9
Income on sale of investments	0.3	-	0.3	n.s.
Other operating income/expense	4.4	10.2	(5.8)	-56.9
INCOME/LOSS BEFORE TAX ON CURRENT OPERATIONS	245.2	339.9	(94.7)	-27.9
Income taxes for the year on current operations	(54.7)	(79.4)	24.7	-31.1
Restructuring costs net of tax	(14.3)	(4.9)	(9.4)	191.8
Minority interests in net income/loss	(0.1)	(0.1)	-	-
NET INCOME	176.1	255.5	(79.4)	-31.1

(*) Restated to take into account the changes made to the reclassified income statement from 30 June 2008 described in the section on accounting policies.

n.s.: not significant

Quarterly Reclassified Consolidated Income Statement trend

(Reclassified - €m)

	2008				2007 Restated (*)				
	Q4	Q3	Q2	Q1 Restated (*)	Q4	Q3	Q2	Q1	Average
Net interest income	40.8	38.0	42.7	36.7	39.6	33.7	29.1	29.5	33.0
Net commission income	96.0	114.2	137.5	120.7	134.6	144.6	142.9	153.3	143.8
Net gains or losses on financial assets and liabilities	(18.4)	6.7	1.3	0.2	(3.1)	3.2	1.0	2.8	1.0
TOTAL INCOME FROM FINANCING ACTIVITIES	118.4	158.9	181.5	157.6	171.1	181.5	173.0	185.6	177.8
Net adjustments for impairment losses	(0.5)	(2.9)	(0.2)	0.1	1.5	0.1	0.2	0.2	0.5
NET GAINS OR LOSSES ON FINANCING ACTIVITIES	117.9	156.0	181.3	157.7	172.6	181.6	173.2	185.8	178.3
Staff costs	(26.6)	(32.6)	(30.6)	(31.8)	(26.7)	(26.3)	(28.2)	(28.2)	(27.3)
Other administrative costs	(49.0)	(46.3)	(46.9)	(47.7)	(59.4)	(59.5)	(53.7)	(52.9)	(56.4)
Net adjustments to tangible and intangible assets	(4.1)	(3.9)	(3.7)	(3.9)	(1.7)	(1.7)	(1.8)	(1.8)	(1.8)
OPERATING EXPENSES	(79.7)	(82.8)	(81.2)	(83.4)	(87.8)	(87.5)	(83.7)	(82.9)	(85.5)
Net provisions for risks and charges	(15.3)	(12.0)	(10.1)	(7.9)	(14.9)	(6.8)	(7.8)	(12.1)	(10.4)
Income on equity investments	-	-	-	-	(1.0)	1.0	-	-	-
Income on sale of investments	-	-	-	0.3	-	-	-	-	-
Other operating income/expense	(0.8)	2.8	(0.5)	2.9	8.3	1.3	0.2	0.4	2.6
INCOME/LOSS BEFORE TAX ON CURRENT OPERATIONS	22.1	64.0	89.5	69.6	77.2	89.6	81.9	91.2	85.0
Income taxes for the year on current operations	(0.6)	(17.1)	(23.0)	(14.0)	(24.2)	(22.3)	(14.4)	(18.5)	(19.9)
Restructuring costs net of tax	(2.1)	(10.3)	(1.9)	-	(0.1)	-	(4.7)	(0.1)	(1.2)
Minority interests in net income/loss	(0.1)	-	-	-	(0.1)	-	-	-	-
NET INCOME	19.3	36.6	64.6	55.6	52.8	67.3	62.8	72.6	63.9

(*) Restated to take into account the changes made to the reclassified income statement from 30 June 2008 described in the section on accounting policies.

MAIN RESULTS AND STRATEGIES

THE ECONOMIC SCENARIO

2008 was dominated by the steady global deepening of the credit crisis which began in the summer of 2007 and intensified considerably in the final months of the year (in particular after Lehman Brothers applied for bankruptcy protection in mid-September), reflected in a sharp correction in share prices on advanced and emerging markets alike.

The Lehman Brothers bankruptcy was followed by a credit market freeze which gripped the interbank market in particular, and governments found themselves forced to tackle the crisis by intervening in the financial sector on a scale unseen since the Great Depression. Certain economies which had pursued restrictive monetary policies mid-year to tackle the sudden rise in inflation caused by sharply rising raw material prices, switched to broadly expansionary policies in the final months of the year in response to a marked deterioration in growth prospects and a rapid reversal in inflation.

Although the **U.S.** economy was officially in recession from December 2007, growth continued to be positive until the summer thanks to the impact on consumer spending of the fiscal stimulus package passed by Congress at the beginning of the year and strong foreign trade, boosted by the sharp depreciation of the dollar. Consumer spending fell sharply from the beginning of the summer adding to the difficulties caused by the continuing crisis in the real estate sector. Nevertheless, the third quarter saw only a slight contraction in GDP thanks to the support of foreign trade, whereas the figures for the last quarter, dominated by a collapse in consumer spending, employment, investment and exports, indicate a 6.2% fall in GDP on an annual basis, the worst result since the early eighties. The Federal

Reserve not only had to take strong action on interest rates to tackle the financial crisis and deteriorating economic prospects, taking them from 4.25% at the beginning of the year to practically zero in mid-December, but also took unprecedented steps to provide direct support for the financial system and credit and mortgage markets, above all after the collapse of Lehman Brothers and the crisis of insurance giant AIG.

The **Eurozone** experienced sustained growth in the first quarter of the year, followed by sagging performance at the beginning of the second quarter, with trade and demand starting to show signs of contraction that was however still relatively moderate mid-year. The European Central Bank continued to concentrate on the risks of rising inflation, which had increased to 4% at the beginning of the summer under the pressure of rising raw material prices. The European Central Bank therefore increased interest rates by 25 basis points at its meeting in early July with the aim of anchoring price growth expectations. This approach was abruptly reversed from mid-September with the intensification of the global financial crisis and growing evidence that production was starting to fall sharply in the Eurozone as well. The ECB therefore cut interest rates by 50 basis points in early October (in concert with other central banks) and then by a total of a further 125 basis points by the end of the year. On 15 January and 4 March 2009, the European Central Bank made two further 50 basis-point cuts in interest rates, taking the reference rate to a historical low of 1.5%.

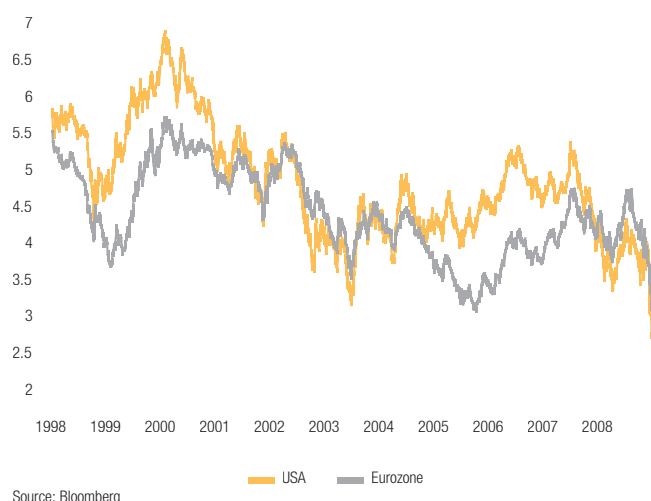
In **Asia**, and China in particular, growth continued to be relatively strong albeit down on the first half of the year. The substantial increase in inflation caused by sharply rising food and energy raw material prices (oil reached close to 150 dollars per barrel in July before falling to its current 40 dollars) impacted on growth prospects and was reflected in more restrictive monetary policy approaches. This area was also strongly affected by the repercussions of the global crisis in the last few months of the year and the slowdown in growth was particularly and unexpectedly severe in China. The Japanese economy, deprived of an internal growth engine due to continued weak consumer spending, entered a deep recession during the year. The Bank of Japan cut interest rates to almost zero in towards the end of 2008.

Share markets trend



Bond markets trend

(10-years government securities yields)



Stock market performance was negative in the year, with a particularly sharp fall between the beginning of September and end of November in the most acute phase of the financial crisis. In the U.S.A., the S&P 500 index fell 38% while the DJ-Stoxx 600 index in Europe fell by almost 46%. The bond market saw sharp increases in credit sector spreads while long-term government bond yields fell considerably in the last part of the year, reaching the lows of recent decades. In the USA, the ten-year bond yield ended 2008 at just above 2% (compared with 4% at the beginning of the year) while the yield on the ten-year Bund fell from 4.30% at the beginning of the year to just under 3% after having touched 4.70% in the early summer. Lastly, the Eurozone saw considerable interest rate gaps open between Germany and the other economies in the zone, in particular the so-called peripheral countries, including Italy.

Italian 10-Year BTP/Bund spread (2008)



iTRAXX index % change - 5 year Credit Default Swap on major European investment-grade financial and corporate Securities (2008)



OVERVIEW OF CONSOLIDATED RESULTS

The steady deterioration in the global economic scenario and continuing widespread crisis in the financial markets had a significant effect on the Group's 2008 results. **Consolidated net income** totalled €176.1m, down 31.1% on the €255.5m achieved in 2007.

R.O.E. was 25.8% (31.7% in 2007).

Analysing the main income statement items shows that this fall in income from 2007 was due to lower net commission income (-€107m) and net gains on financial assets (-€14.1m), which were only partly offset by increased net interest income (+€26.3m) and reduced operating expenses (-€14.8m). The Group's **Cost/Income Ratio** was 52.7% compared with 47.4% in 2007 as a result of this fall in income, notwithstanding stringent cost control measures. Gross income was also impacted by increased write-downs of loans (+€5.5m including €1.3m related to the default of the Lehman Group) and increased provisions (+€3.7m).

At 31 December 2008, the **number of Private Bankers** in the Fideuram and Sanpaolo Invest networks totalled 4,209 compared with 4,280 at 31 December 2007.

Total staff came to 1,467 employees at that date, compared with 1,461 at 31 December 2007.

Bank branches and **Private Bankers' offices** totalled 97 and 285 respectively, with Sanpaolo Invest SIM accounting for 184 of the latter.

Total customer numbers were approximately 639,000 at 31 December 2008, compared with 650,000 at 31 December 2007. The number of customers subscribed to our online services came to 209,000, an increase of 9,000 on 31 December 2007.

2008 - 2011 INDUSTRIAL PLAN

The Board of Directors of Banca Fideuram approved the 2008-2011 Plan on 24 June 2008.

The guidelines for the new plan are rooted in the core concept of Banca Fideuram's mission, namely the ability to offer high-quality financial consultancy that is based on an analysis of each customer's financial needs and risk profile. Banca Fideuram is indeed a solid operator in a particularly challenging market precisely because it has a highly-professional business model that is focused on balancing performance and the risks of the financial markets.

Parent company Intesa Sanpaolo approved a plan in 2007 to strengthen Banca Fideuram's leadership by restoring its unique individual identity and re-equipping it with the internal organisational structures required to support its core business activities. Banca Fideuram reacquired the Eurizon Solutions S.p.A. company divisions providing IT services and Operations management in December 2007.

The new plan takes the following strategic considerations into account:

- The financial consultancy offered through our Private Banker Networks is a sustainable long-term business model that is in line with best practice in all the world's advanced financial markets, being based on the expertise and motivation of professionals who offer their customers the benefits of personalised quality consultancy built on relationships of trust.
- The Markets in Financial Instruments Directive (MiFID) considers the provision of financial consultancy by qualified professionals to be one of the pillars of modern investment thinking. Moreover, long-term market trends are likely to substantially increase the importance of the role played by Private Bankers.
- Banca Fideuram is strongly placed to build on its success in the Private Banking sector, leveraging a business model that is supported by a strong and stable image based on our ability to offer expert professionals and advanced consultancy services from a single bank with an established tradition of serving the needs of high net worth customers. Completing the picture, there is our undisputed leadership of a market in the process of consolidation and our solid profitability.
- The challenges of the financial consultancy sector in the coming years will reward those players who are able to create value for their stakeholders, devoting special attention to their customers and Private Bankers.

In view of these considerations, the new plan envisages a leading role for Banca Fideuram, supported by our forthcoming relisting.

OPERATING RESULTS

ASSETS AND INFLOWS

Assets under management were impacted by the sharp falls in the financial markets during the year and totalled €60.5bn at 31 December 2008, down €8.1bn (11.8% on the figure at 31 December 2007).

Assets Under Management

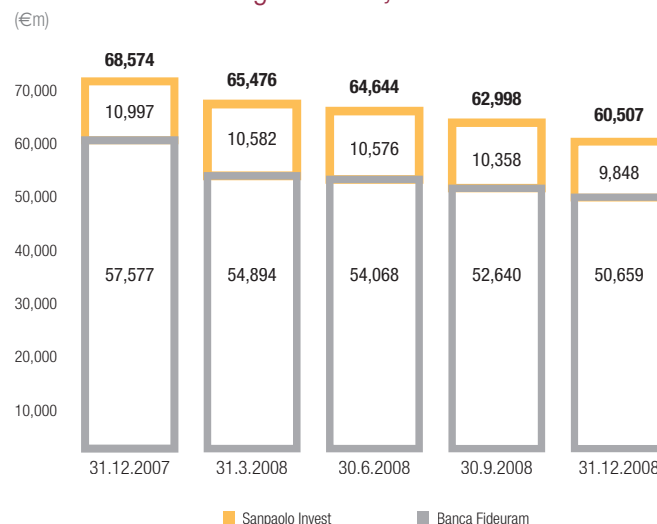
(€m)

	31.12.2008	31.12.2007	change amount	%
Mutual funds	18,085	21,036	(2,951)	-14.0
Private banking	9,639	15,105	(5,466)	-36.2
Life insurance	12,354	14,389	(2,035)	-14.1
<i>including: Unit linked</i>	<i>9,506</i>	<i>11,285</i>	<i>(1,779)</i>	<i>-15.8</i>
Pension funds	215	223	(8)	-3.6
Total managed savings	40,293	50,753	(10,460)	-20.6
Total non-discretionary savings	20,214	17,821	2,393	13.4
<i>including: Securities</i>	<i>15,774</i>	<i>14,199</i>	<i>1,575</i>	<i>11.1</i>
Total AUM	60,507	68,574	(8,067)	-11.8

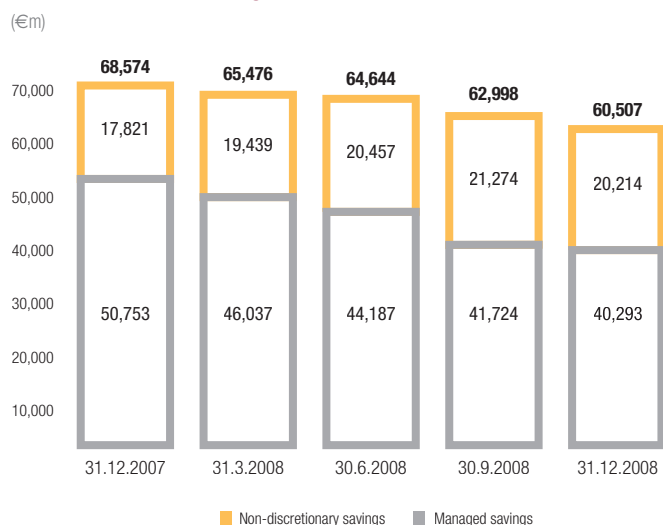
Managed savings accounted for €40.3bn of this total (66.6% of total assets under management), compared with €50.8bn of the previous financial year (74% of total assets under management). Conversely, non-discretionary savings were up €2.4bn (+13.4%). Shares decreased as a component of assets under management with recurring fees (mutual funds, private banking and unit-linked policies), falling to an average of 28.9% from 38.2% at 31 December 2007.

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

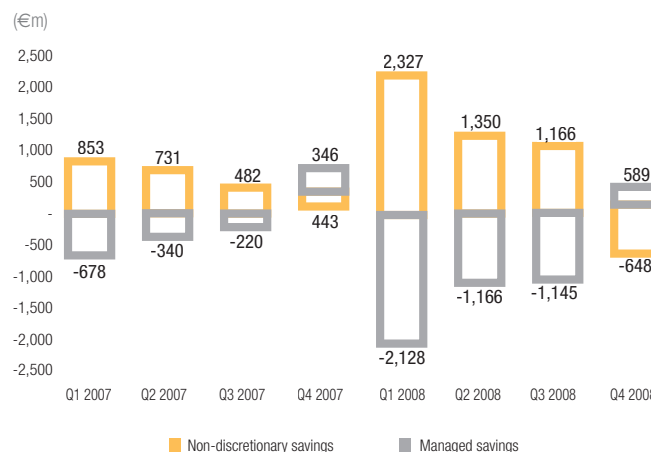
Assets Under Management - by sales network



Assets Under Management - by type of inflows



Trend Net inflows



Notwithstanding the very strong negative trends in the financial markets, total net inflows were positive to the tune of €345m in 2008 compared with €1.6bn in 2007.

Although inflows into non-discretionary savings increased significantly, rising to €4.2bn from €2.5bn in 2007, this was offset by a sharp decrease in inflows into managed savings, which had a net outflow of €3.9bn (-€0.9bn in the previous financial year).

Overall, these results indicate that there was a tactical reallocation from managed savings to securities and repurchase agreements in the year which enabled our customers to contain the negative effects of the current market situation.

It should, however, be noted that net inflows into managed savings showed some signs of recovery at the end of 2008, being positive to the tune of €589m in the last quarter.

Net inflows

(€m)

	2008	2007	change amount	%
Mutual funds	610	503	107	21.3
Private banking	(3,792)	(2,307)	(1,485)	64.4
Life insurance	(684)	880	(1,564)	n.s.
<i>including: Unit linked</i>	<i>(527)</i>	<i>1,418</i>	<i>(1,945)</i>	<i>n.s.</i>
Pension funds	16	32	(16)	-50.0
Total managed savings	(3,850)	(892)	(2,958)	n.s.
Total non-discretionary savings	4,195	2,509	1,686	67.2
<i>including: Securities</i>	<i>3,486</i>	<i>2,412</i>	<i>1,074</i>	<i>44.5</i>
Total net inflows	345	1,617	(1,272)	-78.7

n.s.: not significant

FINANCIAL RESULTS

ANALYSIS OF THE INCOME STATEMENT

The deteriorating economic scenario and ongoing international financial crisis had a significant effect on the Group's 2008 results.

Consolidated net income totalled €176.1m, down 31.1% (-€79.4m) on the corresponding period in the previous financial year (€255.5m) as follows:

(€m)	2008	2007 Restated (*)	change	
			amount	%
Net interest income	158.2	131.9	26.3	19.9
Net commission income	468.4	575.4	(107.0)	-18.6
Net gains or losses on financial assets and liabilities	(10.2)	3.9	(14.1)	n.s.
TOTAL INCOME FROM FINANCING ACTIVITIES	616.4	711.2	(94.8)	-13.3
Net adjustments for impairment losses	(3.5)	2.0	(5.5)	n.s.
NET GAINS OR LOSSES ON FINANCING ACTIVITIES	612.9	713.2	(100.3)	-14.1
Staff costs	(121.6)	(109.4)	(12.2)	11.2
Other administrative costs	(189.9)	(225.5)	35.6	-15.8
Net adjustments to tangible and intangible assets	(15.6)	(7.0)	(8.6)	122.9
OPERATING EXPENSES	(327.1)	(341.9)	14.8	-4.3
Net provisions for risks and charges	(45.3)	(41.6)	(3.7)	8.9
Income on sale of investments	0.3	-	0.3	n.s.
Other operating income/expense	4.4	10.2	(5.8)	-56.9
INCOME/LOSS BEFORE TAX ON CURRENT OPERATIONS	245.2	339.9	(94.7)	-27.9
Income taxes for the year on current operations	(54.7)	(79.4)	24.7	-31.1
Restructuring costs net of tax	(14.3)	(4.9)	(9.4)	191.8
Minority interests in net income/loss	(0.1)	(0.1)	-	-
NET INCOME	176.1	255.5	(79.4)	-31.1

(*) Restated to take into account the changes made to the reclassified income statement from 30 June 2008 described in the section on accounting policies.

n.s.: not significant

Net income from financing activities came to €612.9m, down €100.3m (-14.1%) on the €713.2m achieved in 2007 due to a €107m decline in net commission income, net losses of €14.1m on financial assets and increased write-downs of loans (+€5.5m), which were only partly offset by increased net interest income (+€26.3m).

Net interest income

(€m)

	2008	2007	change	
			amount	%
Business with customers	(205.5)	(165.6)	(39.9)	24.1
Business with banks	193.2	148.8	44.4	29.8
Debt securities in issue	(17.9)	(16.4)	(1.5)	9.1
Gains/losses on hedging derivatives	5.2	(8.5)	13.7	n.s.
Financial assets held for trading	0.9	1.7	(0.8)	-47.1
Financial assets held to maturity	27.9	0.2	27.7	n.s.
Financial assets available for sale	154.2	171.5	(17.3)	-10.1
Other interest, net	0.2	0.2	-	-
Total	158.2	131.9	26.3	19.9

Net interest income totalled €158.2m, up sharply on 2007 (+€26.3m) as a result of market interest rate trends and the increased profitability of assets.

The latter was helped both by the increased percentage of total financial assets accounted for by securities holdings and the wider spread between the cost of inflows and the three-month Euribor rate (to which the repricing of almost all the Group's securities holdings is linked) caused by the increased liquidity premium resulting from the international financial crisis in the interbank market. The ratio of the average spread for the period to the cost of inflows in fact rose from 1.62% in 2007 to 2.01% in 2008.

3-month Euribor/Eonia Swap spread (2008)



Source: Bloomberg

Net gains or losses on financial assets

(€m)

	2008	2007 Restated (*)	change	
			amount	%
Net gains or losses on the sale of loans and financial assets available for sales	3.2	0.1	3.1	n.s.
Net gains or losses on trading activities	(16.5)	3.5	(20.0)	n.s.
Net gains or losses on hedging activities	3.1	0.3	2.8	n.s.
Total	(10.2)	3.9	(14.1)	n.s.

(*) Restated to take into account the changes made to the reclassified income statement from 30 June 2008 described in the section on accounting policies.

Net gains on financial assets had a negative balance of €10.2m, down €14.1m on the positive balance achieved in 2007 (€3.9m). This was principally due to losses on the sale of bonds from the available-for-sale portfolio, which partly offset the bank's profits on repurchase agreements with customers, as well as a decision in the last part of the year with the prospect of falling market interest rates to opt for the early termination of a number of derivative contracts taken out for hedging purposes, thus increasing the exposure of our fixed-rate assets.

Net commission income came to €468.4m, down €107m (-18.6%) on the previous financial year, mainly due to a substantial fall in total average assets under management.

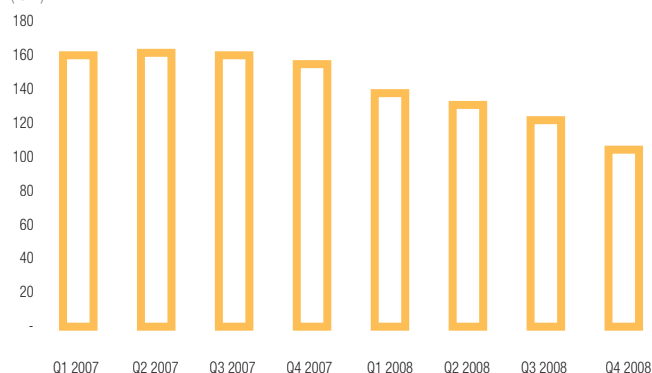
Net recurring fees

(€m)

	Q1	Q2	Q3	Q4	Total
2008	136.3	129.4	120.7	103.4	489.8
2007	158.4	159.8	158.5	153.2	629.9
Change	(22.1)	(30.4)	(37.8)	(49.8)	(140.1)

Net recurring fees

(€m)



Net recurring fees totalled €489.8m, down €140.1m (-22.2%) on the previous financial year largely as a result of the crisis in the financial markets, which caused a sharp drop in average assets under management with recurring fees (mutual funds, private banking and unit-linked policies), taking them from €47.7bn to €41bn between the end of 2007 and the end of 2008 (-14%), and partly as a result of customers shifting their asset allocation to bond and monetary products.

Net front-end fees

(€m)

	Q1	Q2	Q3	Q4	Total
2008	11.6	28.4	14.3	15.6	69.9
2007	24.6	14.2	12.8	14.5	66.1
Change	(13.0)	14.2	1.5	1.1	3.8

Net front-end fees came to €69.9m, an increase of €3.8m (+5.7%) on the previous financial year as a result of increased bond placing, supported by the networks' marketing of six bond loans issued by Intesa Sanpaolo, which together achieved total placing of €3.3bn in 2008.

Other commission expense, net: incentives and similar fees

(€m)

	Q1	Q2	Q3	Q4	Total
2008	(27.2)	(20.3)	(20.8)	(23.0)	(91.3)
2007	(29.7)	(31.1)	(26.7)	(33.1)	(120.6)
Change	2.5	10.8	5.9	10.1	29.3

Commission expense for incentives and similar fees totalled €91.3m, down €29.3m on the figure for the previous financial year (€120.6m), due to lower incentive payments to and provisions set aside for the Private Banker Networks in the year.

Net adjustments for impairment losses on loans totalled €3.5m, an increase of €5.5m on the positive balance of €2m at 31 December 2007, and included a €1.3m write-down of a gross loan debt of €1.7m, classified as a non-performing loan in the third quarter of the year following the early termination of seven interest rate swap contracts entered into for hedging purposes with Lehman Brothers International Europe.

Operating expenses

(€m)

	2008	2007 Restated (*)	change	
			amount	%
Staff costs	121.6	109.4	12.2	11.2
Other administrative costs	189.9	225.5	(35.6)	-15.8
Net adjustments to tangible and intangible assets	15.6	7.0	8.6	122.9
Total	327.1	341.9	(14.8)	-4.3

(*) Restated to take into account the changes made to the reclassified income statement from 30 June 2008 described in the section on accounting policies.

Operating expenses totalled €327.1m, down €14.8m (-4.3%) on the 2007 financial year (€341.9m). Any analysis of this change in costs should take into account the impact of the acquisition of Eurizon Solutions S.p.A.'s IT and Operations division. This transaction led to increased personnel and software expenses from 31 December 2007, offset by similar savings in IT service and back-office outsourcing costs.

Staff costs, including the costs of returning the staff from Eurizon Solutions to the Group, totalled €121.6m, up €12.2m on 2007 (+11.2%). Considering 2008 net of said return, staff costs fell by approximately €8.3m, principally due to a decrease in the variable components of remuneration.

Other administrative costs totalled €189.9m, down €35.6m on the figure for the previous financial year (€225.5m). Comparing these costs on a like-for-like basis (which is to say net of the impact of the above-mentioned acquisition of the IT and Operations Division), they were down by approximately €6.1m, mainly as a result of decreased third-party service costs.

Net adjustments to tangible and intangible assets totalled €15.6m, up €8.6m on the previous financial year as a result of increased amortisation relating to the software acquired from Eurizon Solutions. Net of this impact, amortisation was largely in line (-€0.4m) with the figure for 2007.

Income taxes totalled €54.7m, down €24.7m on the figure for last year (€79.4m) due both to a decrease in taxable income and reductions in the IRES corporate income tax rate and IRAP regional business tax rate introduced by the 2008 Finance Act, which had made it necessary to recalculate our deferred tax assets and resulted in an increase of approximately €13.7m in the tax burden for the 2007 financial year. This decrease was less than it might otherwise have been as a result of recent tax changes which increased our taxable base by the exemption of dividends from IRES corporate income tax within the framework of the "consolidato fiscale nazionale" tax consolidation regime while also making them partially subject to IRAP regional business tax, and at the same time making interest expense only partially tax-deductible.

Restructuring costs net of tax totalled €14.3m, up €9.4m on the figure for 2007 (€4.9m). For 2008, these costs regarded the expenses directly related to the Industrial Plan approved by the Banca Fideuram Board of Directors on 24 June 2008 and included €2.6m administrative costs and €11.7m early retirement incentives following the 5 September agreement between Banca Fideuram and the staff trade unions regarding the establishment of a solidarity fund for approximately one hundred personnel. Restructuring costs in 2007 principally regarded early retirement incentives.

Net provisions for risks and charges

(€m)

	2008	2007 Restated (*)	change	
			amount	%
Contractual indemnity payments due to Private Bankers	6.6	5.4	1.2	22.2
Legal disputes, claims from receivers and complaints	16.8	21.2	(4.4)	-20.8
Network loyalty schemes	21.9	15.0	6.9	46.0
Total	45.3	41.6	3.7	8.9

(*) Restated to take into account the changes made to the reclassified income statement from 30 June 2008 described in the section on accounting policies.

Net provisions for risks and charges came to €45.3m, up €3.7m on the figure for the previous financial year (€41.6m). This included provisions of €6.6m for contractual indemnity payments due to Private Bankers (€5.4m in 2007) and provisions of €16.8m to cover legal disputes, claims from receivers, customer complaints and the risks connected with securities in default traded in prior years (down 20.8% on 2007).

A total of €21.9m provisions were set aside for the Private Banker Networks' Loyalty Schemes in the year compared to €15m in the previous financial year, with the €6.9m increase being due to the extension of the Loyalty Schemes to an increased number of Private Bankers.

Other operating income and expense is a residual item for miscellaneous revenues and costs which cannot be recognised in other items of the income statement. Other revenues (net) totalled €4.4m in 2008 due to the favourable conclusion of a number of legal disputes and the positive outcome of transactions with customers. This was €5.8m less than the total for the previous financial year, which included €11.5m income from the sale of Fideuram Investimenti's Open Pension Fund to Eurizon Vita S.p.A..

ASSET AND LIABILITY MANAGEMENT

The main balance sheet items are analysed in the tables below, comparing the results with the corresponding figures at 31 December 2007.

(€m)

	31.12.2008	31.12.2007	change amount	%
ASSETS				
Financial assets	3,504.0	4,509.6	(1,005.6)	-22.3
Due from banks	4,462.4	5,488.8	(1,026.4)	-18.7
Loans to customers	1,852.2	897.4	954.8	106.4
Equity investments	0.1	0.1	-	-
Tangible and intangible assets	58.4	61.6	(3.2)	-5.2
Other assets	687.9	884.2	(196.3)	-22.2
TOTAL ASSETS	10,565.0	11,841.7	(1,276.7)	-10.8
LIABILITIES				
Due to banks	452.9	969.6	(516.7)	-53.3
Due to customers	8,262.5	8,660.0	(397.5)	-4.6
Debt securities in issue and financial liabilities held for trading	592.7	398.8	193.9	48.6
Other liabilities	494.8	731.8	(237.0)	-32.4
Provisions for risks and charges	248.9	231.0	17.9	7.7
Minority interests	0.2	0.2	-	-
Group shareholders' equity	513.0	850.3	(337.3)	-39.7
TOTAL LIABILITIES	10,565.0	11,841.7	(1,276.7)	-10.8

Group **financial assets** held for treasury and investment purposes totalled €3.5bn, down €1bn on the figure at the end of the 2007 financial year (-22.3%).

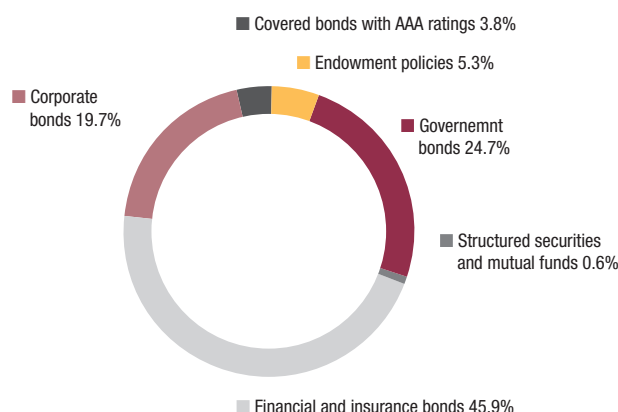
Financial assets

(€m)

	31.12.2008	31.12.2007	change amount	%
Financial assets held for trading	96.7	45.0	51.7	114.9
Financial assets valued at fair value	184.0	166.5	17.5	10.5
Financial assets available for sale	2,613.5	4,212.7	(1,599.2)	-38.0
Financial assets held to maturity	609.8	4.6	605.2	n.s.
Hedging derivatives	-	80.8	(80.8)	-100.0
Total	3,504.0	4,509.6	(1,005.6)	-22.3

n.s.: not significant

Financial assets at 31 december 2008



The Group changed the composition of its overall portfolio in 2008, reclassifying certain securities in its financial portfolios in two separate actions to reduce its financial risk profile in the current macroeconomic climate.

The first of these actions involved locking up part of the available-for-sale portfolio in the first quarter. This led to a €605.2m increase in financial assets held to maturity, with securities totalling €585.3m having been reclassified from the available-for-sale portfolio in accordance with IAS 39 paragraph 54 and €19.9m new purchases on the market. The market value of the Group's held-to-maturity financial assets was €552.7m at 31 December 2008.

The second action, in the third quarter of the year, involved reclassifying a further tranche of the available-for-sale portfolio in accordance with the recent amendment to IAS 39. On 13 October 2008, the International Accounting Standards Board (IASB) approved an amendment which removed certain restrictions on the reclassification of financial instrument holdings to eliminate any possible inconsistencies arising from differences between the IAS/IFRS standards and US GAAP. The amendment to IAS 39, applicable from 1 July 2008, was approved by the European Commission on 15 October 2008 with Regulation No. 1004/2008.

The amendment issued by the IASB permits the following in particular:

- The reclassification of financial instruments from the trading portfolio to Held to Maturity or Loans & Receivables.
- The reclassification of financial instruments from the available-for-sale portfolio to Loans & Receivables.

The Banca Fideuram Group availed itself of the second option and reclassified certain available-for-sale bonds as Loans & Receivables. The decrease in available-for-sale financial assets (-€1.6bn) was therefore due not only to the aforementioned lock-up in the first quarter of the year and to decreases in fair value, but also to the reclassification of €668.5m securities from the available-for-sale portfolio to due from banks and loans to customers.

Said securities were reclassified in accordance with Regulation No. 1004/2008 with effect from 1 July 2008.

More specifically, the following bonds were reclassified:

- Unlisted government bonds (stripped Italian BTP bonds) totalling €579.8m.
- Bank bonds taking the form of private placements totalling €19.6m.
- Asset-backed securities with a total value of €69.1m.

If these securities had not been reclassified as Loans & Receivables, they would have suffered a further loss of approximately €198.3m as the difference between the gross negative reserve said securities would have had at 31 December 2008 without reclassification (€242.4m) and the gross negative reserve at the reclassification date (€44.1m).

It should be noted that the Group portfolio has no direct exposure to the American subprime mortgage market and likewise has no direct exposure to any vehicle companies not included in the consolidation.

The change in hedging derivatives was due to the early termination of a number of contracts and lower market interest rates. The positive fair value of these instruments, which provide for the payment of a fixed rate and collection of a floating rate, was consumed by the interest rate cuts in the fourth quarter of the year.

Financial liabilities

(€m)

	31.12.2008	31.12.2007	change	
			amount	%
Debt securities in issue	202.4	352.6	(150.2)	-42.6
Financial liabilities held for trading	82.9	10.7	72.2	n.s.
Hedging derivatives	307.4	35.5	271.9	n.s.
Total	592.7	398.8	193.9	48.6

Financial liabilities totalled €592.7m and consisted of long/medium-term bond issues and derivatives.

This item was up 48.6% on the figure at 31 December 2007, principally as a result of changes in the fair value of the derivatives used to hedge the interest rate risk of the fixed-rate bonds in the portfolio. The total value of debt securities in issue decreased following the repayment in November of an unlisted floating-rate bond loan issued by Banca Fideuram.

Due from banks

(€m)

	31.12.2008	31.12.2007	change	
			amount	%
Due from Central Banks	79.2	117.0	(37.8)	-32.3
Current account and demand deposits	398.6	230.3	168.3	73.1
Time deposits	1,965.0	3,239.2	(1,274.2)	-39.3
Other transactions	1.8	0.2	1.6	n.s.
Debt securities	2,017.8	1,902.1	115.7	6.1
Total	4,462.4	5,488.8	(1,026.4)	-18.7

Due from banks totalled €4.5bn, down €1bn (-18.7%) from the figure at year-end 2007, as the result of a 39.3% decrease in time deposits - which were impacted significantly by the liquidity crisis in the interbank market - that was only partly offset by increased debt securities and current account overdrafts.

Due to banks

(€m)

	31.12.2008	31.12.2007	change	
			amount	%
Current accounts and demand deposits	364.1	567.5	(203.4)	-35.8
Time deposits	42.9	49.0	(6.1)	-12.4
Repurchase agreement liabilities	45.9	353.1	(307.2)	-87.0
Total	452.9	969.6	(516.7)	-53.3

Due to banks totalled €452.9m, down €516.7m (-53.3%) on the 2007 financial year due to lower inflows into current accounts and from repurchase agreements.

The Group continued to be a net lender on the interbank market, with net interbank deposits of €4bn, down 11.3% from €4.5bn at 31 December 2007.

Loans to customers

(€m)

	31.12.2008	31.12.2007	change	
			amount	%
Current accounts	727.5	780.2	(52.7)	-6.8
Loans	61.9	66.7	(4.8)	-7.2
Other transactions	62.5	45.7	16.8	36.8
Debt securities	995.5	-	995.5	n.s.
Impaired assets	4.8	4.8	-	-
Total	1,852.2	897.4	954.8	106.4

Loans to customers came to €1.8bn, up €954.8m on 31 December 2007 (€897.4m), principally as a result of the above-mentioned reclassification of available-for-sale bonds and of new securities purchases on the market.

Net problem loans at the end of december 2008, including loans receivable/overdue by more than 180 days, were unchanged from the end of the previous financial year (€4.8m), as follows:

- Non-performing loans came to €2.9m, up slightly from €2.8m at 31.12.2007. The ratio of non-performing loans to loans to customers was 0.2%.
- Doubtful loans amounted to €0.8m.
- Loans receivable/overdue by more than 180 days totalled €1.1m, down from €2m at 31 December 2007.

Due to customers

(€m)

	31.12.2008	31.12.2007	change amount	%
Current accounts and demand deposits	5,916.4	5,605.2	311.2	5.6
Time deposits	276.1	181.1	95.0	52.5
Repurchase agreement liabilities	2,070.0	2,873.7	(803.7)	-28.0
Total	8,262.5	8,660.0	(397.5)	-4.6

Due to customers came to €8.3bn, a decrease of €397.5m from 31 December 2007 due to lower inflows from repurchase agreements which were only partly offset by an increase in current accounts and deposits.

The **provisions for risks and charges** at 31 December 2008 were up €17.9m on the figure for 2007, as shown below. The increase in the provision for personnel expenses (+€14m) was due to the provision for early retirement incentives.

Provisions for risks and charges

(€m)

	31.12.2008	31.12.2007	change amount	%
Legal disputes, securities in default and claims	86.6	90.9	(4.3)	-4.7
Personnel expenses	21.5	7.5	14.0	186.7
Contractual indemnity payments due to Private Bankers	51.2	45.9	5.3	11.5
Network loyalty schemes	89.6	86.7	2.9	3.3
Total	248.9	231.0	17.9	7.7

The provisions for legal disputes, securities in default and complaints totalled €86.6m, down €4.3m from the figure at 31 December 2007. The following should be noted regarding these provisions:

- There were no new developments concerning the investigations launched by the judicial authorities in 2004 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 persons not authorised to do so in Italy, with the exception of one Private Banker who no longer works with the Group, who is also charged with money laundering.
- The Spoleto Public Prosecutor's Office completed the preliminary phase of its investigation, launched in 2003, into the alleged irregularities of a former Sanpaolo Invest SIM Private Banker with respect to certain customers. This investigation also involved a number of the managers of said company. The charge against these managers led Sanpaolo Invest SIM and Banca Fideuram (considered jointly responsible as a result of the partial spin-off which transferred the former Sanpaolo Invest SIM banking division to Banca Fideuram) to be charged with administrative responsibility for alleged infringement of Italian law No. 231/2001. If said responsibility is proven, it would lead to the imposition of financial penalties only. The Judge at the pre-trial

hearing on 19 January 2007 ordered that the case be transferred to the Public Prosecutor at the Court of Rome, since the Court of Spoleto was not considered to be the court of competent jurisdiction. On 29 April 2008, the Public Prosecutor at the Court of Rome concluded their investigation and came to the same conclusions as the Spoleto Public Prosecutor's Office, requesting that the managers concerned be remanded for trial on the same charges. On 3 February 2009, the judge entitled to adjudicate remanded the Sanpaolo Invest SIM managers for trial, together with Sanpaolo Invest and Banca Fideuram for administrative tort pursuant to Italian Legislative Decree No. 231/2001, setting and set the hearing for 26 June 2009.

SHAREHOLDERS' EQUITY

Group shareholders' equity including net income for the year totalled €513m at 31 December 2008, having changed as follows:

Group shareholders' equity

(€m)

Shareholders' equity at 31 December 2007	850.3
Distribution of dividends	(205.9)
Change in available-for-sale financial assets reserve	(305.0)
Change in stock option reserve	(2.8)
Currency and other effects	0.3
Net income for the year	176.1
Shareholders' equity at 31 December 2008	513.0

The reserve for available-for-sale financial assets was down €305m, principally as a result of valuation losses on the Group's securities holdings at 31 December 2008 (after tax) due to widening credit spreads caused by the continuing crisis in the financial markets. The negative reserve for available-for-sale financial assets totalled €330.1m at the end of December and included:

- €11.2m regarding securities with an average maturity of approximately 7 years, which were reclassified as financial assets held to maturity during the first quarter of the year.
- €42.9m regarding securities with an average maturity of approximately 19 years, which were reclassified as Loans & Receivables in the third quarter following the Group's decision to avail itself of the option provided for in the amendment to IAS 39 set out in the Regulation No. 1004/2008 issued by the European Commission on 15 October 2008. If the securities reclassified as Loans & Receivables had been valued at fair value, this would have added a further increase of approximately €120.8m (after tax) to the negative reserve at 31 December 2008.

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

The change in the negative reserve for available-for-sale assets was €64.2m at 31 March 2008 (including €12.8m regarding securities held to maturity), €69.5m at 30 June 2008 (including €12.1m regarding securities held to maturity) and €140.6m at 30 September 2008 (including €11.7m regarding securities held to maturity).

The €2.8m change for stock options was a result of the related reserve having been used following the Banca Fideuram Board of Directors' decision to pay cash settlements in lieu of the provisions of the original stock option plan to those Private Bankers who had accrued stock options. This use of the reserve has balancing entries in the recognition of a €1.3m liability for the cash settlement of the plan and of a €1.5m net gain in the income statement for the part of the reserve regarding stock options not included in the cash settlement.

The Group did not hold any own shares at 31 December 2008. Neither Banca Fideuram nor any of the other companies included in the consolidation bought shares in the bank or its parent company Intesa Sanpaolo during 2008, either directly or through trust companies or third parties. In addition, although the Banca Fideuram Ordinary General Shareholders' Meeting of 10 April 2008 authorised the purchase and disposal of the bank's own shares for the purposes of the Private Banker Networks' stock option plan, following the decision by the Banca Fideuram Board of Directors on 28 May 2008 to pay cash settlements in lieu of the provisions of the plan, this resolution was revoked by the subsequent Ordinary General Shareholders' Meeting of 10 July 2008.

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

(€m)

Parent company financial statement balances	31.12.2008	
	Shareholders' equity	including: Net income
Companies consolidated line-by-line	582.7	120.5
Effect of consolidation of subsidiaries	179.2	179.2
Dividend income from Group companies	(27.9)	99.0
Write-back of intra-group goodwill	-	(227.9)
Write-back of intercompany securities transactions	(8.8)	-
Valuation of subsidiaries' financial assets available for sale	4.4	4.4
Other differences	(219.1)	-
Other differences	2.5	0.9
Consolidated financial statement balances	513.0	176.1

FINANCIAL RISK AND THE MARKET CRISIS

A summarising report on financial risk and the market crisis is presented below with the aim of providing a clear and complete presentation of the main risks and uncertainties which our Group faces in doing business in the current macroeconomic and market scenario, in accordance with document No. 2 of 6 February 2009, issued jointly by the Bank of Italy, the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB) and the Italian supervisory body for private insurance (ISVAP). The details of every aspect considered are presented in the Directors' Report and Notes to the Consolidated Financial Statements.

Corporate continuity

Our Group ended the financial year with net income of €176.1m and R.O.E. of 25.8%. The Group Plan for the coming three-year period anticipates growth in income. There are no particular critical situations to report regarding the Group's financial resources and customer deposits remained stable at approximately €8.3bn. Consolidated shareholders' equity totalled €513m, impacted negatively by valuation losses on the Group's available-for-sale portfolio resulting from the current crisis in the financial markets.

Banca Fideuram's individual regulatory capital totalled €503.7m and its capital ratios were above the regulatory requirements. The Core Tier 1 Capital ratio was 10.6% while the Total Capital ratio was 12.1%. Banca Fideuram is able to pay a dividend of €0.098 per share to its shareholders this year.

The Group's salient strengths include:

- A business model which integrates production and distribution.
- Appropriate staff numbers.
- Effective management of legal and tax disputes with sufficient provisions set aside (the provisions for legal disputes, securities in default and complaints totalled 17% of consolidated shareholders' equity).

The managed savings

Notwithstanding the downturn in the financial markets, total net inflows were positive to the tune of €345m in 2008. Considering the exceptionally challenging market, this bears eloquent testimony to our Private Bankers' ability to maintain active customer relations even in periods of deep crisis when investors are shifting their assets to liquidity instruments and instruments in which shares play a lesser role. The significant increase in assets under management, which rose from €17.8bn to €20.2bn, was countered by a decline in managed savings, which decreased from €50.8bn to €40.3bn during the year as a result both of customers reallocating from managed savings to bond and monetary products (which reduced inflows into managed savings by approximately €3.9bn in 2008) and of market performance (negative performance effect of approximately €6.6bn).

This trend consequently impacted recurring fees which totalled €489.8m at the end of the year compared with €629.9m in 2007. The decline was particularly marked in the last quarter of the year (-€17.3m on the third quarter). The fall in assets under management and commission income was a natural consequence of the cyclical nature of our business and the Group's industrial plan therefore anticipates a growing reference market.

Securities holdings and related financial risks

The financial instability which originated in the American subprime mortgage crisis and subsequently spread to the entire bond market impacted the value of the Group's cash and marketable securities.

It should moreover be noted that the Group cautiously continued to calculate the fair value of own bonds held using a method based directly on market values and did not use financial models notwithstanding the fact that the International Accounting Standards Board (IASB) issued an interpretation in October 2008 permitting the fair value of illiquid securities to be calculated using a financial model (mark to model) instead of direct reference to market parameters (mark to market).

The Group securities holdings totalling €4,861.4m at 31 December consisted almost exclusively of bonds and comprised available-for-sale securities totalling €2,613.5m, held-to-maturity securities totalling €609.8m and loans and receivables totalling €1,638.1m. Loans & receivables also included securities issued by Société Européenne de Banque S.A. used solely as underlyings for repurchase agreements with customers totalling €1,375.2m.

These holdings had corresponding year-end negative reserves under shareholders' equity reflecting losses of €275.9m (after tax) on available-for-sale securities, €11.2m on held-to-maturity securities and €42.9m on Loans & receivables (both the latter before tax). The held-to-maturity securities and Loans & receivables had latent losses of approximately €315m at 31 December 2008 which were not recognised in the accounts.

These losses arose exclusively from the widening of credit spreads which largely affected government issues and financial securities. Analysis of the Investment Portfolio reveals high loan quality, with over 29% of the investments involving securities with triple and double A ratings, 57% involving securities with A ratings and 11% securities with BBB ratings. The remainder were mainly unrated bank securities. There were no toxic securities in the portfolio and none of the securities showed any sign of impairment at 31.12.2008.

Liquidity risk

Analysis of Group shareholders' equity shows the prime role of customer deposits, which totalled approximately €8.3bn at year end and principally comprised deposits that are highly stable over time. Conversely, the Group allocated a more limited role in the funding of its assets to more volatile markets exposed to crisis of confidence situations, such as the money market (through interbank loans) and capital market (through bond inflows). Liquidity from liabilities mainly regarded the investment portfolio, which contained a substantial proportion of eligible and readily-negotiable securities. The Group has put in place a liquidity monitoring system based on the quantification of inflows and outflows, focusing its controls both on indicators quantifying short-term risk and on structural liquidity indicators, aiming to monitor and manage mismatch risk regarding the medium-to-long term maturities of assets and liabilities. The liquidity policy requires the liquidity balance, calculated as the difference between inflows and outflows, to be positive for short-term maturities (less than 18 months) at all times. Confirming the Banca Fideuram Group's solid short-term liquidity position, the Group had a positive one-week liquidity balance of €1,961m at 31 December 2008.

Conclusion

The Group's business model and the strategies adopted to put our future growth plans into effect leave us strongly placed to tackle the current market difficulties without any impact on our corporate continuity.

SEGMENT REPORTING

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

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

Business segmentation at 31 December 2008

(€m)

	Managed Financial Saving	Insurance Saving	Banking and Other Services	Total for Banca Fideuram Group
Net interest income	-	-	158.2	158.2
Net commission income	307.6	130.9	29.9	468.4
Net gains or losses on financial assets and liabilities	-	-	(10.2)	(10.2)
Total income from financing activities	307.6	130.9	177.9	616.4
Operating expenses	(165.9)	(32.0)	(129.2)	(327.1)
Other	(26.9)	(11.4)	(5.8)	(44.1)
Total income from current operations	114.8	87.5	42.9	245.2
Average Assets Under Management	31,064	13,535	19,841	64,440
Assets Under Management	27,724	12,569	20,214	60,507
Key ratios				
Cost / Income Ratio	53.4%	24.2%	72.5%	52.7%
Total income / Average Assets Under Management	0.4%	0.6%	0.2%	0.4%
Net commission income / Average Assets Under Management	1.0%	1.0%	0.2%	0.7%

Managed Financial Savings Segment

The Managed Financial Savings Segment covers the Group's private banking and mutual fund business, which totalled €27.7bn at 31 December 2008 (45.8% of total assets under management). In 2008, this segment generated €307.6m net commission income and contributed €114.8m 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 0.4%.

Managed Financial Saving

(€m)

	2008	2007 Restated (*)	% change
Net interest income	-	-	-
Net commission income	307.6	402.5	-23.6
Net gains or losses on financial assets and liabilities	-	-	-
Total income from financing activities	307.6	402.5	-23.6
Operating expenses	(165.9)	(173.8)	-4.5
Other	(26.9)	(30.0)	-10.3
Total income from current operations	114.8	198.7	-42.2
Average Assets Under Management	31,064	36,891	-15.8
Assets Under Management	27,724	36,141	-23.3
Key ratios			
Cost / Income Ratio	53.4%	42.4%	
Total income / Average Assets Under Management	0.4%	0.5%	
Net commission income / Average Assets Under Management	1.0%	1.1%	

(*) Restated to take into account the changes made to the reclassified income statement from 30 June 2008 described in the section on accounting policies.

Insurance Savings Segment

This segment covers the Group's life insurance and pension funds business, which totalled €12.6bn at 31 December 2008 (20.8% of total assets under management). The net commission income generated by this segment came to €130.9m and contributed €87.5m 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 0.6%.

Insurance Saving

(€m)

	2008	2007 Restated (*)	% change
Net interest income	-	-	-
Net commission income	130.9	152.5	-14.2
Net gains or losses on financial assets and liabilities	-	-	-
Total income from financing activities	130.9	152.5	-14.2
Operating expenses	(32.0)	(33.6)	-4.8
Other	(11.4)	0.1	n.s.
Total income from current operations	87.5	119.0	-26.5
Average Assets Under Management	13,535	14,657	-7.7
Assets Under Management	12,569	14,612	-14.0
Key ratios			
Cost / Income Ratio	24.2%	21.7%	
Total income / Average Assets Under Management	0.6%	0.8%	
Net commission income / Average Assets Under Management	1.0%	1.0%	

(*) Restated to take into account the changes made to the reclassified income statement from 30 June 2008 described in the section on accounting policies.
n.s.: not significant

Banking and Other Services Segment

The Banking and Other Services Segment covers the Group's banking and financial services, plus its central departments, 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 €20.2bn at 31 December 2008 (33.4% of total assets under management).

The contribution of this segment to total income from current operations was €42.9m. The sharp increase in income compared with 31 December 2007 was mainly a result of increased net interest income.

Banking and Other Services

(€m)

	2008	2007 Restated (*)	% change
Net interest income	158.2	131.9	19.9
Net commission income	29.9	20.4	46.6
Net gains or losses on financial assets and liabilities	(10.2)	3.9	n.s.
Total income from financing activities	177.9	156.2	13.9
Operating expenses	(129.2)	(134.5)	-3.9
Other	(5.8)	0.5	n.s.
Total income from current operations	42.9	22.2	93.2
Average Assets Under Management	19,841	16,922	17.2
Assets Under Management	20,214	17,821	13.4
Key ratios			
Cost / Income Ratio	72.5%	85.9%	
Total income / Average Assets Under Management	0.2%	0.1%	
Net commission income / Average Assets Under Management	0.2%	0.1%	

(*) Restated to take into account the changes made to the reclassified income statement from 30 June 2008 described in the section on accounting policies.

OPERATIONS OUTSIDE ITALY

Asset Management

The Banca Fideuram Group's core asset management activities have been conducted in Luxembourg for some 40 years and have also been developed in Ireland over the past five years. At 31 December 2008, over 250 personnel were deployed in the companies providing asset management activities in the Group.

Fideuram Bank (Luxembourg)'s business is the custody of assets and settlement of transactions for institutional customers, provided through a select international network of over 40 corresponding banks. The bank is in particular responsible for managing the Banca Fideuram Group's Luxembourg and Irish funds, for which it also acts as securities lending agent. The bank also provides important technological and organisational support for its affiliated companies outside Luxembourg in the form of information technology, administrative and back-office services. The funds managed by Fideuram Bank (Luxembourg) totalled €25.6bn at 31 December 2008. R.O.E. was 51.2%, up from 35.4% for 2007, while the cost/income ratio was 27.3%.

Fideuram Gestions is the manager of the Luxembourg mutual funds marketed by Banca Fideuram and Sanpaolo Invest (Fonditalia, Interfund SICAV, Fideuram Fund and Fideuram Multimanager Fund). It is responsible for setting up, managing and administering the funds, as well as for calculating their net inventory values and for their risk management. The assets under management in the 118 funds concerned totalled €24.9bn at the end of 2008.

Sanpaolo Invest (Ireland) is the manager of the Irish UCITS III "harmonised" mutual fund distributed under the Sanpaolo Invest Funds name by Sanpaolo Invest SIM. The assets under management by the company came to approximately €660m at 31 December 2008.

Fideuram Asset Management (Ireland) is the delegated manager of the Group's Luxembourg and Irish mutual funds. Since 1 January 2008 it has in addition acted in the same capacity for the Fideuram Pension Fund marketed by Eurizon Vita S.p.A. while ceasing to act as a securities lending agent for the Group asset management companies outside Ireland. The company's staff was increased in 2007 and early 2008 with the recruitment of new money managers.

Private banking

Our Swiss subsidiary Fideuram Bank (Suisse) continued to perform well in terms of increased assets under management and deposited, which totalled €1.3bn at 31 December 2008 (+4.5% on the previous financial year). R.O.E. was 33% (38% in 2007), while the cost/income ratio was 49.5%.

The Group also intends to develop its business in the Principality of Monaco, and to this end the Banca Fideuram Board of Directors approved a project on 28 May 2008 to set up a streamlined banking organisation by converting its Monaco mutual fund subsidiary Fideuram Wargny Gestion S.A.M. into a bank. The Monaco authorities approved the conversion of Fideuram Wargny Gestion S.A.M. into a bank on 21 November 2008, simultaneously approving the other changes to the By-Laws required, including a capital increase from €2.5m to €5m which draws on accumulated income and the change of the company name to Fideuram Bank (Monaco) S.A.M. The new bank started business on 1 December 2008 and the Bank of France notified the company that it had been issued with a banking license from 28 November 2008 in a letter dated 18 December 2008.

The banking license of subsidiary Banque Privée Fideuram was withdrawn on 16 December 2008 following the transfer of its remaining bank assets (former Monaco branch) to Fideuram Bank (Monaco) S.A.M.

The company in addition changed its business purpose, converting to a commercial undertaking with effect from 31 December 2008 and taking the new name Fideuram France. Fideuram France and Financière Fideuram are planned to merge following their annual general meetings.

Banque Privée Fideuram disposed of its private banking and asset management businesses in 2007. On 25 July 2007, the Banca Fideuram Board of Directors agreed to issue a comfort letter in which the bank undertook to provide financial support to subsidiary Banque Privée Fideuram (now Fideuram France) from the date that withdrawal of the latter's banking license took effect. This guarantee was requested by the Bank of France in consideration of certain pending lawsuits, the risk of which is currently estimated to be approximately €3m and was fully covered by provisions at 31 December 2008.

Treasury

Part of the Group's treasury and finance activities are conducted in France. These activities are carried out by subsidiary Euro-Trésorerie, which had securities holdings of approximately €2bn at 31 December 2008.

The crisis in the financial markets led to losses of approximately €200m on the available-for-sale portfolio being recorded in the 2008 financial statements. In order to maximise the probability of recovering these losses within a specified time period, the company drew up a plan that involves selling Banca Fideuram securities totalling of approximately €550m and keeping a portfolio of approximately €1.5bn, comprising securities with maturities up to 2016 and a number of perpetual securities issued by leading issuers, on which the issuers have a call option until 2016. This plan makes it likely that practically all the losses will be recovered by the above date even on the basis of cautious estimates regarding the financing of the assets. In preparing Banca Fideuram's consolidated financial statements, it was moreover considered prudent to defer recognising the tax credits accrued in 2008 until the losses are recovered. The decision not to recognise these assets had an additional negative impact of €61.4m on consolidated shareholders' equity at 31 December 2008. Likewise, and again proceeding cautiously, it was decided not to include any recovered losses on the perpetual securities in calculating the impairment of the holding in Euro-Trésorerie recognised in Financière Fideuram and Banca Fideuram's individual financial statements. The holding in Euro-Trésorerie was consequently written down by €27m in the financial statements of immediate parent company Financière Fideuram, and the holding in Financière Fideuram was written down by €72m in Banca Fideuram's financial statements. Lastly, since the company's losses in 2008 reduced its shareholders' equity to less than 50% of its share capital, an extraordinary general meeting was called in accordance with French company law to consider whether to continue the company's business in order to recover the losses and restore the shareholders' equity to more than 50% of the share capital within two years of the general meeting to approve the financial statements (and therefore by 2011). If the value of shareholders' equity has not returned to at least half the value of the share capital by 31 December 2011, it will be necessary for a general meeting to be held at the beginning of 2012 to either recapitalise up to this amount or alternatively reduce the share capital.

HUMAN RESOURCES, PRODUCTS AND SERVICES

HUMAN RESOURCES

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

Private Bankers

The Group's distribution structure (Fideuram and Sanpaolo Invest Networks) totalled 4,209 Private Bankers at the end of 2008 compared with 4,280 at 31 December 2007, as shown below.

Banca Fideuram Private Bankers

	Beginning of period	in	out	net	End of period
1.1.2008 - 31.12.2008	3,168	111	176	(65)	3,103
1.1.2007 - 31.12.2007	3,141	184	157	27	3,168

Sanpaolo Invest Private Bankers

	Beginning of period	in	out	net	End of period
1.1.2008 - 31.12.2008	1,112	85	91	(6)	1,106
1.1.2007 - 31.12.2007	1,075	114	77	37	1,112

Our recruitment programme brought in 196 new professionals in 2008 (298 in 2007). A total of 267 Private Bankers left the Group during the year, only one third of whole, however, moved to competitor networks.

The recruitment programme was conducted with the greatest rigour and professionalism by the management of the Group's two networks, focusing on finding Private Bankers of high standing and bringing them to join a longstanding market leader. The training and operations of these top professionals are guided by the principals of ethics and transparency that distinguish the Group and aim, amongst other things, to secure customer loyalty.

Employees

The Banca Fideuram Group's total employee numbers increased by 6 from 1,461 at 31 December 2007 to 1,467 at 31 December 2008. The total workforce including secondments to and from other companies in

the Intesa Sanpaolo Group not included in the consolidation of the Banca Fideuram Group and atypical staff came to 1,407 at the end of the financial year compared with 1,397 at the end of 2007.

Employees

(staff)

	31.12.2008	31.12.2007
Banca Fideuram	1,116	1,123
Sanpaolo Invest SIM	52	51
Financière Fideuram	2	3
Euro-Trésorerie	4	2
Private Banking	37	35
Fideuram Bank (Suisse)	27	25
Fideuram Fiduciaria	5	5
Fideuram Bank (Monaco) SAM	5	5
Asset Management	256	247
Fideuram Asset Management (Ireland)	53	47
Fideuram Bank (Luxembourg)	81	79
Fideuram Investimenti S.G.R.	99	99
Fideuram Gestions	23	22
Total	1,467	1,461

PRODUCTS AND RESEARCH AND DEVELOPMENT ACTIVITIES

The 2008 Product Plan was developed around the following main guidelines:

- To revise our products and services for mass-affluent individuals.
- To expand our range of products and services for upper-affluent and Private Banking customers.

The developments for mass-affluent customers principally regarded the creation of mutual fund products designed to meet customers' differing financial needs with respect to access threshold and risk budget. The projects for upper-affluent and private banking customers saw us develop a range of dedicated products and services while continuing to advance a service model that delivers private banking and insurance support which meets the requirements of customers with a clear understanding of their increasingly complex financial needs.

Our range of **mutual funds** benefited from the addition of four new Fonditalia Luxembourg funds, three multimanaged benchmarked funds of funds (Fonditalia Core 1, Core 2 and Core 3) with the distinctive feature of also including non-traditional asset classes (e.g. Real Estate and commodities) and a flexible management fund (Fonditalia Flexible multimanaged). In addition, a share class T was introduced for institutional investors or customers with substantial invested assets (minimum €2m).

Two new Italian funds were introduced in the second half of the year, Fideuram Master Selection Equity New World, which principally invests in the Chinese, Taiwan, Hong Kong, Indian and Brazilian stock markets, and Fideuram Master Selection Equity Global Resources, which

principally invests in shares in the energy and materials sectors listed on regulated markets around the world and in raw material derivatives linked to the theme of the planet's resources.

Enhancing our range of third-party mutual funds is concerned, we began marketing the Ersel Funds and 8a+ Funds, the latter exclusively through the Sanpaolo Invest Network.

The Ersel Funds comprise two Luxembourg mutual funds known as Globersel BCM Convertible and Leadersel Flex Multimanager, operated by the investment company Ersel Gestion Internationale S.A., and an Italian mutual fund known as Fondersel PMI operated by the investment company Ersel Asset Management SGR. These mutual funds all have a single accumulation share class and are denominated in euro.

The 8a+ Funds are Italian funds operated by the investment company 8a+ Investimenti SGR S.p.A. and comprise three funds: 8a+ Latemar, 8a+ Cerro Torre and 8a+ Eiger, all in the same accumulation share class and denominated in euro.

A constant pioneer in innovative investment solutions, Banca Fideuram also continued its work with private equity fund company Advanced Capital SGR during 2008.

A number of new arrivals extended the bank's range of **asset management** services and products, including in-house solutions delivered through the Omnia asset management service developed by Fideuram Investimenti and management services set up in collaboration with third-party investment companies such as Symphonia SGR. Omnia is a service that allows customers to combine different benchmark or investment strategies in a single contract and to meet their needs with customised solutions that are optimised both for tax purposes and anticipated return. The management services we provide with third-party companies allow us to create tailored investments for our customers, using management style and the underlying financial investments as the main areas of customisation. These product and service developments were all implemented in accordance with the new MiFID Directive.

In the **private insurance** sector, Banca Fideuram and Sanpaolo Invest entered into a distribution agreement with the company Skandia to offer unit-linked policies providing increasing levels of customisation. The In Persona unit-linked policy, which has an access threshold to outside funds of €100,000 and allows to choose and freely change one's investment choices over time, was thus joined by the In Prima Persona policy with an access threshold of €2m. This policy not only allows one to choose the funds making up the portfolio, but also to invest in a line of funds managed by Fideuram Investimenti in accordance with the customer's risk profile. Customers with assets of over €10m can, moreover, invest in Personal Portfolio, a totally customisable unit-linked policy that allows them to have a dedicated internal fund.

The bank's own products saw the Fideuram Suite insurance range tactically enriched by Fideuram Suite Premium, which pays the customer an entry bonus in the form of additional units.

On the **non-discretionary savings** front, we completed a series of initiatives in 2008 regarding both our range of traditional banking services and our range of managed financial instruments.

As part of the process of improving the services we offer our customers, we added two new current accounts to our range of banking products from May. Called Fideuram Virtus and Fideuram

Virtus Plus, they have been designed as packages to meet the needs of customers who are more attentive to what they can earn on their current account and prefer to receive a wide array of services (including means of payment) in return for an all-inclusive fee.

In addition, the Fideuram Stars certificate platform was extended in the first half of 2008 with the issue of two new themed certificates:

- Trilogy 100 Plus, a 6-year certificate linked to the performance of certain global stock market indices with a look-back structure for calculating strike values.
- Hedge Opportunity 100 Plus, a 9-year certificate linked to the performance of an index representative of the hedge fund market, with a modest entry threshold.

Both certificates offer the peace of mind that the principal is protected at maturity. Intesa Sanpaolo launched a series of bond issues in the second half the year, when share prices were falling:

- A senior floating-rate bond loan.
- Five fixed-rate bond loans, one a senior and the remaining four Lower Tier II subordinated bond loans.

During the last quarter of the year we launched DuePerTe ("Two For You"), a five-year initiative supporting our relaunch of managed savings which combines a Fonditalia fund that allows one to benefit from market performance with a zero coupon issued by Banca IMI to protect of the principal invested at maturity in case the fund falls in value.

Lastly, the developments to our **services** in 2008 saw the SEI information technology platform, developed by Banca Fideuram to offer our top customers a leading-edge consultancy service, being rolled out across the networks. SEI starts with an analysis of the customer's needs segmented into six areas (protection, liquidity, reserve, pension, investment and extra return) to support our Private Bankers in the work of identifying the optimum customised solutions to meet those needs and monitor them over time, while at the same time constantly monitoring the risk level of their total assets in accordance with the recently-introduced MiFID Directive.

SYSTEMS AND INFORMATION MANAGEMENT

Developments in this area during the first half of the year centred on bringing the information systems instrumental to the operation of our business (Private Banker front and back ends, management systems and a number of Finance and Treasury systems) back into the Group as part of the reorganisation following the acquisition of the related Eurizon Solutions division. This initiative aims to restore the full operational independence necessary to relaunch and grow Banca Fideuram's core business. All the transfers of the human resources and management activities previously at Eurizon Solutions to Intesa Sanpaolo's Information Services Department were also completed. The framework contract with the bank's parent company governing the supply of the related services was then updated. This contract leverages the synergies in the Sanpaolo Intesa Group to achieve economies of scale by centralising a number of support activities.

Our activities in this area in 2008 focused on the maintenance and development of a series of applications for supporting the marketing operations of our two Sales networks.

The following initiatives were launched within this context:

- "Fideuram Omnia", a series of Fideuram Investimenti asset management lines which allows the customer to tailor their investment by activating one or more management lines within the same contract and to vary their chosen combination of lines with considerable flexibility.
- The SEI platform that supports a new methodology for developing advanced consultancy services, which was launched for a pilot group of Private Bankers.
- The 2008 Product Plan focused on extending the range of financial and insurance instruments managed prevalently by third parties.
- An application platform for the Finance Area (Execution Desk) to automate trading by institutional customers in financial instruments, mainly Group funds.
- The reengineering of our sales reporting system and implementation of a series of initiatives to ensure the information our Private Bankers receive through the marketing systems is increasingly reliable and provided increasingly promptly (mechanisation of insurance products and management of floating accounts).
- A corporate Data Warehouse that will initially be geared towards Planning and Control requirements, but subsequently be extended to other organisational units that need decision-making support systems.

In parallel with this, the following activities were launched in 2008:

- The project for integrating Cassa di Risparmio di Firenze's Network of Private Bankers in Sanpaolo Invest. As part of this project we set up a dedicated work group to manage the related IT, organisational and operational activities, which planned and launched the action required to implement the integration in May 2009.
- The first wave of initiatives in the 2008-2011 Industrial Plan, specifically those regarding our Private Banking System, lending activity monitoring tools, network management support tools and new products, as well as the rationalisation of our range of funds.
- Our IT Strategic Plan, developed in conjunction with Intesa Sanpaolo's Information Systems Department.

We also implemented a series of information technology and organisational interventions to bring us into line with legal or systems requirements. These included the following:

- Completing all the activities necessary to ensure compliance with the new MiFID Directive.
- Launching the operational management procedures required to meet the new legal requirements regarding the payment of liquid assets from dormant accounts and customer relationships/positions into a dedicated government fund.

The IT department also supervised the launch and progress of the information system projects outsourced to Intesa Sanpaolo. The principal activities carried out regarding the Banking, Finance and Infrastructure Systems Area in 2008 were:

- Joining TARGET 2, the new European gross settlement system supporting the expanded European Union and Eurosystem.
- Implementing the new provisions of the Third Anti-Money Laundering Directive with respect to the transferability of cheques and bank drafts, and to limiting the use of cash and securities to the bearer.
- Issuing the new Bancomat/Pagobancomat and Cirrus/Maestro debit cards embedded with a microchip that meets the standard European specifications (EMV - Europay MasterCard Visa) through a collaboration agreement with SETEFI (the electronic payment systems management company in the Intesa Sanpaolo Group).
- Migrating to our target treasury platform, Kondor+, and acquiring the additional Kondor+ licences required.
- Completion of initial actions for enhancing the reliability of our telephone systems and Finance Desk.
- Technical upgrading of the data transmission "geographical network" for connecting Private Bankers' Offices and the replacement of personal computers.

The Group's efforts to continually increase service efficiency and quality saw us create a Project Management Office (PMO) to handle the IT aspects of our main operations projects and provide structured monitoring of those initiatives involving the Intesa Sanpaolo Information Systems Department, holding dedicated monthly meetings to discuss the progress of the activities concerned. We likewise embarked on monthly analyses of open IT Help Desk support tickets to identify any interventions of widespread benefit and established a communication channel with a panel of eight Private Bankers to obtain prompt proposals and reports of any significant problems.

In December 2008 we brought a number of applications (Sales Internet and Intranet Portal) and IT management activities back into Banca Fideuram as part of the reallocation of activities to Intesa Sanpaolo's Information Systems Department following the closure of Eurizon Solutions.

Lastly, in accordance with the provisions of Italian data protection legislation (Legislative Decree No. 196 of 30 June 2003, "Codice in materia di protezione dei dati personali" - "Code regarding the protection of personal data"), the Security Programme Document which Banca Fideuram is required to produce every year will be completed by the deadline specified in said legislation (31 March 2009).

SUPPLEMENTARY INFORMATION

INTERNAL AUDITING

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

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

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

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

During 2008, 816 audits were carried out across all the operating areas of the Private Bankers in both distribution networks (614 for Banca Fideuram and 202 for Sanpaolo Invest), 394 of which involved further on-the-spot investigation (292 for Banca Fideuram and 102 for Sanpaolo Invest).

A total of 4,918 alerts from the Audit Information System (AIS) were noted and individually validated (3,321 for Banca Fideuram and 1,597 for Sanpaolo Invest), concerning 1,874 Private Bankers (1,279 in the Fideuram Network and 595 in the Sanpaolo Invest Network).

The Department examined 349 cases of customer complaints (291 for Banca Fideuram and 58 for Sanpaolo Invest) to investigate the work of our Private Bankers.

In addition, and in accordance with the work plan presented to Banca Fideuram's Board of Directors, the Department carried out audits on the Bank's central departments, main branches and peripheral branches, as well as on those Group companies outsourcing their internal audit activities to the Audit Department. Working to ensure full respect for the MiFID Directive, the Audit Department provided support regarding the interpretation of the directive from a compliance standpoint, and for evaluating the internal audit system and its related procedures.

Strengthening the procedures to ensure compliance with anti-money laundering legislation, including the recently-introduced EU Third Directive, the Head of the Audit Department was also appointed Anti-Money Laundering Officer by the Board of Directors.

The Banca Fideuram Board of Directors decided as follows at its meeting of 10 July 2008 in accordance with the Supervisory Regulations on compliance issued by the Bank of Italy, having received the favourable opinion of the Board of Auditors:

- Appointed a Compliance Officer in the person of the pro-tempore manager of the Group General Secretary's Office, reporting directly to top management.
- Made the Compliance unit organisationally and operationally independent of the Audit Department, bringing its staff and activities under the direct management of the Compliance Officer.

In the second half of the year, the unit performed the audits required by the Supervisory Authorities, following prior procedures while awaiting the issue of Group guidelines from parent company Intesa Sanpaolo regarding the scope of and operating procedures for Compliance auditing.

MODEL OF FINANCIAL MANAGEMENT GOVERNANCE

Developments in the legal framework

Italian Law No. 262/2005 was issued in response to the financial instability which has characterised the Italian and international economies in recent years, and significantly strengthens the protection afforded savings invested in financial instruments. The reforms introduced by Law No. 262/2005 were wide-ranging and multisectoral, regarding - amongst other things - the regulation of the governance of listed companies, the regulation of auditing and the rules governing the circulation of financial instruments, conflicts of interest, transparency and market regulation in general. The new law forms part of a legislative drive that has steadily strengthened Italy's governance systems through Italian Legislative Decree No. 231/2001, the European Financial Information Directives (Market Abuse, Financial Statements, Transparency and MiFID Directives), the Italian Stock Exchange's new Code of Self Discipline and the Bank of Italy's Regulatory Requirements regarding auditing.

The legal framework outlined above underwent further changes as a result of Italian Legislative Decree No. 195 of 6 November 2007, implementing the EU Transparency Directive (Directive No. 2004/109/EC). Said legislative decree extended the scope of application of article 154 bis of the Finance Consolidation Act (TUF) to all listed issuers, including companies issuing financial instruments listed on regulated markets, and increased the certification statements required from the Managing Director and the Senior Manager Responsible for the Preparation of the Company Accounts from the 2008 Half-Year Report onwards. The Senior Manager Responsible for the Preparation of the Company Accounts certifies, with specific personal responsibilities, that the financial information contains a reliable analysis of the issuer's and its subsidiaries' financial situations in the reference period, together with an outline of the main risks and uncertainties to which they are exposed, in accordance with a model specified by the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB) in a regulation issued for the purpose.

Organisational Model

The aim of the aforementioned laws and regulations is to increase the transparency of corporate information and make the internal audit system more effective in order to ensure that investors are afforded real protection. Banca Fideuram implemented the regulations, aligned its By-Laws and appointed Paolo Bacciga Senior Manager Responsible for the Preparation of the Company Accounts at its Ordinary General Shareholders' Meeting of 10 July 2008.

The Banca Fideuram Senior Manager Responsible for the Preparation of the Company Accounts has developed and managed his own Model using a dedicated unit and other company units and departments, referring to international frameworks such as the recommendations of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the Control Objectives for IT and related technology (COBIT)¹.

Certification of the 2008 annual financial statements

The Banca Fideuram Senior Manager Responsible for the Preparation of the Company Accounts has ensured effective implementation of the Model of Financial Management Governance. The scope of application of said model in the Banca Fideuram Group includes every company considered significant for the purposes of providing financial information with regard to specific qualitative and quantitative parameters, and linking this to the accounts and information has made it possible to identify the relevant corporate processes. The processes thus selected were assessed in relation to potential risk in order to determine the appropriate analytical level for the methods of analysis adopted. The audits carried out regarding the 2008 financial year concerned financial and insurance product distribution, product development and sales by the Fideuram Private Banker Network, the guidance and monitoring processes, business support processes and processes for managing the Group's technological infrastructure, as well as the applications for its administrative processes.

Upon completion of the activities for the 2008 financial year auditing the suitability of the administrative and accounting procedures and the effectiveness of the related controls, as well as the suitability of the organisational solutions in place, the system of internal controls on the financial information of Banca Fideuram and its subsidiaries was considered to be suitable.

ADDITIONAL INFORMATION

On 28 May 2008, the Banca Fideuram Board of Directors decided to substitute the provisions of the stock option plan agreed on 16 March 2005 with the payment of cash settlements of €0.50 per option to the Fideuram and Sanpaolo Invest Network Private Bankers meeting the specified requirements (corresponding to a total disbursement of approximately €1.3m), to be settled in 2009 at the end of the four-year bonus scheme. The decision to opt for a cash settlement for the stock option plan was necessary as a result of the scenario changes that occurred in the three years during which the options accrued.

The following factors in particular influenced the Board's decision:

- The downturn in the financial markets.
- The delisting of Banca Fideuram shares.
- The consequent impossibility of achieving the principal aim of the scheme, which was to offer the Group's Private Bankers an incentive based on the possibility of achieving capital gains on the bank's shares.

The Banca Fideuram Ordinary General Shareholders' Meeting of 10 July 2008 therefore revoked the prior resolution of 10 April 2008 authorising the purchase and disposal of the bank's own shares for the purposes of the stock option plan.

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 managers involved of its decision to impose administrative monetary penalties. The penalties, 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 penalties at the Rome Court of Appeal. The Rome Court of Appeal rejected this appeal with a judgment filed on 30 November 2007 (official notice of which has not yet been received). The company and managers involved have appealed against this judgment in the Court of Cassation.

Between 28 November 1997 and 13 July 1998, the CONSOB carried out a number of supervisory investigations into the operations of Sanpaolo Invest SIM between 1992 and 1997. Following these investigations, the Supervisory Authority charged Sanpaolo Invest with a number of offences, alleging that the procedures for the services provided through its financial advisers and the controls on them were inadequate, that irregularities in the work of the financial advisers had not been notified to the Board of Auditors and that a register had not been provided for recording the audits carried out. In May 2000 Sanpaolo Invest and the managers involved filed an appeal against the imposition of financial penalties of various amounts totalling approximately €213,000.

On 2 August 2001, the appeal against the penalties imposed was allowed by the Rome Court of Appeal which found in favour of the defence presented by Sanpaolo Invest and the managers, annulling the penalties. On 28 April 2008, the Court of Cassation overturned the Rome Court of Appeal's judgment following an appeal by the CONSOB and Italian Ministry of the Economy, remitting the case to the Rome Court of Appeal in a different composition.

Banca Fideuram received a report from the Latium Regional Tax Police concerning the 2003 and 2004 tax years, questioning the tax treatment adopted by the bank for the Private Banker Network Loyalty Schemes, together with a number of other lesser matters. Following this report, the competent office of the Italian Inland Revenue served the bank a notice of assessment regarding Corporate Income Tax (IRPEG) and Regional Business Tax (IRAP) for the year 2003 only, against which the bank promptly appealed.

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

At the same time, and likewise as a consequence of the report, the bank was also served a notice of assessment regarding VAT for the years 2003 and 2004. An appeal against this assessment was also filed within the required time. A thorough, in-depth examination of this problem concluded that the tax treatment adopted by the bank could be considered valid. The bank did not therefore set aside any provisions to cover future risks related to these assessments, considering the likelihood of losing any case remote.

During 2007, following a report prepared by the Latium Regional Tax Police, the Italian Inland Revenue served Sanpaolo Invest SIM a notice of assessment regarding Corporate Income Tax (IRPEG) and Regional Business Tax (IRAP) for the 2000 tax year. The Rome Provincial Tax Commission largely found in favour of the company's appeal, with the exception of for one minor amount. The provisions set aside in prior years allow this cost to be met without any charge to the income statement.

SUBSEQUENT EVENTS AND BUSINESS OUTLOOK

As part of the activities for reorganising the distribution channels within the Intesa Sanpaolo Group, the Banca Fideuram Board of Directors' Meeting of 27 January 2009 approved the integration of Cassa di Risparmio di Firenze's Private Banker Network in that of subsidiary Sanpaolo Invest SIM.

The terms of the transaction (which involves related parties) are as follows:

- The transfer by Banca Cassa di Risparmio di Firenze to Sanpaolo Invest (with capital increase for the transferring company) of the company division responsible for its Private Bankers' business, consisting in its agency relationships with Private Bankers and in the related distribution and sales contracts-with the express exclusion of asset management contracts, bancassurance contracts and contracts with certain non-target Fund Houses-as well as in the contractual relations with customers regarding the investment services Sanpaolo Invest is authorised to provide, and equally in the rental contracts and tangible fixed assets relating to the Private Bankers' offices.
- The simultaneous transfer of the banking contractual relationships from Banca Cassa di Risparmio di Firenze to Banca Fideuram.
- The subsequent transfer to Banca Fideuram of the holding that Banca Cassa di Risparmio di Firenze acquired in Sanpaolo Invest following the transfer, to restore a total controlling interest.

At the same meeting of 27 January 2009, the Board of Directors likewise approved the transfer of Banca Fideuram's depositary bank activities to Intesa Sanpaolo Servizi Transazionali S.p.A. (ISST), a company wholly-owned by Intesa Sanpaolo. This transaction, which involves related parties, forms part of the project for centralising the Intesa Sanpaolo Group's Securities Services business in a single company through:

- The transfer by Banca Fideuram to Intesa Sanpaolo Servizi Transazionali (with capital increase for the transferring company) of the company division responsible for its depositary bank business, comprising the Fideuram funds and Eurizon funds current accounts and the service agreements in force with EurizonVita and Fideuram Investimenti.
- The subsequent transfer to Intesa Sanpaolo of the holding that the bank had acquired in Intesa Sanpaolo Servizi Transazionali, to restore Intesa Sanpaolo's total control of said company.

A valuation was commissioned from independent expert valuers to support the Board of Directors' decisions in respect of both transactions since related parties are concerned, together with an expert's report in accordance with article 2343-ter of the Italian Civil Code.

The main risks and uncertainties foreseeable for 2009 are entirely related to the tensions in the financial markets and weakness in the real economy.

Total net inflows in the first two months of the year were positive to the tune of €25m.

Assets under management totalled approximately €60bn at the end of January.

Considering the extremely uncertain economic scenario in which these early operating results were achieved and the company programmes currently under way, the Group plans to continue the investments for progressing our industrial plan while obtaining a more complete picture of our profitability, having analysed the result for assets under management in the early months of the current year.

The Board of Directors

Rome, 17 March 2009



SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT



The value of clarity
is in sharing facts

REPORTING PRINCIPLES

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

MATERIALITY

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

INCLUSIVENESS

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

SUSTAINABILITY

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

COMPLETENESS

The information presented herein refers to the companies included in the consolidation of the Banca Fideuram Group at 31 December 2008 unless stated otherwise. All figures shown refer to the reference period 1/1/2008 - 31/12/2008. This section also presents qualitative information on significant events in the early months of 2009.

BALANCE

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

COMPARABILITY

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

ACCURACY

The figures presented herein are the result of detailed and direct monitoring. Specific notes indicate where estimates have been used. The information on Distribution of Value was prepared using the data presented in the Consolidated Financial Statements at 31 December 2008.

TIMELINESS

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

CLARITY

The information in this document is expressed in a simple and accessible manner, so that it can be understood by all stakeholders.

GROUP PROFILE

VALUES

Banca Fideuram adopted the Intesa Sanpaolo Code of Ethical Conduct at the end of 2007, sharing and committing itself to the same values as the Intesa Sanpaolo Group. The values set out in the Code of Ethical Conduct are an expression of the rich corporate cultures which are the living heritage of the Intesa Sanpaolo Group. Banca Fideuram and its Private Bankers daily work is thus not only founded on and in accordance with the guiding principles and general values in the Code of Ethical Conduct, but also rooted in the values that distinguish the bank's culture and tradition, namely:

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

SHORT HISTORY

- 1968** Fideuram acquired by Istituto Mobiliare Italiano (IMI) in order to operate in the mutual fund sector, taking over the business of International Overseas Services (IOS). Fideuram offered Italian investors the Fonditalia and Interfund "historical" Luxembourg mutual funds through a Network of approximately 300 Private Bankers.
- 1984** Fideuram started offering its first Italian mutual funds: Imirend and Imicapital.
- 1992** Banca Fideuram formed through the merger of two companies in the IMI Group: Banca Manusardi, which was listed on the Milan stock exchange, and Fideuram. The shares continued to be listed under the new company name.
- 1996** Banca Fideuram included in the MIB 30 Italian blue-chip index.
- 1997** Banca Fideuram launched a personalised financial planning service with an advanced technological platform to the benefit of its customers. This service was given the English name "personal financial planning".
- 1998** Establishment of the subsidiary Fideuram Bank (Luxembourg).
- 2000** Banca Fideuram extended its activities into France with the acquisition of the Wargny Group.
- 2001** Establishment of the subsidiary Fideuram Bank (Suisse) in Switzerland.
- 2002** Banca Fideuram acquired Sanpaolo Invest SIM.
- 2004** Insurance subsidiary Fideuram Vita was transferred to Assicurazioni Internazionali di Previdenza S.p.A. (now EurizonVita).
- 2005** Sanpaolo IMI (now Intesa Sanpaolo) transferred its holding in Banca Fideuram to the newly-established company Eurizon Financial Group S.p.A., controlled directly by Sanpaolo IMI.
- 2006** Banca Fideuram's operations support services were centralised in Universo Servizi S.p.A. (now Eurizon Solutions). Eurizon Financial Group S.p.A. launched a public purchase offer to buy all the shares in Banca Fideuram.
- 2007** Following the successful public purchase offer by Eurizon Financial Group, Borsa Italiana delisted Banca Fideuram shares from its Mercato Telematico Azionario electronic stock market and, with the reorganisation of the Eurizon Group's business, Banca Fideuram was brought under the full ownership and direct control of Intesa Sanpaolo. The activities and specialist units previously centralised in the Eurizon Financial Group were brought back within Banca Fideuram, as were the operations support units previously sold to Eurizon Solutions.
- 2008** Banca Fideuram celebrated a history of 40 years' leadership in its sector. A history in which the bank's role has developed from the sale of products to the provision of investment advisory services which provide its customers with solutions that are customised to meet their needs. This transformation was achieved thanks to a range of products and services that has been steadily advanced and extended over the years, supported by the strong customer relations and professional competencies of the bank's Private Bankers. November 2008 was marked by the completion of the process for converting Fideuram Bank (Monaco) SAM, formerly Fideuram Wargny Gestion SAM, into a bank, maintaining a Group presence in the Principality of Monaco, while Banque Privée Fideuram (now Fideuram France S.A.) returned its banking license in December.

SOCIAL REPORT

CUSTOMERS

Main objectives for 2008

Focus on families in order to further strengthen our relationships with existing customers and acquire new ones

Improve the satisfaction levels of existing customers, paying particular attention to high-end customers

Reduce leaving rates with initiatives to increase customer loyalty

Continue extending the range of products and services offered through our online banking channel by, in particular, offering new information and instruction functions as part of our home banking and online trading services

Actions and results achieved

- The bank organised relationship-building events that involved 2,200 existing customers and 200 potential customers in 2008.

- During 2008 we continued the process of increasingly focusing our product range on Private Banking customers, rewarded by the high proportion of High-Net-Worth, Upper-Affluent and Affluent individuals in our customer base, notwithstanding the strong bear markets which impacted the value of customer holdings.

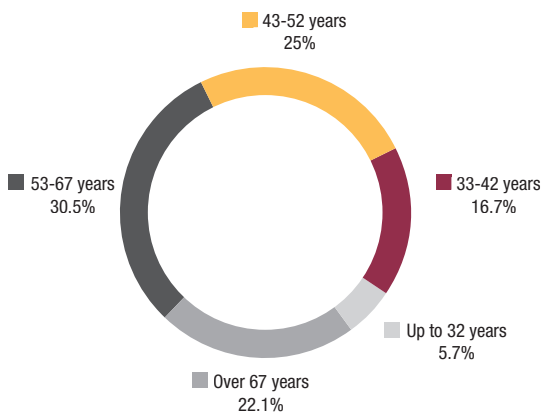
- The bank's initiatives in the year were centred on the targeted improvement of our printed communications with customers, on revising our sales and promotional tools and on relaunching our brand visibility. The total number of current accounts increased by approximately 3,500 in 2008.

- New services were launched in the following areas in 2008:
 - Home banking services, including the payment of bills, council tax and RiBa electronic bank receipts.
 - Online trading, including transactions on the London stock exchange and on the TLX and Euro TLX electronic trading systems, as well as the introduction of a Watch List. The bank also aligned its systems with the new Borsa Italiana TradElect platform (regarding its MTA and Expandi markets).

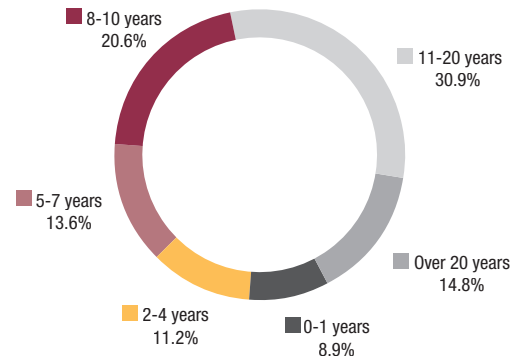
The total number of customers enabled for Banca Fideuram's online services rose to 208,750 (+4% on 2007), while the number of customer transactions carried out over the Internet increased to over 1.5m (+6.5% on 2007).

The Banca Fideuram and Sanpaolo Invest Networks serves approximately 639,000 customers of all ages distributed across the whole of Italy with longstanding relations that are the bedrock of high loyalty to the Group.

Distribution of customers by age



Distribution of customers by length of relationship



Geographical distribution of customers



Fideuram Online

Fideuram Online continued to achieve strong growth in 2008 regarding both the total number of customers (+4% on 2007) and total number of Internet transactions (over 1,470,000 - including stock market instructions, transfers, other payment instructions and instructions regarding funds and asset management - an increase of 6.5% on 2007).

More than 208,000 customers accessed their accounts over the Internet (77% Banca Fideuram customers and 23% Sanpaolo Invest customers).

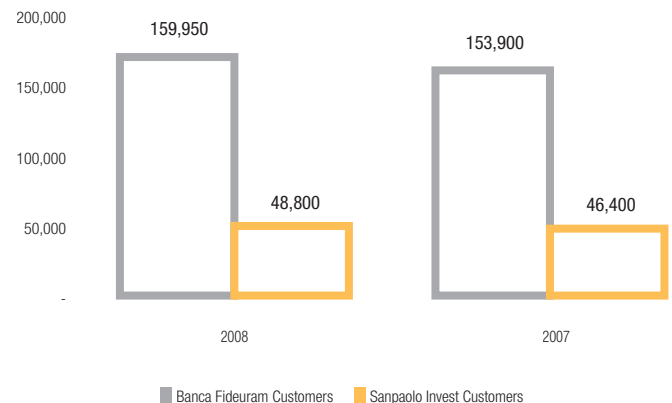
Fideuram Online was, moreover, once again the channel that the Bank's customers used most for trading in securities, with transactions concluded over the Internet accounting for 70.5% of total customer transactions (67% at 31 December 2007).

Transfers over the Internet increased 43% on the previous year, with over 514,000 being carried out in 2008, amounting to 71% of all transfers by customers (66% at 31 December 2007).

The services offered through Fideuram Online were further updated and extended in the year with the introduction of new services and functions, salient amongst which were:

- New instruction functions for our home banking services, including the payment of bills, council tax and RiBa electronic bank receipts.
- New Trading service functions (transactions on the London Stock Exchange and TLX and Euro TLX markets, as well as the introduction of a Watch List). The bank also aligned its systems with the new Borsa Italiana TradElect platform regarding the MTA and Expandi markets.
- Increased information on new managed savings products taken up by customers and marketed during the year (Fideuram Omnia, Symphonia SICAV and Multi SICAV, new Fonditalia sectors and price classes, Skandia Unit Linked, Credit Suisse Solutions and SICAV One, 8a+ and Ersel Group).

Online customers



Market research

Understanding our customers and continually monitoring our competitive scenario are core strategic activities for the Banca Fideuram Group.

During 2008, the following ad hoc research was carried out in two particularly important areas:

- The EC Markets in Financial Instruments Directive (MiFID) which came into force in 2008, regarding which the Group carried out "Mystery Shopping" research to gain an understanding of its main competitors' positioning with regard to the directive. This research showed that the Banca Fideuram Group's choice of a service model centred firmly on the provision of financial advisory services had positioned it clearly in the top band of the sample of banks and networks analysed. The research also revealed that the Banca Fideuram Group's production of a series of informational and training materials both for our Private Banker Networks (with dedicated episodes on Key TV, our distance learning portal) and for our end customers (pamphlet entitled "MiFID, le principali novità" - "MiFID, the main new developments" - provided in printed form at bank branches and Private Bankers' offices as well as to download from the bank's web site) set the Group apart for the quality of its internal and external communications.
- The 2008 advertising campaign, regarding which a qualitative copy test revealed that the campaign "Our Private Banker's point of view", launched in late 2007 and continued in 2008, had made an excellent impact, enabling the bank to identify potential guidelines for future approaches which will unquestionably prove valuable in the development of our 2009 advertising campaign.

The bank continued its participation in the main sector surveys and GfK Eurisko's Multifinanziaria survey in particular, which revealed that notwithstanding the difficult economic climate (both the macroeconomic scenario and consumer spending), Italian savers have not changed their financial behaviour and are continuing to hoard cash. This makes it even more vital for financial advisers to play an educational role, especially advisers with the profile of the Private Bankers in the Banca Fideuram and Sanpaolo Invest networks, who have positioned themselves on the market as fully-fledged consultants offering a complete professional service.

Lastly, targeted market research was carried out on our core client segments, Affluent and Private Banking customers. This saw us participating in the GfK Eurisko research study "Competing in the Private segment" and Busacca ed Associati's study "Customer loyalty in the luxury industry", both of which provided clear information on the expectations and satisfaction drivers of high-end customers, which the bank will take into consideration during the development of its service line for these segments during 2009.

Customer Analytics

Gaining a detailed understanding of customer trends is essential in order to achieve constantly improved customer satisfaction. With this in mind, the bank's Business Intelligence project took another important step forward with the full operational launch of our corporate Data Warehouse, which acts as a single repository for all our customer data, from sociodemographic characteristics to product ownership, product usage and the use of direct channels.

The possibility of obtaining increasingly refined analyses and segmentation will enable the Group to engage in sales and marketing initiatives to the customer groups with the greatest growth potential in 2009.

PattiChiari



Banca Fideuram continued consolidating customer awareness of its banking products and services in 2008, strengthening its involvement in initiatives developed by PattiChiari, the project launched by the Italian Banking Association (ABI) to improve relations between banks and their customers. Banca Fideuram has been involved in the following PattiChiari projects over the years:



Faro

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



Sure times Cheque Availability

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



Current Accounts Compared

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



Low-Risk Bonds

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



Financial Investments Compared

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



Structured Bank Bonds

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

Following the events that affected the markets in Autumn 2008, the PattiChiari Consortium decided to suspend the initiative Low-risk, low-yield bonds in agreement with the Italian Consumers' Association.

PattiChiari has developed a new portal providing information on financial instruments which went live in March 2009 and aims to be a simple educational tool and source of basic, objective, public information that is easy to consult by even the least experienced consumers.

External communications

The Group launched an important project in 2008 for updating its external communications, which affected both its above-the-line communications, such as advertising, and its below-the-line communications, which involve every form of non-traditional communication, such as brochures, leaflets, letters, point-of-sale material, web communications and events.

Above-the-line communications

The 2008 communications plan consisted of two main initiatives with the same clearly-identified objectives:

- An advertising campaign that rolled out from May 2008 to raise perceptions of our brand, emphasising Banca Fideuram’s role as a leader in the Italian Private Banking sector, and highlighting the consultancy offered by our Private Bankers to help customers take care of and increase the value of their savings. The campaign saw ads placed in the main daily newspapers, financial periodicals and lifestyle magazines, accompanied by posters in Italy’s major airports that built a local bond, adapting the main theme to each host city.
- An institutional visibility initiative that continued throughout the year to improve brand awareness. Institutional visibility was achieved through the constant presence of small advertisements in all Italy’s major daily newspapers and financial periodicals.

Both the advertising campaign and institutional visibility initiative were centred on the key role of our Private Bankers in the bank’s customer relations - a critical factor in our success. The campaign visual, which was very favourably received by the networks in its late 2007 pilot version, aimed to raise the overall profile of the Banca Fideuram Group and its Private Bankers, placing them in an exceptional position compared to other operators in the sector. Complementing this, the small ads were implemented to echo the campaign image (where size permitted) or used evocative body copy to forefront the role of guide and interpreter of trends that a Private Banker ideally plays in helping customers make well-informed, confident investment choices. Our media presence in 2008 used the Banca Fideuram Group as its “umbrella” brand, a choice that made the most of the coexistence of our distribution network brands (Fideuram and Sanpaolo Invest), while focusing on the true heart of our business approach with a single, strong message, underscored by the new claim **“Generazioni di valore”** (Generations of value), expressing our vocation to create value for our customers over the years.



Bologna Airport



Venice Airport



Palermo Airport

Below-the-line communications

The first bank in Italy to offer managed savings, the Banca Fideuram Group has been a leader in private banking consultancy for over 40 years thanks to the quality of its advisory services. This success has been consolidated over the years, built on the professionalism of our Private Bankers, the best in the sector for talent, competencies, experience and a clear vision of shared goals that has earned them the full trust of savers. This strong, person-centred approach formed the core of our new below-the-line communications in a new image designed to give a face to our message and achieve an increased focus on human relations. Nothing conveys the size and strength of a Group better than facts and figures, but our facts and figures could never have been achieved without our customers' trust.

The new communications above all focused on our sales tools, centring their message on our customers and Private Bankers as people who place their trust in others, choosing to believe and build a mutually beneficial relationship. The eyes, seen close up, became part of this communication, appearing on Banca Fideuram and Sanpaolo Invest brochures, leaflets and point of sale material, as well as on our web sites, conveying goals, desires, needs and priorities.

The look is different every time, creating images with a double meaning, looking symbolically towards the future with expectation. The very act of looking implies having a clear goal, an expectation that drives one's investment. Which is why, supporting the gaze, we have a horizon to evoke its desires, making them evident and creating a link between the present - the gaze - and the future, to which one's vision and portfolio management lead. It is this horizon which links the Private Banker and customer in their joint quest for success.

The colours are denatured, giving them an authoritative appearance that reflects the characteristics of the products offered, and works in synergy with the gaze and horizon to create a sense of an integrated overview.

An essential role in this process of moving closer to our publics was played by the new tone of voice with which our below-the-line materials speak to our customers, a tone of voice that has a human, evocative warmth while providing clear and accurate information that is never a mere list of data, instead placing values and benefits above facts and figures, which thus become the simple consequence of a philosophy centred on strong relationships.



The series of events in which the bank was involved in 2008, touring all the areas of the Fideuram Network, followed the same communications strategy centred on highlighting human interaction, trust and closeness as the keys to success in the relationship between customer and Private Banker. Turin hosted Lucio Dalla's concert **"Il contrario di me"**, an exclusive performance for Italy's National Trust, the Fondo per l'ambiente Italiano (FAI), while the Boboli Gardens in Florence were the stage for the modern dance show **"The Best of Momix 2008"**. Rome saw the exclusive opening of the nineteenth century painting exhibition **"Ottocento"** and the Giovanni Bellini exhibition at the Scuderie del Quirinale museum. Last but not least, the bank reserved a large number of prestigious stalls seats at Milan's La Scala theatre for the opera **"La Bohème"**.



Alongside these initiatives, there were also three events in the tour **"Delizie d'arte: musica, vino e sapori"**, which celebrated the pleasures of good company, the palate and the ears, while at the same time exploring and rediscovering the beauty of Italy's different regions.

The first event was at the Rocca Meli Lupi in Soragna, the second at villa La Rotonda and Villa Valmarana ai Nani in Vicenza, and the third at the Chiostrò dei Domenicani convent in Lecce. Each of the three evenings opened with local wine tastings, followed by a concert performed by the Orchestra dell'Accademia Nazionale di Santa Cecilia, accompanied by a choral ensemble playing works by Giuseppe Verdi in Soragna, madrigals and renaissance music in Vicenza and an original commission with a concert, reading and play dedicated to the Tarantella in Lecce.

A gala dinner of traditional dishes with a modern twist brought each evening to a close. This exceptional combination of spectacular settings rich in history, local musical traditions reinterpreted by the outstanding musicians of the Accademia Nazionale di Santa Cecilia, and the pleasures of fine food and wine ensured every guest enjoyed an unforgettable experience.

Soragna event, Rocca Meli Lupi.



Event tour "Delizie d'arte: musica, vino e sapori".



Lecce event, Chiostrò dei Domenicani.



Vicenza event, Villa "La Rotonda".

Customer feedback

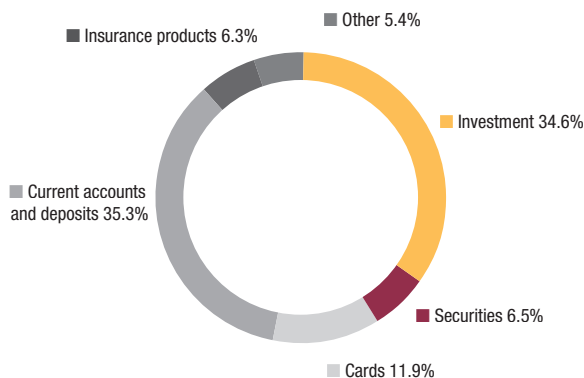
The bank collects customer feedback through its Customer Relations Department.

A total of 7,821 complaints were handled in 2008 (amounting to 1.26% of total customers), 6,553 of which regarded the Fideuram Network, 1,253 the Sanpaolo Invest Network and the remainder other Group companies.

Approximately 86% of customer complaints regarded administrative matters, which were therefore outside the scope of the complaints provisions of the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB), while the remaining 14% concerned activities that could be regarded as investment and related services as defined in Italian Legislative Decree No. 58/1998 and subsequent amendments (Finance Consolidation Act complaints). Complaints were resolved in an average of thirty days, which is substantially less than the ninety days required by current regulations. The number of complaints referred to the Banking Ombudsman "Jury" in 2008 totalled 64 for the Banca Fideuram Network and 14 for the Sanpaolo Invest Network.

These complaints were distributed as follows:

Customer complaints



Main improvement objectives for 2009

The main objectives for 2009 include:

- Developing marketing campaigns to revive business relations with "dormant" customers
- Continuing to strengthen the brand as a standard bearer for financial consultancy in Italy
- Advancing the specialisation of our service model, focused on high-end customers (Affluent and Private Banking)
- Continuing to extend and update the products and services we offer online, concentrating on security and advanced trading services.

PRIVATE BANKERS

Main objectives for 2008

Volume growth with respect to:

- Recruitment of new Private bankers
- Increased net inflows
- Strengthening and improving the bonus and incentive system for Managers and Private Bankers.

Develop inflow quality

- Improve core products and services
- Extend choice of insurance products offered to provide complete range
- Alignment with MiFID directive

Develop training programmes to support launch of customer consultancy service model

Actions and results achieved

- The Banca Fideuram Group again proved itself to be one of the banking groups most able to recruit Private Bankers from competitor networks, with over 60% of the 196 new professionals recruited in 2008 coming from competitors, and most of the remainder coming from a banking career.
- Recruitment nevertheless saw the trend for constant growth in network numbers established in the three previous years reversed, with the number of Private Bankers leaving the Group in 2008 exceeding the number of new recruits to the Fideuram and Sanpaolo Invest Networks, which totalled 4,209 at year end compared to 4,280 in 2007.
- Although the deteriorating global economic scenario and widespread crisis in the financial markets had a significant impact on the bank's result for the year, the Banca Fideuram Group was nevertheless able to achieve positive net inflows of €345m.
- In line with our volume growth objectives, the 2008 bonus and incentive scheme was further enriched, above all to reward new insurance inflows alongside those from the Group's core products and services, adopting inflow quality criteria. Special attention was focused on rewarding the achievement of recruitment targets.

- Extend range of Luxemburg mutual funds and introduce new Italian funds. Further development of Private Banking products and services.
- Group's private insurance market was increased, mainly through distribution agreements with other companies.
- Contract and product operations changes to ensure full compliance with the Community Directive.
- Delivery of training programme lasting approximately one month, consisting of class-based training days and on-the-job training aiming to ensure a widespread understanding of the components of the SEI service model across our Private Banker Networks.
- Courses at leading institutions in the advanced training sector: the Imperial College London Business School for an international perspective regarding Wealth Management, and the SDA Bocconi management training school for specialist training in the most relevant specialist areas of Wealth Advisory services.

Geographical distribution of Networks

The area organisation of the Banca Fideuram Group has not changed since it was reorganised in 2004-2005, and is therefore structured in two networks, the Fideuram Network and the Sanpaolo Invest Network, which are organised to provide extensive area coverage by our Private Bankers and to promote their business development.

Both Networks are divided into areas, each of which is sized to suit the business potential of the territory concerned, which can cover several regions or just a few provinces, and is coordinated by an Area Manager supported by their own management team. The Fideuram Network is organised in eight areas, while the Sanpaolo Invest Network is organised in four, as shown in the tables below.

Area Structure of the Fideuram Network

Area	2008	2007
1	Valle d'Aosta and Piedmont	Valle d'Aosta and Piedmont
2	Lombardy (Provinces of Milan, Lodi and Pavia) and Liguria	Lombardy (Provinces of Milan, Lodi and Pavia) and Liguria
3	Lombardy (excepting Provinces of Milan, Lodi and Pavia)	Lombardy (excepting Provinces of Milan, Lodi and Pavia)
4	Venetia, Friuli Venezia Giulia and Trentino Alto Adige	Venetia, Friuli Venezia Giulia and Trentino Alto Adige
5	Emilia Romagna	Emilia Romagna
6	Tuscany, Umbria and the Marches	Tuscany, Umbria and the Marches, Latium (province of Rieti only)
7	Latium (excepting the Gaeta town council area), Sardinia	Latium (excepting the province of Rieti and the Gaeta town council area), Sardinia
8	Campania, Abruzzo, Molise, Puglia, Basilicata, Calabria and Sicily, Latium (Gaeta town council area only)	Campania, Abruzzo, Molise, Puglia, Basilicata, Calabria and Sicily, Latium (Gaeta town council area only)

Area Structure of the Sanpaolo Invest Network

Area	2008	2007
1	Piedmont, Valle d'Aosta, Sardinia and Liguria	Piedmont, Valle d'Aosta, Sardinia and Liguria
2	Lombardy, Venetia, Friuli Venezia Giulia, Trentino Alto Adige, Emilia Romagna and the Marches	Lombardy, Venetia, Friuli Venezia Giulia, Trentino Alto Adige, Emilia Romagna and the Marches
3	Tuscany, Umbria and Latium	Tuscany, Umbria and Latium
4	Abruzzo, Campania, Calabria, Puglia, Molise, Sicily and Basilicata	Abruzzo, Campania, Calabria, Puglia, Molise, Sicily and Basilicata

Size of Networks

The Networks are the mainstay of all the Group's sales activities. Our Private Bankers are our direct personal interface with our customers and the guarantors of the services offered in their areas.

The Group's distribution structure (Fideuram and Sanpaolo Invest Networks) totalled 4,209 Private Bankers at the end of 2008 compared to 4,280 at 31 December 2007.

New Private Bankers recruited totalled 196 at 31 December 2008 (298 in 2007), while a total of 267 left the Networks during the year (234 in 2007).

The 2008 figures for sector of origin highlight the preponderance of new Private Bankers recruited from competitor networks (over 60%) also noted in 2007.

Fideuram Network - Private Bankers - Origin by rank

Rank	2008			2007		
	Bank	Network	Other	Bank	Network	Other
Managers	-	-	-	-	1	-
Private Bankers	32	55	24	63	88	32
Total	32	55	24	63	89	32

Sanpaolo Invest Network - Private Bankers - Origin by rank

Rank	2008			2007		
	Bank	Network	Other	Bank	Network	Other
Manager	-	1	-	-	3	-
Private Banker	12	64	8	22	76	13
Total	12	65	8	22	79	13

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

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

Area	Number of Private Bankers 2008	Number of Private Bankers 2007
1	419	431
2	381	389
3	346	363
4	366	372
5	337	342
6	457	468
7	384	385
8	413	418
Total	3,103	3,168

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

Area	Number of Private Bankers 2008	Number of Private Bankers 2007
1	252	246
2	290	307
3	277	291
4	287	268
Total	1,106	1,112

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

Region	Number of Private Bankers 2008	Number of Private Bankers 2007
Piedmont	413	425
Valle d'Aosta	6	6
Liguria	105	104
Lombardy	622	648
Venetia	252	258
Friuli Venezia Giulia	77	76
Trentino Alto Adige	37	38
Emilia Romagna	337	342
Tuscany	352	359
Umbria	38	37
The Marches	66	68
Latium	355	359
Abruzzo	31	31
Molise	10	14
Campania	160	161
Basilicata	5	5
Puglia	68	69
Calabria	18	18
Sicily	117	116
Sardinia	34	34
Total	3,103	3,168

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

Region	Number of Private Bankers 2008	Number of Private Bankers 2007
Piedmont	144	138
Valle d'Aosta	5	6
Liguria	96	100
Lombardy	139	148
Venetia	55	59
Friuli Venezia Giulia	16	17
Trentino Alto Adige	6	6
Emilia Romagna	49	55
Tuscany	48	52
Umbria	19	22
The Marches	26	22
Latium	203	205
Abruzzo	35	37
Molise	5	5
Campania	101	90
Basilicata	12	12
Puglia	56	53
Calabria	12	10
Sicily	65	61
Sardinia	14	14
Total	1,106	1,112

Organisational structure

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

The stability of this structure has been a strength of the networks over

the years and an important constant for the Group's Private Bankers. Moreover, this structure has proven its effectiveness over the years and therefore remained unchanged from 2007, including with respect to management levels and responsibilities.

Rank

Management Responsibilities

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

Fideuram Network - Private Bankers - Staff numbers by rank

Rank	2008	2007
Area Managers	7	8
Divisional Managers	26	26
Regional Managers	120	124
Supervisors	362	405
Private Bankers	2,588	2,605
Total	3,103	3,168

Sanpaolo Invest Network - Private Bankers - Staff numbers by rank

Rank	2008	2007
Area Managers	4	4
Divisional Managers	9	10
Regional Managers	46	52
Supervisors	132	124
Private Bankers	915	922
Total	1,106	1,112

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

Fideuram Network - Private Bankers - Average age by rank

Rank	Total number	< 30	30-40	40-50	50-60	Over 60	Average age
Area Managers	7	-	-	1	5	1	53
Divisional Managers	26	-	-	14	10	2	50
Regional Managers	120	-	8	71	40	1	47
Supervisors	362	-	40	170	130	22	48
Private Bankers	2,588	41	352	893	895	407	50
Total	3,103	41	400	1,149	1,080	433	49

Sanpaolo Invest Network - Private Bankers - Average age by rank

Rank	Total number	< 30	30-40	40-50	50-60	Over 60	Average age
Area Managers	4	-	-	2	2	-	48
Divisional Managers	9	-	-	7	2	-	49
Regional Managers	46	-	3	23	19	1	48
Supervisors	132	-	27	73	26	6	45
Private Bankers	915	10	160	426	209	110	47
Total	1,106	10	190	531	258	117	47

Fideuram Network - Private Bankers – Length of service by rank

Rank	Total number	< 5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Average length of service
Area Managers	7	-	-	-	1	6	22
Divisional Managers	26	1	1	3	3	18	20
Regional Managers	120	6	17	43	19	35	15
Supervisors	362	47	81	121	29	84	13
Private Bankers	2,588	503	680	599	223	583	12
Total	3,103	557	779	766	275	726	12

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

Rank	Total number	< 5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Average length of service
Area Managers	4	-	-	-	2	2	19
Divisional Managers	9	-	1	-	3	5	18
Regional Managers	46	7	11	5	11	12	13
Supervisors	132	31	26	39	23	13	11
Private Bankers	915	256	277	173	134	75	9
Total	1,106	294	315	217	173	107	10

Fideuram Network - Private Bankers - Distribution by rank and gender

Rank	2008		2007	
	Men	Women	Men	Women
Managers	150	3	156	3
Private Bankers	2,550	400	2,600	409
Total	2,700	403	2,756	412

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

Rank	2008		2007	
	Men	Women	Men	Women
Managers	58	1	64	2
Private Bankers	866	181	859	187
Total	924	182	923	189

Logistics structure supporting the Networks

Our Private Bankers are supported in their work by the Banca Fideuram logistics structure of 97 bank branches (7 area main branches and 90 small local branches known as Delivery Points - "Punti di Erogazione" or "PEs") together with 285 Private Bankers' Offices (101 in the Fideuram Network and 184 in the Sanpaolo Invest Network).

The delivery points, where customers can carry out routine banking transactions, are normally next to the Private Bankers' Offices. The Group pays the rental costs and part of the operating costs of these Offices either directly or indirectly, and provides for their connection to the company's IT network. This cost structure has been stable for some time, such that there were no significant changes with respect to 2007.

We did not open any new branches or offices in 2008, considering the area coverage achieved to date to be well matched to the Networks' logistical requirements. It was moreover considered appropriate to include 30 personal offices in the total number of Private Bankers' offices in the Sanpaolo Invest Network from 2008 (33 at 31 December 2007).

Fideuram Network - Area Coverage - Logistics structure by region

Region	Bank branches		Private Bankers' offices	
	2008	2007	2008	2007
Piedmont	12	12	19	20
Valle d'Aosta	-	-	1	1
Liguria	5	5	4	4
Lombardy	21	21	4	4
Venetia	7	7	14	14
Friuli Venezia Giulia	3	3	3	3
Trentino Alto Adige	2	2	3	2
Emilia Romagna	10	10	10	10
Tuscany	12	12	15	15
Umbria	1	1	3	3
The Marches	2	2	4	4
Latium	7	7	7	7
Abruzzo	1	1	3	3
Molise	-	-	2	2
Campania	5	5	2	2
Basilicata	-	-	1	1
Puglia	3	3	1	1
Calabria	1	1	1	1
Sicily	4	4	2	2
Sardinia	1	1	2	2
Total	97	97	101	101

Sanpaolo Invest Network - Area Coverage - Logistics structure by region

Region	Private Bankers' offices	
	2008	2007
Piedmont	17	15
Valle d'Aosta	1	1
Liguria	17	13
Lombardy	20	20
Venetia	15	10
Friuli Venezia Giulia	2	4
Trentino Alto Adige	4	1
Emilia Romagna	11	9
Tuscany	11	10
Umbria	5	4
The Marches	6	6
Latium	27	23
Abruzzo	10	5
Molise	10	2
Campania	2	10
Basilicata	1	1
Puglia	14	8
Calabria	2	2
Sicily	6	6
Sardinia	3	3
Total	184	153

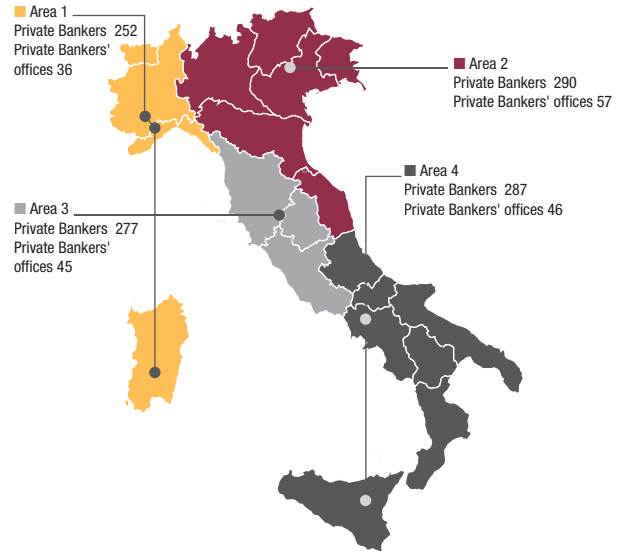
Fideuram Network - Area Coverage - Logistics structure by area

Area	Bank branches		Private Bankers' offices	
	2008	2007	2008	2007
1	12	12	20	21
2	16	16	5	5
3	10	10	3	3
4	12	12	20	19
5	10	10	10	10
6	15	15	23	23
7	8	8	7	7
8	14	14	13	13
Total	97	97	101	101

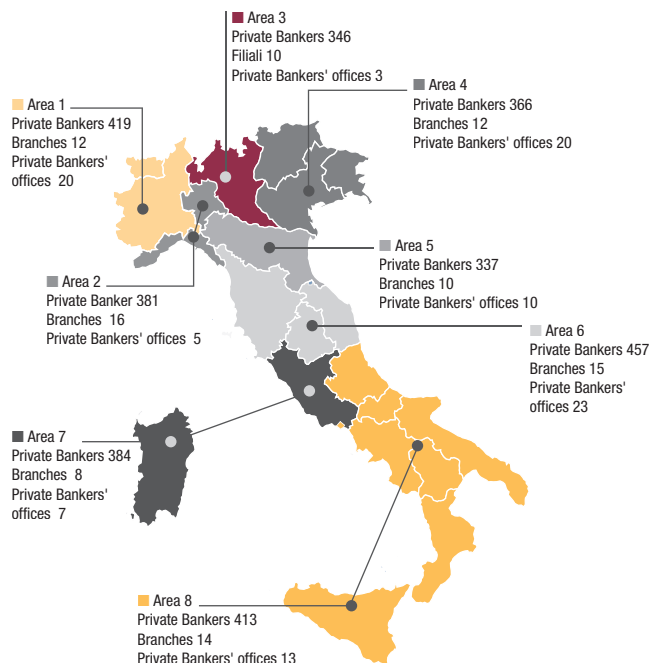
Sanpaolo Invest Network - Area Coverage - Logistics structure by area

Area	Private Bankers' offices	
	2008	2007
1	36	30
2	57	49
3	45	39
4	46	35
Total	184	153

Sanpaolo Invest distribution network



Fideuram distribution network



Contractual relations

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

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

Remuneration

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

Commission and fees are split into front-end fees and management fees, with the former rewarding the acquisition of new financial assets and being linked to total assets under management, while the latter reward the Private Banker's ability to retain assets under management, consolidating and improving their customer relations over time. The Banca Fideuram Group has placed increasing emphasis on the importance of the latter in recent years, with the aim of supporting steady continuous improvement in the quality of the financial products and services provided.

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

In addition to this, there are, moreover, other forms of remuneration for Private Bankers and managers which complete the remuneration of the Group's Networks, consisting of a series of bonus and incentive schemes, including non-monetary incentives, which are also used to guide sales policies.

A bonus regulation is issued every year, delineating the mechanisms for incentivising the Networks to achieve our business targets. In 2008, the incentive/bonus scheme for Private Bankers and Network Managers, designed to support volume growth while also focusing attention on inflow quality, was enhanced by a bonus that rewards inflows into the bank's core products - managed savings products offered by the bank or third parties which are considered essential for building portfolios that are consistent with our consultancy model. In the remuneration of our distribution organisation, net inflows were therefore guided in relation to these strategic priorities (Core Offer Inflows), which in aiming to create added value for our customers simultaneously ensure the group achieves profitable growth.

In addition, the bonus arrangements in place to support the 2005-2007 three-year plan were extended to 2008 and we made it possible for additional Private Bankers to join the Fidelity Plan, a special form of loyalty bonus scheme that rewards the maintenance of significant assets over time.

The incentive/bonus scheme for Private Bankers and Network Managers will continue to be focused on volume growth (net inflows) in 2009 and be based on a single bonus calculated in relation to inflows, with appropriate weightings in relation to the type of service offered by the products, structured over a six-month time horizon to offer greater versatility and adaptability in uncertain conditions such as those currently encountered.

Network remuneration system - Overview

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

(*) Area Managers only

(**) Excepting Area Managers

Network bonus system - Overview

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

Network Sales Activities

The total net inflow results of the Private Bankers in the Group at 31 December 2008 were considerably below the results achieved in the previous year, at €345m compared to €1,617m in 2007.

Assets under management totalled €60,507m at 31 December 2008 (€68,574m in 2007).

Fideuram Network - Average number of customers per Private Banker

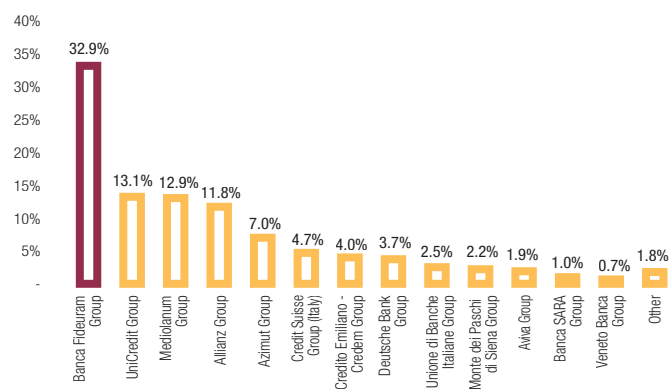
	Number of Private Bankers	Number of customers	Ratio of Customers to Private Bankers
2008	3,103	516,562	166:1
2007	3,168	523,499	165:1

Sanpaolo Invest Network - Average number of customers per Private Banker

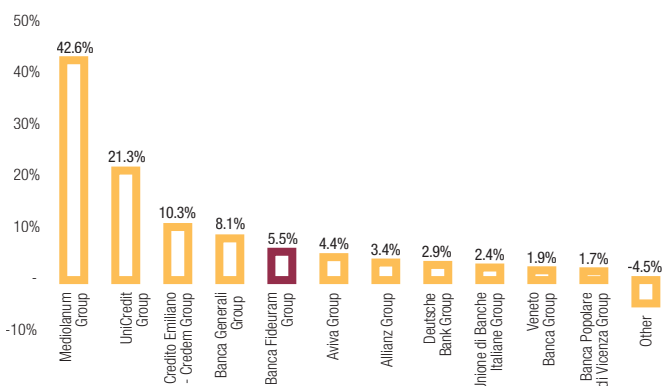
	Number of Private Bankers	Number of customers	Ratio of Customers to Private Bankers
2008	1,106	122,037	110:1
2007	1,112	126,142	113:1

The results achieved in 2008 put the Banca Fideuram Group in first place in the Assoreti ranking for assets under management and in fifth place for total net inflows.

Assoreti Total AUM €183.9bn



Assoreti Total Net Inflows €6.3bn



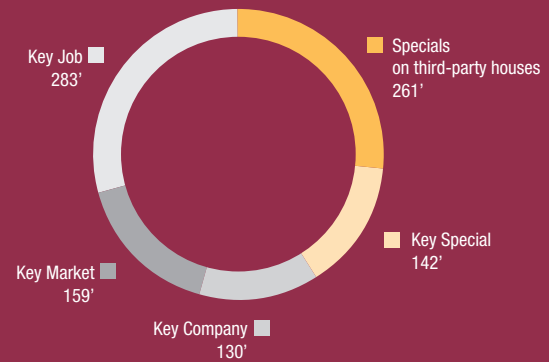
Key TV

2008 was a year of consolidation for Key TV, Banca Fideuram's business TV station, launched in October 2006 and now in its third year.

Over 300 of the bank's branches have been connected to date, taking its coverage to 96% of our network. Three new formats were developed and launched in the year, enabling the service to meet our Private Bankers' needs even more closely:

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

Minutes of product programme time for each format in 2008



81 programme episodes were produced in 2008, a total of 16 hours and 25 minutes' programme time.



40 years of Banca Fideuram

Banca Fideuram celebrated the 40th anniversary of its foundation in 2008, an important landmark for the first mover in the Italian private banking sector.

Founded in 1968 as the brainchild of financial visionary Bernie Cornfeld, Banca Fideuram has not only been a great success story in its own right over these forty years, but also driven a real revolution in the habits of Italian savers and in educating the public about financial planning.

Its unique history is the achievement of the work of gifted men and women - Private Bankers, staff and customers with deep belief in an ambitious project - their shared feelings, aspirations and visions for a tomorrow constantly focused on new challenges and new opportunities.

Our anniversary celebrations were held at the Datch Forum, Milan, on 25 October, with a show tracing the major events in the history of Fideuram, involving illustrious guests and major players who made an essential contribution to the growth of our bank, creating an event in which our Private Bankers and staff lived shared memories, emotions and a common vision for future success.



Private Banker training

The Group's Private Banker training consisted of two main programmes in 2008:

1. Intensive, widespread training on the elements of the new SEI service model, which represents a structured work method supported by leading-edge information technology tools, making it possible to offer customers a highly-innovative consultancy approach delivering substantial added value. The entire training course, which is approximately one month long, consists of class-based training, online training and on-the-job training. The aim of this training is to develop the technical and operating competencies needed to use the related financial and business planning tools effectively, together with the relationship-building competencies required to deliver the value of the new service model to our customers. This roll-out training programme is scheduled for completion in the first half of 2009 and has been entrusted entirely to our management teams, who were involved in an intense training programme as trainers in 2008.
2. The development of a specialist training programme to support the project for disseminating and consolidating the service model for our Private Banking customers. This particularly intense training programme is being delivered to a select group of Private Bankers who have acquired considerable experience over long service and/or show considerable growth potential in the Private Banking segment. The Group has called on the services of leading institutions in the advanced training sector to develop these courses: the Imperial College London Business School for an international perspective on Wealth Management and the SDA Bocconi School of Management for in-depth support on the most relevant specialist professional areas of Wealth Advisory services.

Alongside these innovative activities, we also continued the training programmes focused on consolidating the specialist competencies of our Private Bankers and Managers:

- Insurance and pensions training courses for all newly-recruited Private Bankers, and refresher training courses for all Private

Bankers designed to equip them to join the Single Register of Brokers (Registro Unico Intermediari - RUI) of the Italian supervisory body for private insurance (ISVAP).

- The project supporting European Financial Planning Association (€FPA) certification through the payment of Study Grants for preparatory courses for the certification exam and the provision of training for maintaining €FPA certification.
- Development of a special coaching-based training programme to accompany the field implementation of the elements forming the new service model. This training initiative was designed for our Private Banker network managers to provide in-depth support regarding the models and practices adopted for field coaching, motivational talks and the communication of shared goals.
- The induction training programme for newly-appointed managers was completed.

A total of 11 Private Bankers obtained €FPA certification in 2008, 9 in the Fideuram Network and 2 in the Sanpaolo Invest Network.

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

- Refresher training on our product range and new additions to the array of products and services offered.
- Training aids to support the optimum use of the business applications used for managing the mutual funds offered.
- Insurance/pensions training in accordance with the new regulations issued by the Italian supervisory body for private insurance (ISVAP).
- Refresher training that updates participants on regulatory developments regarding the provision of financial advice and entry to the profession (Italian National Commission for Listed Companies and the Stock Exchange - CONSOB).

A total of 330,268 hours of class-based and distance training were provided in 2008.

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

Private Banker training

Fideuram and Sanpaolo Invest Networks	2008		2007	
	Attendances	Total hours	Attendances	Total hours
E-learning	39,874	151,359	42,657	85,049
Class-based training	22,492	178,909	12,285	75,277
Total	62,366	330,268	54,942	160,326

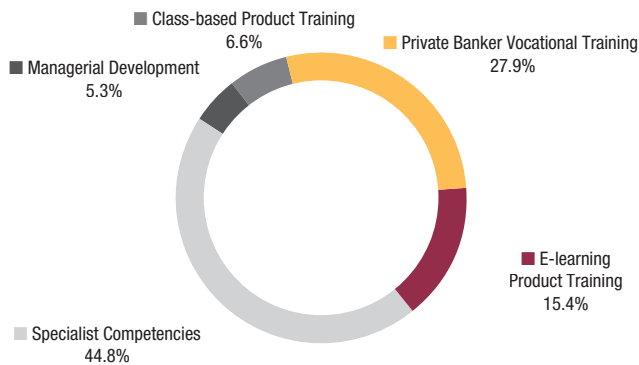
E-learning

Training Area	2008		2007		change	
	Attendances	Total hours	Attendances	Total hours	Attendances	Total hours
Private Banker Vocational Training	24,971	107,315	25,653	33,664	-2.7%	218.8%
Product Training	14,903	44,044	17,004	51,385	-12.4%	-14.3%
Total	39,874	151,359	42,657	85,049	-6.5%	78.0%

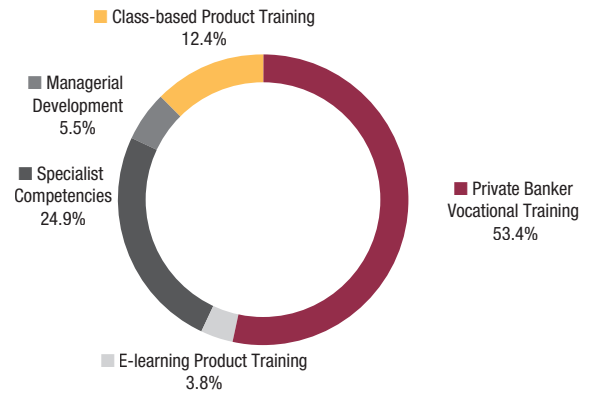
Class-based training

Training Area	2008		2007		change	
	Attendances	Total hours	Attendances	Total hours	Attendances	Total hours
Specialist Competencies	14,582	135,925	7,293	44,093	99.9%	208.3%
Managerial Development	1,568	17,701	581	6,806	169.9%	160.1%
Class-based Product Training	6,342	25,283	4,411	24,378	43.8%	3.7%
Total	22,492	178,909	12,285	75,277	83.1%	137.7%

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



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



Main improvement objectives for 2009

Our 2009 objectives are linked directly to the bank's industrial plan, which is centred on the following main objectives for the Banca Fideuram Group's Networks:

- Volume growth in terms both of net inflows and recruitment
- Maintaining the profitability of managed savings and regaining the profitability of non-discretionary savings.

The bonus and incentive schemes for Private Bankers and Managers will be structured to support these objectives, including through the use of different separate mechanisms if necessary. These may, moreover, also be accompanied by one-off bonuses and incentives specific to the plan.

Special attention will be focused on short-term incentives/bonuses that afford greater versatility and adaptability in any situations of uncertainty. This will in particular see our ordinary and extraordinary annual incentives/bonuses joined by a half-year bonus/incentive.

The monetary incentive mechanisms related to recruitment in particular will be reorganised using an entirely new method. The new system will aim to reward systematic overall results rather than one-off results, extending the period of observation for the results to the entire year. A different target will be assigned to each managerial level, with separate reward mechanisms for each management figure.

Where profitability management is concerned, the thrust will be on restructuring and enhancing the value of the bank's funds, including through suitably-supported marketing relaunches.

Initiatives will be implemented for enhancing the value of our banking products and services, accompanied by promotional campaigns focused on specific customer target groups, and initiatives for regaining non-discretionary savings to support profitability.

Lastly, the bank's product range will be further extended while also being supported by special offers and promotions.

Our training activities in 2009 will likewise be centred on supporting the objectives of the industrial plan, doing so through the following initiatives in particular:

- Our "New Talent" project which aims to train talented young graduates with specialisations in economics and launch them on a career as Private Bankers. The project aims to recruit approximately 1,000 young graduates over a three-year period through partnerships with universities and a structured selection process with objective assessment criteria and tools to ensure candidates match the bank's requirements profile. The Plan provides for a structured process of entry to the profession through training in specific areas of financial consultancy and in the product and service model of the Banca Fideuram Group,

together with a professional induction programme for the Group to support candidates with on-the-job training field placements.

- Completing the delivery of the training courses provided to support the bank's new SEI service model and sales methodology.
- Continuing our specialist Wealth Management and Wealth Advisory training programmes for Private Bankers dedicated almost exclusively to Private Banking customers.

Alongside these special initiatives, we will of course continue to dedicate our usual attention to refresher training, ensuring that our Private Bankers benefit from constant updating.

EMPLOYEES

Recognising that our people play an essential role in ensuring we achieve our corporate objectives, the Group constantly invests in the professionalism of its employees through organisational and

training initiatives that aim to build their individual competencies and promote their growth within the company.

Banca Fideuram Group employees in and outside Italy

	Men			Women			Total		
	2008	2007	% change	2008	2007	% change	2008	2007	% change
Directors	55	53	3.8	2	2	-	57	55	3.6
Executive Management	480	490	-2.0	268	265	1.1	748	755	-0.9
Professional Areas	307	309	-0.6	355	342	3.8	662	651	1.7
Total	842	852	-1.2	625	609	2.6	1,467	1,461	0.4

The Banca Fideuram Group's staff increased by 6 from 1,461 at 31 December 2007 to 1,467 at 31 December 2008.

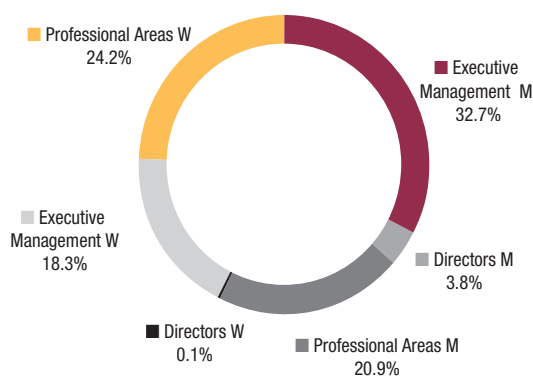
Women accounted for 42.6% of total employees (41.7% in 2007) and men accounted for 57.4% (58.3% in 2007).

Banca Fideuram Group employees in Italy

	Men			Women			Total		
	2008	2007	% change	2008	2007	% change	2008	2007	% change
Directors	42	42	-	2	2	-	44	44	-
Executive Management	422	434	-2.8	231	229	0.9	653	663	-1.5
Professional Areas	259	267	-3.0	316	304	3.9	575	571	0.7
Total	723	743	-2.7	549	535	2.6	1,272	1,278	-0.5

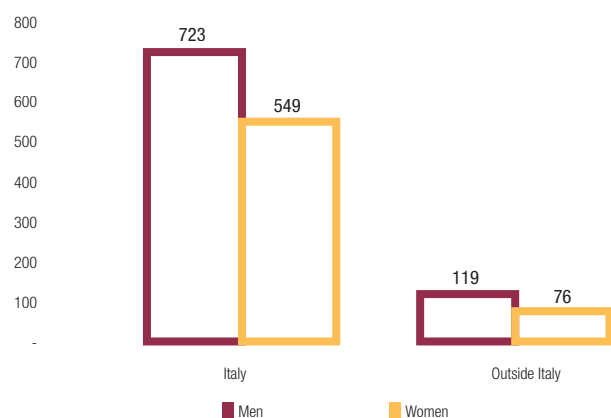
Banca Fideuram Group employees outside Italy

	Men			Women			Total		
	2008	2007	% change	2008	2007	% change	2008	2007	% change
Directors	13	11	18.2	-	-	-	13	11	18.2
Executive Management	58	56	3.6	37	36	2.8	95	92	3.3
Professional Areas	48	42	14.3	39	38	2.6	87	80	8.8
Total	119	109	9.2	76	74	2.7	195	183	6.6

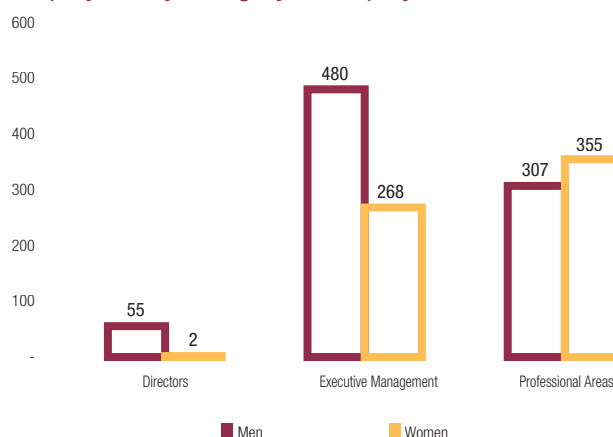


Group personnel operating in Italy accounted for 86.7% of total employees (87.5% in 2007), while those operating outside Italy accounted for 13.3% (12.5% in 2007).

Employees by gender



Employees by category of employment



Staff contracts

	Men			Women			Total		
	2008	2007	% change	2008	2007	% change	2008	2007	% change
Open-ended	836	842	-0.7	610	601	1.5	1,446	1,443	0.2
Fixed-term	5	10	-50.0	11	8	37.5	16	18	-11.1
Work-entry contracts	1	-	n.s.	2	-	n.s.	3	-	n.s.
Apprenticeship contracts	-	-	-	2	-	n.s.	2	-	n.s.
Total	842	852	-1.2	625	609	2.6	1,467	1,461	0.4

n.s.: not significant

Italy

	Men			Women			Total		
	2008	2007	% change	2008	2007	% change	2008	2007	% change
Open-ended	720	738	-2.4	537	531	1.1	1,257	1,269	-0.9
Fixed-term	2	5	-60.0	8	4	100.0	10	9	11.1
Work-entry contracts	1	-	n.s.	2	-	n.s.	3	-	n.s.
Apprenticeship contracts	-	-	-	2	-	n.s.	2	-	n.s.
Total	723	743	-2.7	549	535	2.6	1,272	1,278	-0.5

Outside Italy

	Men			Women			Total		
	2008	2007	% change	2008	2007	% change	2008	2007	% change
Open-ended	116	104	11.5	945	76	n.s.	1,061	180	n.s.
Fixed-term	3	5	-40.0	3	4	-25.0	6	9	-33.3
Work-entry contracts	-	-	-	-	-	-	-	-	-
Apprenticeship contracts	-	-	-	-	-	-	-	-	-
Total	119	109	9.2	948	80	n.s.	1,067	189	n.s.

Full Time/Part Time Staff

	Men			Women			Total		
	2008	2007	% change	2008	2007	% change	2008	2007	% change
Full Time	837	846	-1.1	483	471	2.5	1,320	1,317	0.2
Part Time	5	6	-16.7	142	138	2.9	147	144	2.1
Total	842	852	-1.2	625	609	2.6	1,467	1,461	0.4

A total of 147 people, amounting to approximately 10% of all employees, were on part-time contracts, 96.6% of them women, to

whom this type of contract appeals due to the flexibility it offers in one's work.

Staff age

	Directors			Managers			Professional Areas		
	2008	2007	% change	2008	2007	% change	2008	2007	% change
Up to 20	-	-	-	-	-	-	-	-	-
21 to 25	-	-	-	-	-	-	22	20	10.0
26 to 30	-	-	-	10	13	-23.1	115	126	-8.7
31 to 35	2	2	-	101	117	-13.7	155	149	4.0
36 to 40	5	6	-16.7	133	128	3.9	111	106	4.7
41 to 45	15	14	7.1	205	201	2.0	117	118	-0.8
46 to 50	15	10	50.0	146	131	11.5	87	75	16.0
51 to 55	12	13	-7.7	104	106	-1.9	31	36	-13.9
56 to 60	8	9	-11.1	45	52	-13.5	23	20	15.0
Over 60	-	1	-100.0	4	7	-42.9	1	1	-
Total	57	55	3.6	748	755	-0.9	662	651	1.7

Staff length of service

	Directors			Managers			Professional Areas		
	2008	2007	% change	2008	2007	% change	2008	2007	% change
Up to 5 years	14	15	-6.7	110	115	-4.3	205	179	14.5
6 to 10 years	14	12	16.7	144	140	2.9	203	207	-1.9
11 to 15 years	6	6	-	63	66	-4.5	28	36	-22.2
16 to 20 years	14	16	-12.5	170	234	-27.4	82	121	-32.2
21 to 25 years	8	4	100.0	202	132	53.0	120	82	46.3
Over 25 years	1	2	-50.0	59	68	-13.2	24	26	-7.7
Total	57	55	3.6	748	755	-0.9	662	651	1.7

Education

	Men			Women			Total		
	2008	2007	% change	2008	2007	% change	2008	2007	% change
Degree, Masters or Diploma	363	350	3.7	225	205	9.8	588	555	5.9
Secondary School	390	403	-3.2	340	336	1.2	730	739	-1.2
Other	89	99	-10.1	60	68	-11.8	149	167	-10.8
Total	842	852	-1.2	625	609	2.6	1,467	1,461	0.4

Turnover

A total of 104 new employees were recruited in 2008, 18 from other companies in the Intesa Sanpaolo Group and the remainder from outside the Group. The gender split for these new employees was 58.7% female staff and 41.3% male staff.

A total of 98 employees left the bank through handing in their notice, reaching the end of their contracts or retiring. The gender split for these employees was 45.9% female staff and 54.1% male staff.

By category of employment

	Joined 2008				Total
	Men	%	Women	%	
Directors	4	100.0	-	-	4
Managers	10	58.8	7	41.2	17
Professional Areas	29	34.9	54	65.1	83
Total	43	41.3	61	58.7	104

	Left 2008				Total
	Men	%	Women	%	
Directors	4	100.0	-	-	4
Managers	30	68.2	14	31.8	44
Professional Areas	19	38.0	31	62.0	50
Total	53	54.1	45	45.9	98

By contract of employment

	Joined 2008				Total
	Men	%	Women	%	
Open-ended	39	53.4	34	46.6	73
Fixed-term	3	11.5	23	88.5	26
Work-entry contracts	1	33.3	2	66.7	3
Apprenticeship contracts	-	-	2	100.0	2
Total	43	41.3	61	58.7	104

	Left 2008				Total
	Men	%	Women	%	
Open-ended	45	64.3	25	35.7	70
Fixed-term	8	28.6	20	71.4	28
Work-entry contracts	-	-	-	-	-
Apprenticeship contracts	-	-	-	-	-
Total	53	54.1	45	45.9	98

Atypical contracts

The Group entered into a number of staff leasing contracts in 2008 to meet temporary needs to replace staff who were away from work and entitled

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

Atypical contracts

	31.12.2007		New		Ended		31.12.2008
	No.	%	No.	%	No.	%	No.
Women	4		8	53.3	12	60.0	-
Men	1		7	46.7	8	40.0	-
Total	5		15	100.0	20	100.0	-

Career development

	2008			2007		
	Men	Women	Total	Men	Women	Total
Promotions to Director	2	-	2	-	-	-
Promotions within Managers	43	28	71	33	21	54
Promotions to Managers	12	10	22	13	15	28
Promotions within Professional Areas	31	33	64	40	37	77
Total	88	71	159	86	73	159
<i>% promotions out of total resources</i>	<i>10.5%</i>	<i>11.4%</i>	<i>10.8%</i>	<i>10.1%</i>	<i>12.0%</i>	<i>10.9%</i>

Career development at the Group is centred on a meritocratic model based on enhancing each person's results, competencies and individual abilities,

in line with the Group's organisational structure and requirements regarding management/coordination and specialist positions.

Relationships with Trade Union Organisations

During 2008, a number of agreements were entered into and commitments formalised with Trade Unions which, as part of a process for gradually aligning the Group's staff tools and policies with those in place in other companies in the Intesa Sanpaolo Group, have seen Banca Fideuram develop a plan for implementing those employee arrangements already aligned at parent-company level, taking Banca Fideuram's own distinctive organisational and product features into account.

The areas aligned regarded mobility and secondments, working hours, part-time work, staff social security, trade union relations, procedures for putting Workers' Safety Representatives in place, company obligations in the event of the death in service or total permanent disability of employees, and special staff banking and loan conditions.

In addition, the bank also entered into agreements with trade unions, aligned with Group agreements, that govern the procedures for pursuing staff efficiency and rationalisation objectives at Banca Fideuram, providing - amongst other things - for recourse to the sector Solidarity Fund.

Approximately 49% of staff were members of a trade union at year end.

The number of hours that employees dedicated to trade union activities in 2008 totalled approximately 11,498, representing approximately 0.5% of theoretical total working hours.

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

Vulnerable employees

Staff belonging to categories of vulnerable persons as defined by Italian law No. 68/1999 totalled 109 as follows:

Vulnerable employees

	2008
	Nr.
Disabled	63
Orphans, Widows, Asylum Seekers	46
Total	109

Approximately 9,750 hours of leave were granted in the year to employees with serious illnesses or to care for family members with serious diseases.

Development of resources

In 2008, Banca Fideuram launched an important project to relaunch its staff development activities. For the Group's Italian companies, this included the introduction of a New Professional Assessment System designed not only to promote the focused development of individual staff contributions, but also to provide an important skills inventory tool enabling individual development and training plans to be formulated in a more timely and targeted manner. The following were put in place to support effective dissemination of the new model:

- A calendar of class-based info-training meetings with all Managers to demonstrate the logic and functionalities of the new tool.
- A system of cascade meetings (supported centrally) through which each Manager transfers an understanding of the principal innovations of the new model to their colleagues.
- A programme of individual meetings between Human Resources and each Manager to identify the most suitable initiatives for enhancing the competencies and performance of their staff.

Supporting the new model, Banca Fideuram also produced a New Training Catalogue for its Employees in conjunction with parent company Intesa Sanpaolo, aiming to promote and sustain targeted competency development through a wide range of class-based and e-learning training focused on different behavioural and specialist areas.

A further professional development initiative saw the Banca Fideuram Group's Senior Management taking part in a Leadership Development programme organised by Intesa Sanpaolo, consisting in a series of separate phases (Assessment Centre, All-round assessment of management style, Leadership Workshop, Follow-up) designed to enhance participants' management potential in terms of capabilities and active commitment to achieving corporate objectives. These important activities were accompanied by a series of training programmes in 2008 focused on key areas for the Group, namely:

- The SEI Method. Knowledge of the main logic processes and functionalities of the new financial planning tool that Banca Fideuram has developed to support its business was disseminated extensively through a calendar of class-based info-training meetings and the provision of training material on the bank's e-learning platform.
- The launch of a programme (which is continuing in 2009) for managers in the Information Systems and Operating Services Department which focuses on management and organisational areas to facilitate the organisational repositioning of the department within the bank which took place in early 2008.
- Health and Safety (Italian Legislative Decree No. 81/08). Training in accident prevention and the management of safety in the workplace was strengthened during the year. In addition to the usual courses for staff with Health and Safety responsibilities at the bank, we also ran a number of training events for those responsible for aiding people with disabilities, as well as launching courses for those members of staff with formal health and safety duties (officers in charge of health and safety), in accordance with the new Italian Safety Consolidation Act.

The bank's Organisation staff continued to take part in the "Community FILO" vocational training initiative organised by Intesa Sanpaolo to align and enhance the competencies of the organisation personnel in its Group companies.

Lastly, a series of training initiatives were organised to enhance staff knowledge of specific products and services, banking transactions, sector regulations, information technology and foreign languages.

The recruitment of junior resources on apprenticeship and work-entry contracts likewise saw us designing and implementing a series of class-based and e-learning training plans in synergy with the Intesa Sanpaolo Group to teach specific competencies (basic, cross-disciplinary and technical/professional).

All these training initiatives took the following into account:

- The organisational and logistical requirements of the staff, particularly those classified as vulnerable and/or part-time employees.
- The development of the necessary professional competencies and behaviour orientated towards respect for the environment and an awareness of social and ethical issues.

A total of approximately 19,280 hours of training were delivered in 2008, including both class-based and distance training.

The figures for Banca Fideuram Group companies in Italy are presented below, broken down into:

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

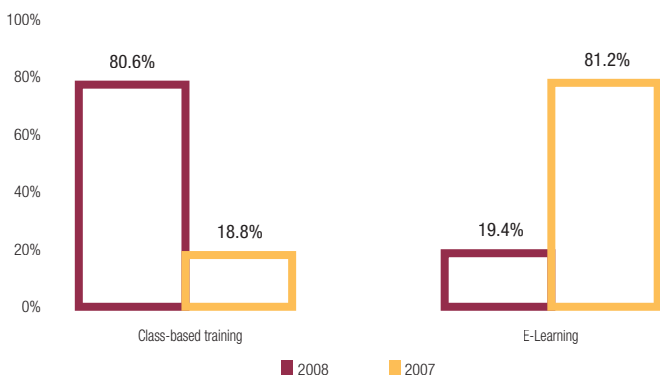
Class-based training

	Training area	2008		2007		Change	
		Attendances	Total hours	Attendances	Total hours	Attendances	Total hours
IN-HOUSE TRAINING	Specialist	2,692	11,347	777	8,944	246.5%	26.9%
	Managerial Personal Development	56	870	38	540	47.4%	61.1%
EXTERNAL TRAINING	Workshops/Conferences						
	Language courses	174	3,315	218	3,289	-20.2%	0.8%
Total		2,922	15,532	1,033	12,773	182.9%	21.6%

E-learning

Training area	2008		2007		Change	
	Attendances	Total hours	Attendances	Total hours	Attendances	Total hours
Specialist	1,025	3,636	4,417	15,545	-76.8%	-76.6%
Managerial Personal Development	30	112	53	199	-43.4%	-43.7%
Total	1,055	3,748	4,470	15,744	-76.4%	-76.2%

Training by type of delivery (total hours)



Employee healthcare, pensions and services

As part of a process for gradually aligning the bank's Human Resources tools and policies with those of our sister companies in the Intesa Sanpaolo Group, we have developed a plan for the Banca Fideuram Group's Italian companies to implement those regulations and practices which have already been aligned at parent company level.

This saw us maintain the complementary social security and supplementary healthcare provisions already in place, as well as - for staff in service at 31 December 2006 - the regulations regarding the bonuses for 25 and 35 years of service, while aligning the following:

- Company obligations in the event of the death in service or total permanent disability of employees.
- Group regulations regarding staff social security provisions.
- Special staff conditions for bank transactions and loans.
- Regulations regarding working hours, part-time work and meal vouchers, with effect from 1 January 2009.

Moreover, our parent company Intesa Sanpaolo launched its Welfare Abroad project in 2009, which is part of a wider company programme for restructuring the Group's Corporate Welfare System, identifying the scope of its social security, healthcare and social club provisions while extending the provisions already offered in Italy to Group companies outside the country.

Safety

A total of 90 health and safety at work inspections were carried out across the Group in 2008.

Banca Fideuram devoted special attention to investments in improving work equipment and environmental aspects in 2008, in particular through:

- Modernising and upgrading the climate control systems in its Offices, Branches and Delivery Points.
- Workplace improvement projects.

To this end, over 75 environmental, safety and security inspections were carried out at Banca Fideuram's main offices and branches in 2008 to identify any critical aspects and potential improvements. As a result of these inspections, a number of rectification and improvement requests were presented to the relevant company departments with a view to making our workplaces even more comfortable.

In 2008, 18 employees were involved in accidents at work with work absence, and said absences totalled 416 days. Only 8 of these accidents occurred in the workplace, while the remaining 10 accidents occurred on the journey between home and work.

Security

In the past 8 years there has only ever been one raid on any Banca Fideuram premises, thanks in part to the continuous improvement of the security measures adopted. This event, which occurred in 2008, did not have any consequences for staff.

SUPPLIERS

Main objectives for 2008

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

Actions and results achieved

A number of the Intesa Sanpaolo Group's suppliers were used during 2008 with a view to achieving standard charges negotiated for all Group companies. In certain cases, these rationalisation and comparison actions achieved savings of 10 / 15%.

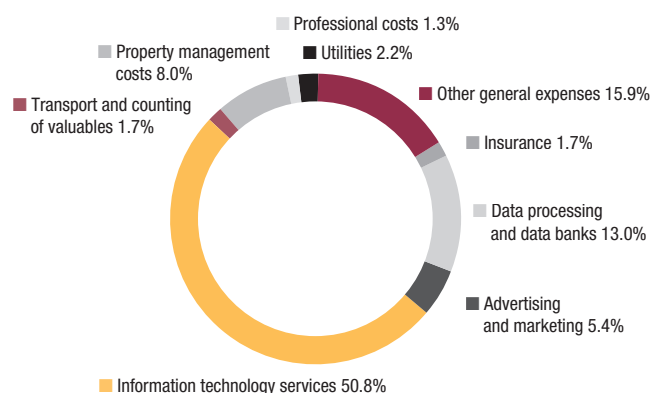
Profile of suppliers

The work of revising and rationalising the phases in our goods and service purchase procedures continued during 2008, in accordance with our internal spending regulations. The Group had commercial dealings with approximately 3,000 suppliers during the year for a total value of approximately €184.2m.

A total of 87 of these partners were defined as "Large Suppliers", meaning they each supplied goods or services with an annual value in excess of €155,000, accounting for €122.4m altogether.

From 1 April 2008, following the merger of Eurizon Solutions and Intesa Sanpaolo, a number of activities that Banca Fideuram had initially contracted out to Eurizon Solutions returned to Banca Fideuram, while certain information technology activities were outsourced to Intesa Sanpaolo under a service contract with specified costs and continuity and performance requirements.

Distribution of Large Suppliers by activity

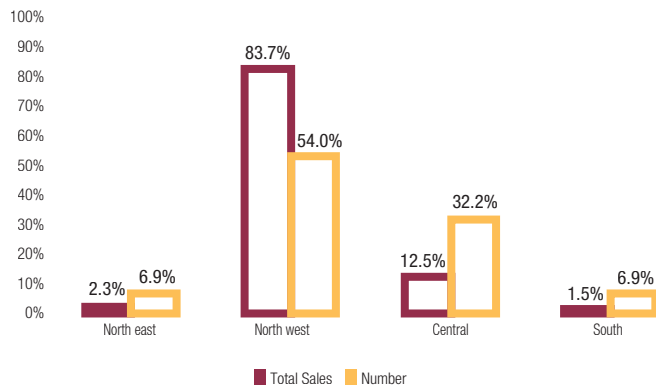


Distribution of Large Suppliers by geographical area

(€m)

2008			
Geographical area	Total Sales	% of total	No. of Suppliers
Region			
CAMPANIA	1.2	1.0	4
EMILIA ROMAGNA	0.7	0.6	2
LATIUM	15.0	12.3	26
LOMBARDY	24.5	20.0	39
PIEDMONT	76.7	62.7	7
PUGLIA	0.3	0.2	1
SICILY	0.3	0.2	1
TUSCANY	0.3	0.2	2
VALLE D'AOSTA	1.3	1.1	1
VENETIA	2.1	1.7	4
Total	122.4	100.0	87

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



Selection policies

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

- Ethical and legal integrity.
- Technical and professional suitability.
- Reliability with respect to the application of the Italian Civil Code regarding confidentiality, data protection and privacy.
- Competitiveness on market and application of special pricing agreements negotiated with parent company Intesa Sanpaolo.

The selection of suppliers is governed by internal expenditure regulations which require the identification of a "pool" of possible suppliers who can then be approached through the Suppliers Database of companies and individuals meeting the technical and trust requirements required

to supply goods and services in Italy, including suppliers who may never have been used but are considered worthy of being taken in to consideration.

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

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

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

- If the planned expenditure exceeds €35,000, there is a call for sealed-bid tenders. In these cases the supply criteria are as follows:
 - The supply must generally be awarded to the supplier making the lowest bid.
 - When a bid is 20% below the mathematical mean of all the bids received, said bid must be rejected and the contract awarded to the supplier who has submitted the next best bid.
 - If a supply contract is awarded to a supplier other than the supplier submitting the lowest bid, the choice must be formalised, noting, moreover, the technical and scheduling reasons for the decision
 - If there are negative notes regarding the supplier awarded the contract, or if they reject the contract, it is then awarded to the supplier who submitted the next best bid, having previously attempted to negotiate them down to align their bid with the lower one.
- If the planned expenditure is between €5,000 and €35,000, at least 3 estimates are requested and the supplier is chosen on the basis of best price, delivery times, product quality, type of business relationship with the supplier and their adherence to proper professional standards, as well as difficulty of replacement, in all cases taking care to ensure transparent and proper management. For expenditures of more than €10,000, estimates in writing are required. The grounds for any departure from these procedures must be noted and all estimates received must be properly filed. These criteria do not apply to contracts for which it is not possible to find several competing suppliers or where there is a need for urgency or compatibility and/or continuity with existing situations, or for contracts of the same kind, where estimates were previously obtained and there has been no increase in cost. Said circumstances must be noted in writing.
- If the planned expenditure is less than €5,000, a number of suppliers must be approached for informal estimates, after which the order may be sent direct to the supplier selected.

Relationship Management

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

Improvement objectives for 2009

During 2009 we will be continuing our work on rationalising and optimising our selection processes by joining the operating contracts of our parent company, Intesa Sanpaolo, and drawing up direct agreements with the suppliers of various types of goods and services in order to make our liabilities cycle more fluid and transparent.

THE COMMUNITY

Charitable and other donations totalled €250,000 in 2008, equivalent to approximately one thousandth of consolidated gross operating income in 2007, distributed to a number of respected bodies operating in the humanitarian, aid, scientific research, arts and environmental sectors. In pursuit of our community commitments, following detailed enquiries and a diligent selection process, we granted 39 requests for charitable donations in the year out of a total of 56 received, donating €227,500 to bodies across Italy as follows:

- €111,000 to 28 humanitarian and aid initiatives.
- €116,500 to 11 associations operating in the arts and scientific research sectors.

The bank has confirmed that the amount set aside for charitable and other donations in 2009 is €250,000. The Bank has likewise confirmed how this will be distributed to respected bodies operating in the aforementioned sectors.

Business meetings, travel and conferences

During the year there were the usual meetings and events involving the Private Banker Network, including area meetings focussed strictly on sales matters, and travel and conferences to which our top performers in Italy were invited:

- Beginning-of-year Roadshow, which touched on a number of Banca Fideuram's business areas, focusing on the bank's medium-term objectives and related strategies.
- Journey across Japan and conference in Phuket, Thailand, attended by our top Private Bankers in Italy between the end of April and beginning of May, with 60 taking part in both and 350 attending the conference only.
- Beginning-of-Autumn Roadshow dedicated to presenting the bank's industrial plan to the Network, visiting all 8 Banca Fideuram Areas between the end of September and October.

Financial support activities

Following the financial support provided for the non-profit organisation **Save the Children** and its project to build a school for the children of a village in the Endertera area of Ethiopia, Banca Fideuram and Sanpaolo Invest strengthened their commitment to this organisation, choosing its Christmas card to send their companies' season's greetings and for our Private Banker Networks to send their greetings to customers. The greetings cards were customised with a picture of the African school's signboard, highlighting the banks' humanitarian commitment.



Artistic heritage

Banca Fideuram's commitment to preserving Italy's artistic heritage took it to support the painting project at the Basilica di Santa Maria degli Angeli e dei Martiri in Rome, with a €50,000 donation to the work by painter Piero Guccione on the side panels completing the restoration of the Cappella della Maddalena.

Other organisations receiving financial support from Banca Fideuram included the Modigliani Institut Archives Légales and the Office for the Pastoral Care of Universities of the Vicariate of Rome. Lastly, Banca Fideuram continued its support of the Amici della Scala Association in Milan in 2008.

Partnership with the Italian Multiple Sclerosis Association (Associazione Italiana Sclerosi Multipla - AISM)

Banca Fideuram has always played an active role in promoting initiatives that support important causes for humanity and sustainable progress. In 2008, we launched a substantial partnership with the Italian Multiple Sclerosis Association, the AISM. Our choice of the AISM was not a random decision but the result of deeply shared aims and values. The AISM, which - like Banca Fideuram - celebrated the 40th anniversary of its foundation in 2008, does not base its work exclusively on research which is essential for overcoming the disease in the near future, but also plays a leading role in supporting and attending to the families of people with the disease, maintaining a strong local presence and close personal contact as key values it also shares with Banca Fideuram.

AISM AND BANCA FIDEURAM

“A valuable partnership was established in 2008 between the Italian Multiple Sclerosis Association (AISM) and the Banca Fideuram Group, which will continue to be developed in the future. This partnership has already proved extremely beneficial for our Association, since it resulted in three dedicated actions which enabled the AISM to pursue the core objectives that inspire its work day after day.

Banca Fideuram provided a €30,000 donation to the scientific research promoted by the AISM and its Foundation, financing an important research project for the “Identification of molecular pathways involved in the therapeutic effect of mesenchymal stem cells”. This project aims to provide more detailed information on the genetic and molecular mechanisms involved in the beneficial therapeutic effect of mesenchymal stem cells when the latter are used as a possible cure in experimental models of autoimmune disease.

What's more, Banca Fideuram also supported the AISM in other equally important ways.

Since September 2008 the bank has promoted the work of and projects supported by our Association to its own public,

broadcasting a charity video on its in-house television station that presents all the areas in which the AISM normally operates.

This initiative was very important for the Association because it facilitated and increased awareness of the AISM amongst all users of the bank and preceded and thus drove another equally important initiative: “Stelle della solidarietà” or “Stars of Solidarity”.

Donating one euro for each Christmas tree star decoration sold at the bank's main offices, branches and Private Bankers' offices brought funding to research and the light of concrete solidarity into the Christmases of people with multiple sclerosis.

The partnership between the AISM and Banca Fideuram has thus been truly valuable, enhanced further by the fact that we both celebrated the 40th year of our foundation in 2008.”

Antonella Moretti, Operations Director, AISM

Humanitarian projects

Banca Fideuram provided the same level of support for humanitarian projects in 2008 as in prior years. Many existing partnerships with non-profit associations and with Italian and international organisations that operate in areas where social hardship is a real emergency were continued, supporting new projects. Special attention was again focused on the **San Patrignano Community** in 2008, which provides free accommodation and rehabilitation for socially excluded people and habitual users of all types of drugs through individual programmes and family support.

A substantial donation was in addition made to **Save the Children** to continue Banca Fideuram's support for the education programme in the Tigray region of Africa.

Banca Fideuram also provided financial support for the activities of the non-profit organisation **Fondazione Comunitaria della Riviera dei Fiori Onlus**, which is dedicated to disseminating a culture and spirit of charitable giving, philanthropy, civil responsibility and social solidarity. Lastly, Banca Fideuram also continued to provide financial support for the **Italian National Association to Combat AIDS** (Associazione Nazionale per la Lotta contro l'AIDS), **Medici Senza Frontiere** (Médecins Sans Frontières), the food bank association **Fondazione per il Banco Alimentare**, the **Lega del Filo d'oro**, which assists the deafblind, and the **Nucleo Protezione Civile dell'Associazione dei Carabinieri**, the civil defence body of the Association of Carabinieri.

New links formed with charities during the year include the police blood donor and volunteer work charity **Associazione Donatori e Volontari Personale Polizia di Stato Onlus** and **Imagine Onlus**, which promotes ethical and sustainable healthcare in Italy and developing countries, who successfully approached Banca Fideuram for donations to help them in their charitable work.

The SkySPARK project

Banca Fideuram became a supporting sponsor of the SkySPARK project in 2008. This initiative aims to develop an entirely electric passenger aircraft using the very latest energy storage technologies.

The fuel cells under development use hydrogen, an ideal solution that will in the future make it possible to generate energy with practically no impact in terms of either environmental or noise pollution. This ambitious project represents a concrete commitment to improving the quality of our daily life in its widest sense, regarding not only the convenience of fast travel but also respect for the ecosystem which is the source of life and the habitat of each and every one of us.

Like the SkySPARK project, Banca Fideuram was also founded on a visionary approach which has, moreover, proven itself capable of building concrete achievements year after year, thanks to the tenacity and strong convictions of a team with a real passion for challenge and a natural vocation for innovation.



Banca Fideuram for sport

A perfect example of a close-knit and loyal team sport, the Italian Division I Basketball Championship once again counted Banca Fideuram among its sponsors in 2008, supporting the Armani Jeans Olympia Basketball Team, a historic Milanese team that has notched up many major Italian and European victories over the years.

Roma Seven is the championship that brings together the best in rugby sevens in Italy's capital city. In 2008, the world's leading teams played it out in the inspiring surroundings of the Foro Italico during a tournament held between the 6th and 7th of June, with 16 teams competing in an intense 4 rounds. The Roma Seven was designed to spark the enthusiasm of Rome and all Italy for rugby sevens, a sport with a strong public appeal and truly spectacular impact, giving the event a contemporary format and cultural context. Banca Fideuram was the title sponsor of the event, which was an ideal opportunity to achieve extensive brand visibility in the world of sport, allying ourselves to a discipline approached with great rigour, commitment and sacrifice, while being rewarded with great results and great appreciation - not unlike the work of our Private Bankers. This sponsorship saw Banca Fideuram take centre stage in the promotion of the event, with prominent advertising in the press and public transport across the entire capital in the period before and immediately after the tournament.



Charitable activities of Sanpaolo Invest

In 2008, Sanpaolo Invest set aside a total of €20,000 for charity which was distributed to the following respected bodies in the humanitarian/aid sectors:

- The Lanciano Domani Cultural Association, a non-profit organisation whose 2009 programme of activities includes the completion of a school in the poverty-stricken Ethiopian village of Arekit.
- The Familia Ya Ufariji Association, which provides for the education and entry into work of orphan children.
- The Associazione Amici di Alessandra Onlus, a non-profit voluntary organisation established to raise awareness about the problems of the third world, educate people towards responsible consumption, promote care for the environment, implement cooperation

programmes to support communities in developing countries, and organise the collection, purchase and shipping of food and healthcare equipment to particularly needy aid organisations.

- The Associazione Ersilia Onlus, a humanitarian cultural association that undertakes projects dedicated to the world's poor.

In 2008, the Banca Fideuram Group company Fideuram Gestions SA chose to donate its Christmas budget to SOS Villages d'Enfants Monde ASBL, an association that supports Children's Villages across the world, especially in developing countries. The association currently offers a safe and comfortable home for children in 132 countries who have lost members of their families or are in difficulty.



Media Relations

The Banca Fideuram Group continued to provide prompt and effective information on its management and company developments to the outside world in 2008. Communications with the media were conducted in line with the principal objectives specified at the beginning of the year, namely to achieve greater visibility for the bank's core business and to underline the leadership and strong professional competencies built during Banca Fideuram's 40 years of leadership in private banking, operating in an increasingly difficult and volatile market where consultancy and relations of trust are crucially important to savers. The attention of Italy's main sector dailies and periodicals was thus principally drawn to the bank's excellent positioning around its private banking business, the strengthening of which is one of the core components of our new industrial plan. A particularly rewarding result of this was that the number of articles identifying Banca Fideuram as one of the major specialist operators in this segment in Italy were up by approximately 50% on 2007. Our media communications in 2008 also highlighted the new SEI approach to customer relations developed by the bank, our constant recruitment of new highly-professional Private Bankers to the Fideuram and Sanpaolo Invest networks, the development of our product range, the market's positive view of Fideuram Investimenti and Fideuram Asset Management's asset managers, and the arrival and celebration of the fortieth anniversary of the bank's foundation. Lastly, a steady stream of press releases kept the media informed about the bank's financial and operating performance as well as on the launch and features of certain new products.

The bank's constant commitment to communicating its most important business developments saw the Media Relations Department handle some 200 journalist requests for specific information in 2008 (+40% on 2007) and top management giving over 30 interviews, providing numerous comments and participating in surveys at the request of the specialist press. Our objective for 2009 is to consolidate the approach followed in 2008, including with a view to supporting the work of our Private Bankers and providing customers, investors and the general public alike with even more complete and transparent information.

THE ENVIRONMENT

The Banca Fideuram Group continued its updating project in 2008, replacing obsolete equipment with new systems having a lower environmental impact. Salient amongst this in the year was the replacement of our climate control system equipment with heat pumps offering greater energy efficiency while also using ecological refrigerant gases. A similar project for our workplace lighting saw every new and refurbished installation benefit from high-efficiency luminaries fitted with low-energy lamps.

The Bank's energy consumption in 2008 is shown below, compared to the figures for the previous year:

Energy consumption by source

		2008	2007	Change%
Electricity	kWh	7,596,624	7,060,324	8
Methane	cu. m	295,047	305,000	-3
Heating oil	L	-	10,000	-100
Water	cu. m	53,106	45,000	18

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

Other supplies and waste disposal

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

Figures in thousands of euro

	2008	2007	% change
Forms	800	700	14
Copier paper	83	70	19

Annual paper consumption

	2008	2007	% change	
Total consumption	kg	71,000	65,000	9
Consumption per head	kg per person	65	79	-18

Annual consumption of toner and ink cartridges

		2008	2007	% change
Toner cartridges	Kg.	400	500	-20
Ink cartridges	Kg.	2,000	2,100	-5

Annual consumption of drinks cans/paper cups

		2008	2007	% change
drinks cans/ paper cups	Kg.	2,500	2,600	-4

Annual waste production

		2008	2007	% change
Municipal waste	Ton.	4	5	-20
Non-hazardous waste	Ton.	56	60	-7
Hazardous waste	Ton.	0,600	0,854	-30

THE FINANCIAL SYSTEM AND OTHER INSTITUTIONS

Relationships with industry associations

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

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

OTHER EVENTS

Financial Statements Oscars

Banca Fideuram took part in the 2008 "Oscar di Bilancio" Financial Statements Oscars organised by the Italian Public Relations Federation (Federazione Relazioni Pubbliche Italiana - FERPI) under the High Patronage of the President of the Republic of Italy, which is the only National Award recognised by the Italian financial community and has for over 50 years stimulated and promoted the development of a culture of transparent and exhaustive reporting. The bank took part in the category Oscar for Major and Large Banks and Financial Companies (listed and unlisted) in which it achieved the position of finalist on the following grounds:

"The financial statements are distinguished by good graphic design and a consistent effort to provide clear summarising information which allows one to gain an immediate overview of the chief aspects of the bank".

The bank maintained its leading role in the managed savings sector, presenting the Financial Statements Oscar Jury with a completely revised presentation of its Annual Report, undertaken with the aim of consolidating the dialogue and relationship with its stakeholders through the provision of integrated, complete and transparent information which pays particular attention to its content, explanatory approach and graphic design in order to communicate the bank's intended approach clearly, with the support of accounting data and in-depth comments on its principal operating areas, paying particular attention to the bank's core business.

Annual Report in Mostra®

Annual Report in Mostra® ("Annual Reports on Show") is a brilliant idea hatched jointly by the Italian Administrative and Financial Directors' Association (Associazione Nazionale Direttori Amministrativi e Finanziari - ANDAF) and strategic and financial communications specialist Mercurio of Milan.

The event is unique in Italy and of its kind in not giving prizes but offering companies the opportunity to showcase a summary of their values.



The third Annual Report in Mostra, held at the Cariplo Foundation Conference Centre, launched the concept of The Illuminated Market: *Il mercato illuminato*.

Banca Fideuram was a sponsor of this exhibition, where we also exhibited our own Annual Report, playing an active role in a culture founded on concrete respect for the principles of ethics and transparency as corporate added value.

The participants' Annual Reports were put on show in two ways, with artistic installations of a number of pages excerpted from the voluntary parts of the reports not mandated by regulatory requirements (Letters from Top Management, Mission and Highlights) and by exhibiting the complete printed volumes to the public, displayed on special plinths opposite the works of Canova, forming a simple yet impactful showcase that aspires to place the creation of Annual Reports on a similar level to that of great artistic works.

Leone d'Oro



The "Milano Finanza Global Awards 2009" prize-giving ceremony for the banking, financial and communications industry leaders in Italy who achieved the best performance in 2008 saw Banca Fideuram awarded the Leone D'Oro for best Private Banking Communications.

This award recognised the creativity of the advertising campaign "Our Private Banker's point of view" and the originality of the media mix chosen, which not only exploited the classical media of national and regional press, but also established a bold presence in Italy's airports as places that are highly-frequented by our target Affluent and Private Banking customers.



The "point of view" theme aimed to highlight two essential elements of the Banca Fideuram image:

- Our leading position, which involves having a more acute "vision" of the world, its threats and opportunities.
- The central role that our Private Bankers play in the Banca Fideuram service model as bearers of the quality for which our brand is renowned.

The Leone d'Oro provides definitive confirmation of the association between Fideuram and Private Banking in the eyes of the financial community and rewards a communications approach that elevates the core components of our service model above the "tactical" virtues of any single product.



One of the three Banca Fideuram exhibition modules.

Banca Fideuram heads ranking of transparent financial statements

Banca Fideuram was placed amongst the top ten most transparent Italian companies, ranked according to their annual reports in the report drawn up by the University of Pisa's National Annual Report Observatory, which examined the annual reports of 203 companies.

The aim of the Observatory's annual analysis is to contribute to the development of a culture of economic and financial information by examining the financial statements of Italian companies and comparing them with international best practice.

DISTRIBUTION OF VALUE

Components of Embedded Value Earnings

(€m)

	2008	2007
NET PRODUCTION		
Interest income and similar revenues	484.3	413.9
Commission income	892.0	1,090.5
Dividends and similar income	0.1	-
Net gains or losses on trading activities	(14.6)	2.8
Net gains or losses on hedging activities	3.1	0.3
Income/loss from sales/repurchases of:	3.2	0.1
a) loans	13.3	8.6
b) available-for-sale financial assets	(10.1)	(8.5)
c) financial assets held to maturity	-	-
d) financial liabilities	-	-
Net gains or losses on financial assets and liabilities valued at fair value	(18.0)	1.5
Other operating income/expense	4.4	10.2
Income/losses on equity investments	0.3	-
TOTAL NET PRODUCTION	1,354.8	1,519.3
CONSUMPTION		
Interest expense and similar charges	(326.1)	(282.0)
Commission expense (*)	(37.7)	(48.3)
Other administrative expenses (net of indirect taxes and donations and gifts)	(191.0)	(222.7)
Net adjustments for impairment losses on:	(3.5)	2.0
a) loans	(2.9)	1.9
b) available-for-sale financial assets	-	-
c) financial assets held to maturity	-	-
d) other financial transactions	(0.6)	0.1
Net provisions for risks and charges (*)	(16.1)	(21.2)
TOTAL CONSUMPTION	(574.4)	(572.2)
GROSS CHARACTERISTIC VALUE ADDED	780.4	947.1
Income/loss after tax on groups of assets held for sale	-	-
TOTAL GROSS EMBEDDED VALUE EARNINGS	780.4	947.1
Depreciation and Amortisation	(15.6)	(7.0)
TOTAL NET EMBEDDED VALUE EARNINGS	764.8	940.1
Payroll costs:	(536.9)	(604.7)
Staff costs	(137.8)	(116.7)
Private Banker Network costs	(399.1)	(488.0)
Other administrative expenses: Donations and gifts	(0.2)	(0.3)
Other administrative expenses: Indirect taxes	(2.4)	(2.5)
INCOME/LOSS BEFORE TAX	225.3	332.6
Income taxes for the year	(49.1)	(77.0)
Minority interests in net income/loss for the year	(0.1)	(0.1)
PARENT COMPANY INTEREST IN NET INCOME/LOSS FOR THE YEAR	176.1	255.5

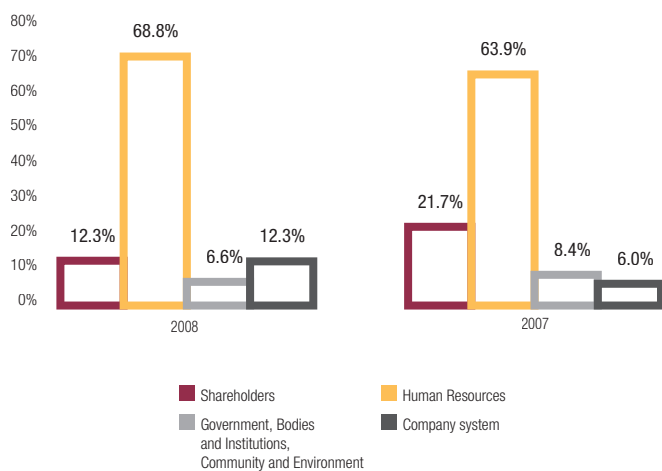
(*) The items "commission expense" and "net provisions for risks and charges" do not include any amounts related to the costs of the Private Banker Networks which were reclassified in the item "Private Banker Network costs".

Distribution of Embedded Value Earnings

(€m)

	2008	2007
TOTAL NET PRODUCTION	1,354.8	1,519.3
TOTAL CONSUMPTION	(574.4)	(572.2)
GROSS CHARACTERISTIC VALUE ADDED	780.4	947.1
TOTAL GROSS EMBEDDED VALUE EARNINGS	780.4	947.1
DISTRIBUTED TO:		
Shareholders	96.1	205.9
Dividends to Group shareholders	96.1	205.9
Dividends to third-party shareholders	-	-
Human Resources	536.9	604.7
Staff costs	137.8	116.7
Private Banker Network costs	399.1	488.0
Government, bodies and institutions	51.5	79.5
Indirect taxes	2.4	2.5
Income taxes for the year	49.1	77.0
Community and environment	0.2	0.3
Donations and gifts	0.2	0.3
Company system	95.7	56.7
Amortisation	15.6	7.0
Reserves and retained profits	80.1	49.7
Total gross embedded value earnings	780.4	947.1

Distribution of Embedded Value Earnings





REPORT ON CORPORATE GOVERNANCE



The value of clarity
is built on organisation

a) Organisational structure

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

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

- The Senior Manager Responsible for the Preparation of the Company Accounts, appointed by the Board of Directors having obtained the prior opinion of the Board of Auditors, in accordance with the provisions of article 154-bis of the Italian Finance Consolidation Act.

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

The independent audit is carried out by an auditing company that meets the requirements of Italian law.

Banca Fideuram has appointed Reconta Ernst & Young S.p.A. as the independent auditors for its separate and consolidated financial statements for the 2007-2012 financial years.

b) Share capital

The bank's fully paid-up share capital as per art. 5 of the by-laws is €186,255,207.16 divided into 980,290,564 ordinary shares with a par value of 0.19 euro each, wholly owned by Intesa Sanpaolo S.p.A., which - as the parent company of the banking group of that name - is also responsible for the bank's management and coordination.

c) Role of subholding company

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

Table 1

Holdings in companies controlled at 31.12.2008

Company	Reg. Office	Ownership		
		% direct	% indirect	% total
Sanpaolo Invest SIM S.p.A.	Rome	100.00	-	100.00
Fideuram Fiduciaria S.p.A.	Rome	100.00	-	100.00
Fideuram Investimenti SGR S.p.A.	Rome	99.50	-	99.50
Sanpaolo Invest (Ireland) Ltd	Dublin	100.00	-	100.00
Fideuram Asset Management (Ireland) Ltd	Dublin	100.00	-	100.00
Fideuram Bank (Luxembourg) S.A.	Luxembourg	99.99	-	99.99
Fideuram Gestions S.A.	Luxembourg	99.94	-	99.94
Fideuram Bank (Suisse) A.G.	Zurich	-	99.96	99.96
Fideuram Bank (Monaco) S.A.M.	Monaco	-	99.96	99.96
Financière Fideuram S.A.	Paris	99.99	-	99.99
Euro-Trésorerie S.A.	Paris	-	99.99	99.99
Fideuram France S.A.	Paris	-	99.95	99.95

1. COMPANY DIRECTORS

a) Board of Directors

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

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

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

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

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

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

(art. 17 of the by-laws). The Board of Directors likewise has the authority to make decisions concerning the following:

- Mergers and spin-offs in the cases and following the procedures provided for by the laws and regulations in force
- The establishment and closure of sub-offices
- Reductions in the share capital in cases of the withdrawal of shareholders
- Amendments to the by-laws in line with regulatory provisions.

When delegating authority to the company's other bodies, the Board of Directors expressly retained sole responsibility for all the duties set out in article 1, subparagraph 1, of the Italian Civil Code, and in particular:

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

Where transactions with related parties are concerned, on 12 May and 10 September 2007, the bank's Board of Directors adopted the Regulations governing the management of transactions with related parties issued by our parent company Intesa Sanpaolo. The implementation of these regulations saw the bank prepare its own Banca Fideuram Group Regulations governing the management of transactions with related parties, which aim to ensure that all such transactions are proper and correct. These regulations were circulated at and approved by the bank's subsequent Board Meetings on 8 November 2007 and 24 June 2008. The main points in said regulations are as follows:

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

Meetings of the Board of Directors, which the by-laws stipulate must generally be held at two-month intervals, are normally held every month. The Board of Directors held 14 meetings in 2008. Attendance at Board Meetings was higher than 90% overall, both where all the Directors and the Independent Directors in particular were concerned.

b) Executive Committee

In accordance with the power conferred by art. 19 of the by-laws, the Board of Directors has appointed an Executive Committee currently made up of the Chairman, Deputy Chairman, Managing Director and General Manager, and of the Directors Salvatore Maccarone and Gianemilio Osculati.

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

The Executive Committee held 8 meetings in 2008.

c) Chairman

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

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

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

d) Managing Director and General Manager

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

e) Internal Audit Committee

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

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

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

The Internal Audit Committee held 12 meetings in 2008.

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

2. REMUNERATION OF DIRECTORS

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

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

3. INTERNAL AUDIT SYSTEM

The internal audit system is an essential core component of the Bank's corporate processes, designed to ensure - through managing the related risks - that the bank and its subsidiaries are managed properly with a view to achieving their set objectives and, at the same time, to safeguarding their stakeholders' interests.

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

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

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

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

The Committee is in addition also required to:

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

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

The activities of the Audit Department are also focused on identifying any abnormal trends and behaviour, any violations of Italian laws and regulations or of the regulations of the Supervisory Authorities, both in Italy and other countries, as well as any failure to respect internal procedures and regulations, formulating recommendations regarding the implementation of the measures required to eliminate the phenomena noted.

The Audit Department comprises the following units:

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

- Central Departments and Subsidiaries Audit Unit, which is responsible for carrying out the auditing and internal auditing of the bank's central organisational departments and of its subsidiaries.

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

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

The Audit Department includes an internal Compliance Unit which is responsible for monitoring compliance with the law and sector regulations governing the bank's activities in addition to managing the auditing and control activities connected with Italian Legislative Decree 231/01.

This unit was separated from the Audit Department in 2008, in line with the Supervisory Regulations on Compliance, following the Banca Fideuram Board of Directors' decision of 10 July 2008 to make the Compliance unit organisationally and operationally independent of the Audit Department, bringing the compliance staff and activities previously within the Audit Department under the direct management of the Compliance Officer.

The Board of Directors appointed the pro-tempore manager of the Group General Secretary's Office as Banca Fideuram's Compliance Officer at the same meeting. In the second half of the year, the unit performed the audits required by the Supervisory Authorities, following prior procedures while awaiting the issue of Group guidelines from parent company Intesa Sanpaolo regarding the scope of and operating procedures for Compliance auditing.

At its meeting of 10 September 2007, the Banca Fideuram Board of Directors adopted the "Group Operational Risk Management Guidelines" to support the work of its Risk Management Unit with respect to organisational structure and the Operational Risk Management System and its general processes. The bank's implementation of said guidelines led it to prepare its own "Banca Fideuram Operational Risk Management Regulations" which adapt the Group guidelines to its own corporate environment. These regulations were approved at the Board of Directors' meeting of 13 December 2008.

4. TRANSACTIONS WITH RELATED PARTIES

The Board of Directors approved the Banca Fideuram Group Regulations governing the management of transactions with related parties on 8 November 2007 and 24 June 2008, intended to ensure the correctness of significant insider transactions, carried out either directly or indirectly by its subsidiaries, with its own related parties or with those of parent company Intesa Sanpaolo.

These regulations specify the following in particular:

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

In those cases where the related party is also a director of the banking group, the situation is not only governed by the group's regulations for transactions with related parties, but also by the special provisions set forth in article 136 of Italian Legislative Decree No. 385/1993 (the Banking Consolidation Act - Testo Unico Bancario), as well as - where appropriate - the provisions of articles 2391 and 2391-bis of the Italian Civil Code governing directors' interests, and article 2497-ter of the Civil Code on decisions taken by parties that play a senior management or coordinating role.

5. INSIDER INFORMATION

Following the introduction of Italian Law No. 62 of 18 April 2005 (also referred to as the 2004 Community Law) and the related legislation implementing it, transposing the provisions of EC Directive 2003/6/EC on market abuse, the Board of Directors approved the adoption of the Intesa Sanpaolo S.p.A. "Regulations governing the communication of insider information" and the adoption of related internal procedures regarding the management of an Insider List of people with access to insider information.

6. SHAREHOLDERS' MEETINGS

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

- To ensure shareholders are provided with information on the bank at Shareholders' Meetings
- To promote the participation of all the Directors in Shareholders' Meetings.

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

There were three Banca Fideuram Shareholders' Meetings during the 2008 financial year:

- An ordinary general meeting held on 19 March to appoint the independent auditors for the consolidated financial statements for the 2007 to 2012 financial years and for the half-year consolidated financial statements for the interim periods from 30 June 2008 to 30 June 2012
- An ordinary general meeting held on 10 April to approve the financial statements, decide the number of Directors, appoint a Director, appoint the Board of Auditors, and authorise the acquisition and sale of own shares
- An ordinary general meeting held on 10 July to revoke the resolution of the ordinary general meeting of 10 April authorising the purchase and sale of own shares, and in addition an extraordinary session to approve the changes to the by-laws relating to the appointment of the Senior Manager Responsible for the Preparation of the Banca Fideuram Company Accounts.

7. BOARD OF AUDITORS

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

Vincenzo MEZZACAPO	Chairman
Carlo ANGELINI	Statutory Auditor
Lorenzo GINISIO	Statutory Auditor
Ruggero RAGAZZONI	Acting Auditor
Alessandro COTTO	Acting Auditor

The Board of Directors declared at its meeting of 26 February 2009 that Acting Auditor Mr. Ragazzoni had been suspended.

The Board of Auditors held 13 meetings in 2008.

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



CONSOLIDATED FINANCIAL STATEMENTS



The value of clarity
has an objective basis

Consolidated Balance Sheet

(All figures in thousands of euros)

	31.12.2008	31.12.2007
ASSETS		
10. Cash and cash equivalents	29,055	26,200
20. Financial assets held for trading	96,745	44,975
30. Financial assets valued at fair value	183,978	166,454
40. Financial assets available for sale	2,613,474	4,212,656
50. Financial assets held to maturity	609,780	4,648
60. Due from banks	4,462,356	5,488,793
70. Loans to customers	1,852,219	897,424
80. Hedging derivatives	-	80,801
90. Adjustment of financial assets subject to generic hedging	-	-
100. Equity investments	120	120
110. Reinsurers' share of technical reserves	-	-
120. Tangible assets	31,757	33,428
130. Intangible assets	26,613	28,233
including: goodwill	-	-
140. Tax assets	148,453	120,823
a) current	6,910	5,265
b) deferred	141,543	115,558
150. Non-current assets and groups of assets held for sale	-	9,440
160. Other assets	510,468	727,669
TOTAL ASSETS	10,565,018	11,841,664

Chairman of the Board
of Directors
Vincenzo Pontalillo

Managing Director
Matteo Colafrancesco

Senior Manager Responsible for the
Preparation of the Company Accounts
Paolo Bacciga

Consolidated Balance Sheet

(All figures in thousands of euros)

	31.12.2008	31.12.2007
LIABILITIES AND SHAREHOLDERS' EQUITY		
10. Due to banks	452,864	969,583
20. Due to customers	8,262,502	8,659,949
30. Debt securities in issue	202,440	352,635
40. Financial liabilities held for trading	82,860	10,659
50. Financial liabilities valued at fair value	-	-
60. Hedging derivatives	307,357	35,480
70. Adjustment of financial liabilities subject to generic hedging	-	-
80. Tax liabilities	30,974	31,707
a) current	22,868	20,972
b) deferred	8,106	10,735
90. Liabilities associated with assets held for sale	-	-
100. Other liabilities	439,065	673,990
110. Provision for employment termination indemnities	24,793	26,191
120. Provisions for risks and charges:	248,941	230,965
a) Pensions and other commitments	-	-
b) Other provisions	248,941	230,965
130. Technical reserves	-	-
140. Valuation reserves	(310,010)	(7,322)
150. Redeemable shares	-	-
160. Capital instruments	-	-
170. Reserves	451,524	406,717
180. Additional paid-in capital	9,138	9,138
190. Capital	186,255	186,255
200. Own shares (-)	-	-
210. Minority interests	194	241
220. Net profit (loss) for the year	176,121	255,476
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	10,565,018	11,841,664

Chairman of the Board
of Directors
Vincenzo Pontolillo

Managing Director
Matteo Colafrancesco

Senior Manager Responsible for the
Preparation of the Company Accounts
Paolo Bacciga

Consolidated Income Statement

(All figures in thousands of euros)

	2008	2007
10. Interest income and similar revenues	484,345	413,938
20. Interest expense and similar charges	(326,128)	(282,051)
30. Net interest income	158,217	131,887
40. Commission income	891,983	1,090,480
50. Commission expense	(423,569)	(515,093)
60. Net commission income	468,414	575,387
70. Dividends and similar income	84	1
80. Net gains or losses on trading activities	(14,640)	2,812
90. Net gains or losses on hedging activities	3,122	276
100. Income/loss from sale or repurchase of:	3,178	72
a) loans	13,261	8,612
b) financial assets available for sale	(10,107)	(8,546)
c) financial assets held to maturity	-	-
d) financial liabilities	24	6
110. Net gains or losses on financial assets and liabilities valued at fair value	(17,952)	1,541
120. Total net interest and trading income	600,423	711,976
130. Net adjustments/write-backs for impairment losses to:	(3,516)	1,963
a) loans	(2,939)	1,843
b) financial assets available for sale	-	-
c) financial assets held to maturity	-	-
d) other financial transactions	(577)	120
140. Net gains or losses on financing activities	596,907	713,939
150. Net premiums	-	-
160. Other income/expense from insurance operations	-	-
170. Net gains or losses on financing and insurance activities	596,907	713,939
180. Administrative costs:	(331,391)	(342,179)
a) staff costs	(137,786)	(116,689)
b) other administrative costs	(193,605)	(225,490)
190. Net provisions for risks and charges	(29,334)	(42,419)
200. Net adjustments/write-backs of tangible assets	(2,928)	(4,337)
210. Net adjustments/write-backs of intangible assets	(12,701)	(2,656)
220. Other operating income/expense	4,349	10,196
230. Operating costs	(372,005)	(381,395)
240. Income/losses on equity investments	-	-
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	335	-
280. Income/loss before tax on current operations	225,237	332,544
290. Income taxes on current operations	(49,065)	(76,999)
300. Income/loss after tax on current operations	176,172	255,545
310. Income/loss after tax on groups of assets held for sale	-	-
320. Net profit/loss for the year	176,172	255,545
330. Minority interests in net income/loss for the year	(51)	(69)
340. Parent company interest in net income/loss for the year	176,121	255,476

Chairman of the Board
of Directors
Vincenzo Pontalillo

Managing Director
Matteo Colafrancesco

Senior Manager Responsible for the
Preparation of the Company Accounts
Paolo Bacciga

Statement of changes in consolidated shareholders' equity

(All figures in thousands of euros)

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

Statement of changes in consolidated shareholders' equity

(All figures in thousands of euros)

	Balance as at 31.12.2007		Change to opening balance	Balance as at 1.1.2008		Allocation of income for the previous year		Changes in the year										Shareholders' equity as at 31.12.2008				
	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 31.12.2008		Group	Third parties		
						Group	Third parties		Group	Third parties	Group	Third parties	Group	Third parties	Group	Third parties	Distribution of extraordinary dividends	Change in capital instruments			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	9,138	-	-	9,138	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,138	-	
Reserves:	406,717	172	-	406,717	172	49,615	69	-	(2,001)	(98)	-	-	-	-	-	-	(2,807)	-	-	451,524	143	
a) from net income	293,749	172	-	293,749	172	49,615	69	-	(2,001)	(98)	-	-	-	-	-	-	(2,807)	-	-	338,556	143	
b) other	112,968	-	-	112,968	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	112,968	-	
Valuation reserves:	(7,322)	-	-	(7,322)	-	-	-	-	(302,688)	-	-	-	-	-	-	-	-	-	-	(310,010)	-	
a) available for sale	(25,077)	-	-	(25,077)	-	-	-	-	(305,010)	-	-	-	-	-	-	-	-	-	-	(330,087)	-	
b) hedging of financial flows	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
c) other	17,755	-	-	17,755	-	-	-	2,322	-	-	-	-	-	-	-	-	-	-	-	20,077	-	
Capital instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Own shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net profit/loss for the year	255,476	69	-	255,476	69	(49,615)	(69)	(205,861)	-	-	-	-	-	-	-	-	-	-	176,121	51	176,121	51
Shareholders' equity	850,264	241	-	850,264	241	-	-	(205,861)	(304,689)	(98)	-	-	-	-	-	-	(2,807)	176,121	51	513,028	194	

Group cash flow statement

(Indirect method)

(All figures in thousands of euros)

	2008	2007
A. OPERATING ACTIVITIES		
1. Operations	299,622	375,223
Net profit/loss	176,121	255,476
Net gains or losses on financial assets held for trading and on assets/liabilities valued at fair value	32,592	(4,353)
Net gains or losses on hedging activities	(3,122)	(276)
Net gains or losses on financial assets available for sale	10,107	8,546
Net adjustments/write-backs for impairment losses	3,516	(1,963)
Net adjustments/write-backs of tangible and intangible assets	15,629	6,993
Net provisions for risks and charges and other costs/revenues	29,334	42,419
Uncollected net premiums	-	-
Uncollected other insurance income/expense	-	-
Unpaid taxes and levies	49,065	76,999
Net adjustments/write-backs of net value after tax of groups of assets held for sale	-	-
Other adjustments	(13,620)	(8,618)
2. Cash from/used in financing activities	1,653,076	(1,622,496)
Financial assets held for trading	(66,410)	9,549
Financial assets valued at fair value	(35,476)	6,271
Hedging assets	83,923	(69,639)
Financial assets available for sale	1,589,075	(1,356,084)
Due from banks: demand deposits	(168,323)	495,450
Due from banks: other receivables	1,208,033	(877,499)
Loans to customers	(957,746)	169,456
3. Cash from/used in financial liabilities	(1,025,249)	1,232,207
Due to banks: demand deposits	(203,402)	396,418
Due to banks: other debts	(313,317)	347,634
Due to customers	(397,447)	987,533
Debt securities in issue	(150,171)	(1,623)
Financial liabilities held for trading	72,201	(4,996)
Financial liabilities valued at fair value	-	-
Hedging liabilities	271,877	(7,113)
Other liabilities	(304,990)	(485,646)
Net cash from/used in operating activities	927,449	(15,066)
B. INVESTMENT ACTIVITIES		
1. Cash from	84	8,988
Disposal of subsidiaries	-	1,464
Dividend income in equity investments	84	1
Sale of financial assets held to maturity	-	-
Sale of tangible assets	-	7,523
Sale of intangible assets	-	-
Sale of subsidiaries and company divisions	-	-
2. Cash used in	(617,135)	(30,687)
Acquisition of subsidiaries	-	-
Acquisition of financial assets held to maturity	(605,132)	(1,107)
Acquisition of tangible assets	(922)	-
Acquisition of intangible assets	(11,081)	(24,652)
Acquisition of subsidiaries and company divisions	-	(4,928)
Net cash from/used in investing activities	(617,051)	(21,699)
C. FUNDING ACTIVITIES		
Issue/purchase of own shares	-	54,439
Issue/purchase of capital instruments	-	-
Distribution of dividends and other	(307,543)	(14,103)
Net cash from/used in funding activities	(307,543)	40,336
NET CASH GENERATED/USED IN THE YEAR	2,855	3,571
Reconciliation		
Cash and cash equivalents at beginning of year	26,200	22,629
Net cash generated/used in the year	2,855	3,571
Cash and cash equivalents: effect of changes in exchange rates	-	-
Cash and cash equivalents at end of year	29,055	26,200

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PART A

ACCOUNTING POLICIES

A.1 - GENERAL

SECTION 1

Declaration of compliance with the international accounting standards

The Consolidated Financial Statements of the Banca Fideuram Group have been prepared pursuant to Italian Legislative Decree No. 38/2005 in accordance with the *International Accounting Standards* (IAS) and International Financial Reporting Standards (IFRS) as approved by the European Commission up until 31 December 2008, following the procedure provided for in EC Regulation No. 1606/2002.

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

SECTION 2

General accounting policies

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

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

The results at 31 December 2008 have been presented alongside the figures for the previous financial year for the purposes of comparison.

The report uses the euro as its functional currency. The figures in the Financial Statements and Notes are stated in thousands of euro unless specified otherwise.

The balance sheet and income statement at 31 December 2008 accompanying the Directors' Report are a reclassified condensed balance sheet and reclassified condensed income statement to

facilitate comparison of the figures for different periods and to enable a clearer and more immediate understanding of the Group's financial position. These statements are condensed statements containing appropriate groupings of the items in the official financial statements.

The reclassified income statement has been changed as follows with effect from 30 June 2008, adopting presentation criteria that are more suited to representing the Group's operating result:

- Net gains on financial assets and the Group's provisions are stated net of the returns on the insurance policies taken out as part of the Private Banker Networks' Loyalty Schemes, which - since they pertain to the Private Bankers - are recognised in the official statement as gains on assets valued at fair value and allocated to the provision for risks and charges.
- Operating expenses are stated net of the restructuring costs directly related to the Industrial Plan approved at the Banca Fideuram Board of Directors' Meeting of 24 June 2008. These costs, net of tax, have been reclassified in a separate item of their own: "restructuring costs net of tax".

The financial results at 31 December 2007 and the quarterly income statement figures have been restated to take the changes to the reclassified income statement into account so that straight comparisons can be made.

SECTION 3

Scope and methods of consolidation

The companies included in the consolidation of Banca Fideuram S.p.A. at 31 December 2008 are listed below.

Equity investments in wholly-owned subsidiaries

Company	Currency	Type of relationship	Shareholders' equity (*)	Net Profit/Loss	Ownership Held by % owned	
1. Banca Fideuram S.p.A. - Rome Capital Eur 186,255,207.16 in shares of Eur 0.19 each	Eur		582,735	120,452		
2. Sanpaolo Invest SIM S.p.A. - Rome Capital Eur 14,980,000 in shares of Eur 140 each	Eur	1	35,088	3,534	BF	100.000%
3. Fideuram Investimenti SGR S.p.A. - Rome Capital Eur 25,850,000 in shares of Eur 517 each	Eur	1	41,034	9,474	BF	99.500%
4. Fideuram Fiduciaria S.p.A. - Rome Capital Eur 1,551,000 in shares of Eur 517 each	Eur	1	3,001	847	BF	100.000%
5. Fideuram Asset Management (Ireland) Ltd - Dublin Capital Eur 1,551,000 in shares of Eur 517 each	Eur	1	67,428	159,992	BF	100.000%
6. Sanpaolo Invest Ireland Ltd - Dublin Capital Eur 500,000 in shares of Eur 1 each	Eur	1	2,265	906	BF	100.000%
7. Fideuram Gestions S.A. - Luxembourg Capital Eur 10,000,000 in shares of Eur 100 each	Eur	1	18,909	1,745	BF	99.939%
8. Fideuram Bank (Luxembourg) S.A. - Luxembourg Capital Eur 30,000,000 in shares of Eur 1,225.94 each	Eur	1	67,620	24,682	BF	99.996%
9. Fideuram Bank (Suisse) A.G. - Zurich Capital Chf 15,000,000 in shares of Chf 1,000 each	Chf	1	33,023	8,085	FBL	99.967%
10. Fideuram Bank (Monaco) S.A.M. - Monaco Capital Eur 5,000,000 in shares of Eur 200 each	Eur	1	5,903	41	FBL	99.960%
11. Financière Fideuram S.A.- Paris Capital Eur 346,761,600 in shares of Eur 25 each	Eur	1	261,683	(27,699)	BF	99.999%
12. Eur-Trésorerie S.A. - Paris Capital Eur 250,038,322.2 in shares of Eur 15.3 each	Eur	1	47,345	712	FF	99.999%
13. Fideuram France S.A. - Paris Capital Eur 132,530,240 in shares of Eur 40 each	Eur	1	14,804	(83)	FF	99.951%

LEGEND

Type of relationship

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

Held by: BF= Banca Fideuram, FBL= Fideuram Bank (Luxembourg), FF= Financière Fideuram.

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

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

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

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

The differences resulting from said comparison are recognised as goodwill under intangible assets if positive, following the allocation of any components to the assets and liabilities of the equity investments. If negative, they are recognised as negative goodwill in the income statement.

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

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

The financial statements used for the line-by-line consolidation were those at 31 December 2008, as approved by the competent bodies of the subsidiary undertakings, adjusted where necessary to align them with Group accounting policies.

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

The scope of consolidation of the Banca Fideuram Group at 31 December 2008 was in all significant respects unchanged from 31 December 2007.

SECTION 4

Subsequent events

As part of the activities for reorganising the distribution channels within the Intesa Sanpaolo Group, the Banca Fideuram Board of Directors' Meeting of 27 January 2009 approved the integration of Banca Cassa di Risparmio di Firenze's Private Banker network in that of subsidiary Sanpaolo Invest SIM.

The terms of the transaction (which involves related parties) provide for the following:

- The transfer by Banca Cassa di Risparmio di Firenze to Sanpaolo Invest (with capital increase for the transferring company) of the company division responsible for its Private Banking business, consisting in its agency relationships with Private Bankers and in the related distribution and sales contracts - with the express exclusion of asset management contracts, bancassurance contracts and contracts with certain non-target Fund Houses - as well as in the contractual relations with customers regarding the investment services Sanpaolo Invest is authorised to provide, and equally in the rental contracts and tangible fixed assets relating to the Private Bankers' offices
- The simultaneous transfer of the banking contractual relationships from Banca Cassa di Risparmio di Firenze to Banca Fideuram
- The subsequent transfer to Banca Fideuram of the holding that Banca Cassa di Risparmio di Firenze acquired in Sanpaolo Invest following the transfer, to restore a total controlling interest.

At the same meeting of 27 January 2009, the Banca Fideuram Board of Directors likewise approved the transfer of the bank's depositary bank activities to Intesa Sanpaolo Servizi Transazionali S.p.A. (ISST), a company wholly-owned by Intesa Sanpaolo. This transaction, which involves related parties, forms part of the project for centralising the Intesa Sanpaolo Group's Securities Services in a single company through:

- The transfer by Banca Fideuram to Intesa Sanpaolo Servizi Transazionali (with capital increase for the transferring company) of the company division responsible for its depositary bank business, comprising the Fideuram funds and Eurizon funds current accounts and the service agreements in force with EurizonVita and Fideuram Investimenti.
- The subsequent transfer to Intesa Sanpaolo of the holding that the bank acquired in Intesa Sanpaolo Servizi Transazionali, to restore Intesa Sanpaolo's total control of said company.

A valuation was commissioned from independent expert valuers to support the Board of Directors' decisions in respect of both transactions since related parties are concerned, together with an expert's report in accordance with article 2343-ter of the Italian Civil Code.

SECTION 5

Other aspects

The Banca Fideuram Group's Consolidated Financial Statements and the separate financial statements of the Group parent company are audited by Reconta Ernst & Young S.p.A. The table below provides detailed information on the remuneration that the Banca Fideuram Group paid Reconta Ernst & Young and the other entities in its network in the 2008 financial year, in accordance with article 149 duodecies of the Regulations for Companies Issuing Financial Statements (No. 11971) issued by the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB):

Type of service	Entity providing the service	Recipient	Remuneration (in thousands of euro)
Independent audit (*)	Reconta Ernst & Young	Banca Fideuram Subsidiaries	1,983
Total			1,983

(*) This figure includes €963,000 paid for the auditing of the mutual funds managed by Group companies.

A.2 - MAIN FINANCIAL STATEMENT ITEMS

This section sets out the accounting policies adopted to prepare the financial statements at 31 December 2008.

The only changes with respect to the previous financial year regard the amendments to IAS 39 and IFRS 7 introduced by European Commission Regulation No. 1004/2008. Specifically, the IASB made a number of amendments in October 2008 to IAS 39 regarding the classification of financial instruments and to IFRS 7 regarding additional information. These amendments were approved by the European Commission on 15 October 2008 with immediate effect. The amendments to IAS 39 permit the following in particular:

- The reclassification of financial instruments from the trading portfolio to Held to Maturity or Loans & Receivables
- The reclassification of financial instruments from the available-for-sale portfolio to Loans & Receivables.

These reclassifications are permitted when rare circumstances cause a change in the intention for which the trading or available-for-sale financial assets are held and it is considered more appropriate to recognise them as long-term or held-to-maturity investments. The IASB considers the current financial crisis to be a possible example of a rare circumstance. Precisely because of this exceptional situation, the reclassifications may take 1 July 2008 as their reference date if made in financial years commencing prior to 1 November 2008.

The Banca Fideuram Group availed itself of the second option and reclassified certain available-for-sale bonds as Loans & Receivables. These bonds were valued at their amortised cost upon reclassification.

The following bonds were reclassified:

- Unlisted government bonds (stripped Italian BTP bonds) totalling €579.8m
- Bank bonds taking the form of private placements totalling €19.6m
- Asset-backed securities with a total value of €69.1m.

If these securities had not been reclassified, they would have suffered a further loss of approximately €198.3m.

The reclassified portfolio had an internal rate of return of 5.5%.

SECTION 1

Financial assets held for trading

Financial assets held for trading include the following:

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

Financial assets held for trading are initially recognised in the balance sheet at their fair value, which is usually their purchase price.

They are subsequently valued at their fair value with a balancing entry in the income statement.

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

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

SECTION 2

Available-for-sale financial assets

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

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

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

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

The valuations recorded in the specific shareholders' equity reserve are recognised in the income statement upon disposal or when a loss due to decline in value is verified. The Group verifies situations in which a loss due to a decline in value is deemed to have occurred, and the related estimates, using all the information at its disposal, based on observable data of events that have already occurred at the valuation date.

Losses due to the decline in value of equities cannot lead to write-backs in the income statement when the reasons for the write-downs cease to apply. These write-backs are therefore recorded in 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 recorded in the balance sheet at their fair value, which is usually their purchase price plus any transaction costs directly attributable to their purchase.

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

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

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

SECTION 4

Loans

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

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

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

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

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

- *Non-performing loans*: Loans to parties that are insolvent or in a substantially equivalent situation.

- *Doubtful loans*: Loans to parties that are in a situation that is objectively one of temporary difficulty which they are likely to overcome in an appropriate period of time.
- *Restructured loans*: Loans in which a pool of banks (or a single-lender bank) grant a deferment of a debt and renegotiate the loan at interest rates that are below market rates.
- *Overdue loans*: Loans to parties with 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 did not present any specific insolvency risks at the valuation date.

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

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

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

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

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

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

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

SECTION 5

Financial assets valued at fair value

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

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

SECTION 6

Hedging transactions

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

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

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

SECTION 7

Equity investments

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

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

The equity method involves initially recognising an equity investment at cost and subsequently adjusting the value in relation to the stake in the subsidiary's shareholders' equity. The difference between the value of the equity investment 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 Group proceeds to estimate the recoverable value of the equity investment. If the recoverable value is less than the book value, the difference is recognised in the income statement.

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

SECTION 8

Tangible assets

Tangible assets include:

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

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

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

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

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

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

The useful life of tangible assets subject to depreciation is verified periodically. 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 Group also verifies whether there are any signs of an asset having suffered an impairment loss. If this is the case, the Group proceeds to calculate the recoverable value of the asset, which is the higher of net sale price and value in use. Should the reasons for the impairment loss cease to apply, the Group estimates the asset's recoverable value.

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 periodic test to verify the appropriateness of its book value. The value of goodwill is reduced if its recoverable value is lower than its book value. Recoverable value is taken to be the greater of the fair value of the unit generating the financial flows, less costs to sell, and its value in use, which is the present value of estimated future cash flows expected to arise from the continuing operation of the unit generating financial flows and from its disposal at the end of its useful life.

When the incremental costs on buildings that are not owned and not leased under financial leasing agreements do not regard independently identifiable tangible assets, they are recognised in the financial statements as intangible assets when future economic benefits can be derived from them. These costs are recognised in the income statement in relation to the length of the related leases. Expenses regarding the in-house development of software are recognised in the financial statements as intangible assets following verification of the technical feasibility of completion and their ability to generate future economic benefits. During the development phase, these assets are valued at cost, complete with any related direct expenses, including expenses for the personnel involved in the projects. If the verification has a negative outcome, the expenses are recognised in the income statement.

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

SECTION 10

Non-current assets held for sale

Individual non-current assets and groups of assets and liabilities in the process of disposal which it is considered highly likely will be sold are classified as "Non-current assets and groups of assets held for sale" and "Liabilities associated with assets held for sale". These non-current assets

are recognised at the lower of book value and fair value, net of sales costs. Any income and expense regarding groups of assets held for sale is recognised in the income statement net of tax.

SECTION 11

Current and deferred tax assets and liabilities

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

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

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

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

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

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

SECTION 12

Provisions for risks and charges

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

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

- It is possible to make a reliable estimate of the probable future disbursement.

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

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

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

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

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

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

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

SECTION 13

Debts and debt securities in issue

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

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

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

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

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

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

SECTION 14

Financial liabilities held for trading

Financial liabilities held for trading include any negative valuations of derivative contracts held for trading and liabilities regarding technical short positions in securities. The same accounting policies apply to them as for financial assets held for trading.

SECTION 18

Other information

Own shares

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

Provision for employment termination indemnities

Following the 2007 Finance Act, which brought forward to 1 January 2007 the complementary social security reform provided for by Italian Legislative Decree No. 252/2005, the employment termination indemnity contributions accrued up until 31.12.2006 will continue to be recognised in the provision for employment termination indemnities. The provision for employment termination indemnities accrued up until 31.12.2006 therefore continues to be considered a "defined benefit" scheme, consequently making it necessary to perform an actuarial valuation which, however, differs from the calculation method adopted up until 31 December 2006 in no longer making the benefit proportional to the period of employment. This is because the employment period to be taken into account is considered to have been accrued in full as a result of the change to the accounting treatment of the provision from 1 January 2007.

The discount rate used is set with reference to the average market interest rate at the valuation dates, weighted in relation to the percentage of the amount paid and advanced, for each maturity, with respect to the total amount to be paid and advanced for the entire obligation to be discharged in full. The service costs of the plan are recognised under staff costs as the net total of accrued interest, any anticipated income on the assets held for the purposes of the plan and actuarial gains and losses. The latter are calculated using the "corridor method", which is to say as the portion of cumulative actuarial gains and losses at the end of the previous financial year that exceeds 10% of the present value of the benefits generated by the plan. This portion is recognised in the income statement in relation to the expected average working life of the participants in the plan. Following the reform, the employment termination indemnity contributions accrued from 1 January 2007 constitute a "defined contribution" scheme whether the employee opts for complementary social security or for the contributions to be paid to the Treasury fund managed by Italy's Department of Social Security. The value of the contributions - which is recorded under staff costs - is calculated on the basis of the contributions due without applying any actuarial calculation methods.

Valuation reserves

This item includes the valuation reserves for available-for-sale financial assets 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.

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

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

Recognition of costs and income

Costs are recognised in the income statement in the periods in which the related income is recognised. If the association of costs and income can only be made in a generic and indirect manner, the costs are recognised over more than one period following rational, systematic procedures. Income is recognised at the time it becomes receivable. Commission income and other income from the provision of services is recognised in the periods when the services themselves are provided. Other income is recognised on an accrual basis.

In particular:

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

Purchases and sales of financial assets

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

Write-off policy

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

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

Business combinations

The transfer of control of a company (or of an integrated group of businesses and assets that is run and managed jointly) constitutes a business combination transaction. IFRS 3 requires an acquirer to be identified for all business combination transactions.

The acquirer is normally identified as the entity obtaining control of another entity or group of businesses. The acquisition and therefore the initial consolidation of the acquired entity is recognised at the date when the acquirer effectively obtains control of the entity or assets acquired. The cost of a business combination transaction must be calculated as the sum of the following:

- The fair value at the transaction date of the assets sold, of the liabilities incurred or assumed and of the capital instruments issued by the acquirer in exchange for control
- Any additional charges directly attributable to the business combination. Business combination transactions are recorded using the purchase method, which involves recognising:
- The assets, liabilities and potential liabilities of the acquired entity at their respective fair values on the date of acquisition, including any intangible assets identifiable not already recognised in the financial statements of the acquired entity
- Minority interests in the acquired entity in proportion to the related interest in the net fair values
- The goodwill held by the Group, calculated as the difference between the cost of the business combination and the interest in the net fair value of the identifiable assets, liabilities and potential liabilities.

Any positive difference between the Group's interest in the net fair value of the assets, liabilities and potential liabilities acquired and the cost of the business combination is recognised in the income statement.

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

Transactions for the purposes of reorganisation between two or more entities or businesses which are already members of the Banca Fideuram Group or which belong to the Intesa Sanpaolo Group and do not involve changes in the control structures irrespective of the percentage of minority interests before and after the transaction (referred to as business combinations of entities subject to joint control) do not constitute business combinations, being outside the scope of IFRS 3. Such transactions are considered to be having no economic substance unless they result in a substantial change in cash flows. Hence, in the absence of any specific IAS/IFRS Standard or Interpretation, and in accordance with IAS 8 - which requires a company, in the absence of any specific Standard or Interpretation, to use its own judgment in applying an accounting policy which provides relevant, reliable and prudent information that reflects the economic substance of the transaction - these transactions are recognised maintaining the continuity of the values stated by the acquired entity in the financial statements of the acquiring entity. In accordance with this policy, the same values are recorded in the balance sheet as if the companies (or company divisions) involved in the business combination had always been combined. The businesses acquired are stated in the financial statements of the acquiring company at the same values that they had in the financial statements of the transferor company. Any difference between the price paid/collected and the net book value of the businesses transferred is recorded directly as a balancing entry under shareholder's equity net of any deferred tax assets and liabilities (if necessary).

PARTE B

NOTES TO THE CONSOLIDATED BALANCE SHEET

Assets

SECTION 1

CASH AND CASH EQUIVALENTS - ITEM 10

1.1 Cash and cash equivalents: analysis

	31.12.2008	31.12.2007
a) Cash	29,055	26,000
b) Demand deposits with Central Banks	-	200
Total	29,055	26,200

SECTION 2

FINANCIAL ASSETS HELD FOR TRADING - ITEM 20

2.1 Financial assets held for trading: analysis

	Listed	Unlisted	31.12.2008 Total	31.12.2007 Total
A. Cash assets				
1. Debt securities	24,989	2,726	27,715	33,903
1.1 Structured securities	-	-	-	-
1.2 Other debt securities	24,989	2,726	27,715	33,903
2. Equities	47	-	47	-
3. Units in mutual funds	-	123	123	123
4. Loans	-	-	-	-
4.1 Repurchase agreement assets	-	-	-	-
4.2 Other	-	-	-	-
5. Impaired assets	-	-	-	-
6. Assets disposed of but not written off	-	-	-	-
Total A	25,036	2,849	27,885	34,026
B. Derivatives				
1. Financial derivatives	-	68,860	68,860	10,949
1.1 Held for trading	-	68,860	68,860	10,949
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	-	68,860	68,860	10,949
Total (A+B)	25,036	71,709	96,745	44,975

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

	31.12.2008	31.12.2007
A. Cash assets		
1. Debt securities	27,715	33,903
a) Governments and Central Banks	23,578	29,951
b) Other public entities	-	-
c) Banks	4,089	2,834
d) Other issuers	48	1,118
2. Equities	47	-
a) Banks	-	-
b) Other issuers:	47	-
- Insurance companies	-	-
- Financial institutions	-	-
- Non-financial companies	47	-
- Other	-	-
3. Units in mutual funds	123	123
4. Loans	-	-
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other parties	-	-
5. Impaired assets	-	-
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other issuers	-	-
6. Assets disposed of but not written off	-	-
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other issuers	-	-
Total A	27,885	34,026
B. Derivatives		
a) Banks	51,096	9,589
b) Customers	17,764	1,360
Total B	68,860	10,949
Total (A+B)	96,745	44,975

2.3 Financial assets held for trading: trading derivatives

	Interest rates	Currencies and gold	Equities	Loans	Other	31.12.2008 Total	31.12.2007 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:	515	68,345	-	-	-	68,860	10,949
• with exchange of capital	85	68,345	-	-	-	68,430	10,931
- options purchased	-	-	-	-	-	-	125
- other derivatives	85	68,345	-	-	-	68,430	10,806
• without exchange of capital	430	-	-	-	-	430	18
- options purchased	9	-	-	-	-	9	18
- other derivatives	421	-	-	-	-	421	-
2) Credit derivatives:	-	-	-	-	-	-	-
• with exchange of capital	-	-	-	-	-	-	-
• without exchange of capital	-	-	-	-	-	-	-
Total B	515	68,345	-	-	-	68,860	10,949
Total (A+B)	515	68,345	-	-	-	68,860	10,949

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	33,903	-	123	-	34,026
B. Increases	1,044,193	2,925	50,947	-	1,098,065
B1. Purchases	1,042,934	2,909	50,945	-	1,096,788
B2. Increases in fair value	179	1	2	-	182
B3. Other increases	1,080	15	-	-	1,095
C. Decreases	1,050,381	2,878	50,947	-	1,104,206
C1. Sales	1,027,622	2,800	50,891	-	1,081,313
C2. Redemptions	21,822	-	-	-	21,822
C3. Decreases in fair value	70	1	32	-	103
C4. Other decreases	867	77	24	-	968
D. Closing balance	27,715	47	123	-	27,885

SECTION 3

FINANCIAL ASSETS VALUED AT FAIR VALUE - ITEM 30

3.1 Financial assets valued at fair value: analysis

	31.12.2008			31.12.2007
	Listed	Unlisted	Total	Total
1. Debt securities (*)	988	182,990	183,978	165,483
1.1 Structured securities	-	-	-	-
1.2 Other debt securities	988	182,990	183,978	165,483
2. Equities	-	-	-	10
3. Units in mutual funds	-	-	-	961
4. Loans	-	-	-	-
4.1 Structured	-	-	-	-
4.2 Other	-	-	-	-
5. Impaired assets	-	-	-	-
6. Assets disposed of but not written off	-	-	-	-
Total	988	182,990	183,978	166,454
Cost	1,000	175,893	176,893	138,662

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

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

	31.12.2008	31.12.2007
1. Debt securities	183,978	165,483
a) Governments and Central Banks	2	2
b) Other public entities	-	-
c) Banks	-	-
d) Other issuers	183,976	165,481
2. Equities	-	10
a) Banks	-	-
b) Other issuers:	-	10
- Insurance companies	-	-
- Financial institutions	-	-
- Non-financial companies	-	-
- Other	-	10
3. Units in mutual funds	-	961
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	183,978	166,454

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	165,483	10	961	-	166,454
B. Increases	60,748	-	24	-	60,772
B1. Purchases	60,683	-	-	-	60,683
B2. Increases in fair value	41	-	-	-	41
B3. Other increases	24	-	24	-	48
C. Decreases	42,253	10	985	-	43,248
C1. Sales	2,663	10	985	-	3,658
C2. Redemptions	21,537	-	-	-	21,537
C3. Decreases in fair value	17,790	-	-	-	17,790
C4. Other decreases	263	-	-	-	263
D. Closing balance	183,978	-	-	-	183,978

SECTION 4

FINANCIAL ASSETS AVAILABLE FOR SALE - ITEM 40

4.1 Financial assets available for sale: analysis

	31.12.2008		31.12.2007	
	Listed	Unlisted	Listed	Unlisted
1. Debt securities	858,732	107,266	1,137,674	39,676
1.1 Structured securities	12,651	-	-	-
1.2 Other debt securities	846,081	107,266	1,137,674	39,676
2. Equities	-	91	-	51
2.1 Valued at fair value	-	82	-	42
2.2 Valued at cost	-	9	-	9
3. Units in mutual funds	-	5,828	42,567	-
4. Loans	-	-	-	-
5. Impaired assets	-	-	-	-
6. Assets disposed of but not written off (*)	1,636,878	4,679	2,558,408	434,280
Total	2,495,610	117,864	3,738,649	474,007

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

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

	31.12.2008	31.12.2007
1. Debt securities	965,998	1,177,350
a) Governments and Central Banks	351,160	448,518
b) Other public entities	-	-
c) Banks	265,891	368,686
d) Other issuers	348,947	360,146
2. Equities	91	51
a) Banks	-	-
b) Other issuers:	91	51
- Insurance companies	-	-
- Financial institutions	-	2
- Non-financial companies	91	49
- Other	-	-
3. Units in mutual funds	5,828	42,567
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	1,641,557	2,992,688
a) Governments and Central Banks	471,040	1,059,758
b) Other public entities	-	-
c) Banks	705,538	1,022,080
d) Other parties	464,979	910,850
Total	2,613,474	4,212,656

4.3 Financial assets available for sale: hedged assets

	Hedged assets			
	31.12.2008		31.12.2007	
	Fair value	Financial flows	Fair value	Financial flows
1. Debt securities	743,801	-	1,801,698	-
2. Equities	-	-	-	-
3. Units in mutual funds	-	-	-	-
4. Loans	-	-	-	-
5. Portfolio	-	-	-	-
Total	743,801	-	1,801,698	-

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

	31.12.2008	31.12.2007
1. Financial assets hedged with fair value micro-hedging	743,801	1,801,698
a) Interest rate risk	743,801	1,801,698
b) Price risk	-	-
c) Exchange rate risk	-	-
d) Credit risk	-	-
e) Other risks	-	-
2. Financial assets hedged with micro-hedging of financial flows	-	-
a) Interest rate	-	-
b) Exchange rate	-	-
c) Other	-	-
Total	743,801	1,801,698

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	1,177,350	51	42,567	-	1,219,968
B. Increases	2,153,310	40	96,074	-	2,249,424
B1. Purchases	708,553	-	94,500	-	803,053
B2. Increases in fair value	44,541	40	-	-	44,581
B3. Write-backs recognised in:	-	-	-	-	-
- income statement	-	X	-	-	-
- shareholders' equity	-	-	-	-	-
B4. Transfers from other portfolios	-	-	-	-	-
B5. Other increases	1,400,216	-	1,574	-	1,401,790
C. Decreases	2,364,662	-	132,813	-	2,497,475
C1. Sales	982,557	-	128,985	-	1,111,542
C2. Redemptions	-	-	-	-	-
C3. Decreases in fair value	173,402	-	2,617	-	176,019
C4. Impairment write-downs	-	-	-	-	-
- income statement	-	-	-	-	-
- shareholders' equity	-	-	-	-	-
C5. Transfers from other portfolios	898,732	-	-	-	898,732
C6. Other decreases	309,971	-	1,211	-	311,182
D. Closing balance	965,998	91	5,828	-	971,917

SECTION 5

FINANCIAL ASSETS HELD TO MATURITY - ITEM 50

5.1 Financial assets held to maturity: analysis

	31.12.2008		31.12.2007	
	Book value	Fair value	Book value	Fair value
1. Debt securities	511,073	464,226	4,648	4,625
1.1 Structured securities	102,396	94,605	-	-
1.2 Other debt securities	408,677	369,621	4,648	4,625
2. Loans	-	-	-	-
3. Impaired assets	-	-	-	-
4. Assets disposed of but not written off (*)	98,707	88,452	-	-
Total	609,780	552,678	4,648	4,625

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

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

	31.12.2008	31.12.2007
1. Debt securities	511,073	4,648
a) Governments and Central Banks	4,637	4,648
b) Other public entities	-	-
c) Banks	292,181	-
d) Other issuers	214,255	-
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	98,707	-
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	98,707	-
d) Other parties	-	-
Total	609,780	4,648

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	4,648	-	4,648
B. Increases	605,205	-	605,205
B1. Purchases	19,811	-	19,811
B2. Write-backs	-	-	-
B3. Transfers from other portfolios (*)	579,132	-	579,132
B4. Other increases	6,262	-	6,262
C. Decreases	98,780	-	98,780
C1. Sales	-	-	-
C2. Redemptions	-	-	-
C3. Write-downs	-	-	-
C4. Transfers from other portfolios	-	-	-
C5. Other decreases	98,780	-	98,780
D. Closing balance	511,073	-	511,073

(*) This item regarded securities in the available-for-sale portfolio which were reclassified in the first quarter of the year.

SECTION 6

DUE FROM BANKS - ITEM 60

6.1 Due from banks: analysis

	31.12.2008	31.12.2007
A. Due from Central Banks	79,231	117,039
1. Time deposits	-	-
2. Statutory reserve	79,231	117,039
3. Repurchase agreement assets	-	-
4. Other	-	-
B. Due from banks	4,383,125	5,371,754
1. Current accounts and demand deposits	398,643	230,320
2. Time deposits	1,964,925	3,239,156
3. Other loans	1,819	159
3.1 Repurchase agreement assets	-	-
3.2 Finance leases	-	-
3.3 Other	1,819	159
4. Debt securities (*)	387,274	345,987
4.1 Structured securities	110,765	264,360
4.2 Other debt securities	276,509	81,627
5. Impaired assets	-	-
6. Assets disposed of but not written off (*) (**)	1,630,464	1,556,132
Total (book value)	4,462,356	5,488,793
Total (fair value) (***)	4,412,069	5,479,518

(*) These items included €1,375,000 debt securities issued by Société Européenne de Banque S.A.

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

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

6.2 Due from banks: hedged assets

	31.12.2008	31.12.2007
1. Loans hedged with fair value micro-hedging	82,507	556,436
a) Interest rate risk	82,507	556,436
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	82,507	556,436

SECTION 7

LOANS TO CUSTOMERS - ITEM 70

7.1 Loans to customers: analysis

	31.12.2008	31.12.2007
1. Current accounts	727,519	780,164
2. Repurchase agreement assets	-	-
3. Loans	61,875	66,679
4. Credit cards, personal loans and loans with repayments deducted directly from wages	22,292	23,345
5. Finance leases	-	-
6. Factoring	-	-
7. Other transactions	40,166	22,390
8. Debt securities	821,093	-
8.1 Structured securities	146,548	-
8.2 Other debt securities	674,545	-
9. Impaired assets (*)	4,860	4,846
10. Assets disposed of but not written off (**)	174,414	-
Total (book value)	1,852,219	897,424
Total (fair value) (***)	1,645,076	897,424

(*) Impaired assets comprised non-performing loans totalling €2,858,000, doubtful loans totalling €862,000 and loans more than 180 days overdue totalling €1,140,000.

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

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

7.2 Loans from customers: analysis by debtors/issuers

	31.12.2008	31.12.2007
1. Debt securities:	821,093	-
a) Governments	610,321	-
b) Other public entities	-	-
c) Other issuers	210,772	-
- Non-financial companies	-	-
- Financial institutions	146,548	-
- Insurance companies	-	-
- Other	64,224	-
2. Loans to:	851,852	892,578
a) Governments	-	-
b) Other public entities	48	1,155
c) Other parties	851,804	891,423
- Non-financial companies	168,257	185,382
- Financial institutions	92,806	42,069
- Insurance companies	6,104	12
- Other	584,637	663,960
3. Impaired assets:	4,860	4,846
a) Governments	-	-
b) Other public entities	-	-
c) Other parties	4,860	4,846
- Non-financial companies	359	353
- Financial institutions	231	353
- Insurance companies	-	-
- Other	4,270	4,140
4. Assets disposed of but not written off:	174,414	-
a) Governments	171,108	-
b) Other public entities	-	-
c) Other parties	3,306	-
- Non-financial companies	-	-
- Financial institutions	-	-
- Insurance companies	-	-
- Other	3,306	-
Total	1,852,219	897,424

7.3 Loans to customers: hedged assets

	31.12.2008	31.12.2007
1. Loans hedged with fair value micro-hedging	780,394	-
a) Interest rate risk	780,394	-
b) Exchange rate risk	-	-
c) Credit risk	-	-
d) Other risks	-	-
2. Loans hedged with micro-hedging of financial flows	-	-
a) Interest rate	-	-
b) Exchange rate	-	-
c) Other	-	-
Total	780,394	-

SECTION 8

HEDGING DERIVATIVES - ITEM 80

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

	Interest rates	Currencies and gold	Equities	Loans	Other	Total
A) Listed						
1) Financial derivatives:	-	-	-	-	-	-
• with exchange of capital	-	-	-	-	-	-
- options purchased	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-
• without exchange of capital	-	-	-	-	-	-
- options purchased	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-
2) Credit derivatives:	-	-	-	-	-	-
• with exchange of capital	-	-	-	-	-	-
• without exchange of capital	-	-	-	-	-	-
Total A	-	-	-	-	-	-
B) Unlisted						
1) Financial derivatives:	-	-	-	-	-	-
• 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 (B)	-	-	-	-	-	-
Total (A+B) 31.12.2008	-	-	-	-	-	-
Total (A+B) 31.12.2007	80,801	-	-	-	-	80,801

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		
			Held by	% owned	% votes
Companies					
Studi e Ricerche Fiscali - Consortium	Rome	1	Banca Fideuram	7.500	7.500
SIA - S.S.B. S.p.A.	Milan	1	Banca Fideuram	0.019	0.019
Società Gestione per il Realizzo S.p.A.	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

	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 - Consortium	995	2,364	-	258	19	X
2. SIA - S.S.B. S.p.A.	290,396	336,035	9,064	163,752	4	X
3. Società Gestione per il Realizzo S.p.A.	61,239	6,867	2,898	54,808	97	X

(*) Including the result in the previous column.

10.3 Equity investments: changes in the year

	31.12.2008	31.12.2007
A. Opening balance	120	1,584
B. Increases	-	1,024
B1. Purchases	-	-
B2. Write-backs	-	-
B3. Revaluations	-	-
B4. Other increases	-	1,024
C. Decreases	-	2,488
C1. Sales	-	2,407
C2. Write-downs	-	-
C3. Other decreases	-	81
D. Closing balance	120	120
E. Total revaluations	-	-
F. Total adjustments	-	-

SECTION 12

TANGIBLE ASSETS - ITEM 120

12.1 Tangible assets: analysis of assets valued at cost

	31.12.2008	31.12.2007
A. Functional assets		
1.1 Owned	31,757	33,428
a) land	21,323	21,323
b) buildings	4,343	5,070
c) furniture	2,848	3,469
d) electronic equipment	533	582
e) other	2,710	2,984
1.2 Purchased under financial leasing agreements	-	-
a) land	-	-
b) buildings	-	-
c) furniture	-	-
d) electronic equipment	-	-
e) other	-	-
Total A	31,757	33,428
B. Investment assets	-	-
2.1 Owned	-	-
a) land	-	-
b) buildings	-	-
2.2 Purchased under financial leasing agreements	-	-
a) land	-	-
b) buildings	-	-
Total B	-	-
Total (A+B)	31,757	33,428

12.3 Functional tangible assets: changes in the year

	Land	Buildings	Furniture	Electronic equipment	Other	Total
A. Gross opening balance	21,323	73,225	31,006	41,171	37,650	204,375
A.1 Total net impairments	-	(68,155)	(27,537)	(40,589)	(34,666)	(170,947)
A.2 Net opening balance	21,323	5,070	3,469	582	2,984	33,428
B. Increases	-	-	698	246	489	1,433
B.1 Purchases	-	-	668	242	457	1,367
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	-	-	30	4	32	66
C. Decreases	-	727	1,319	295	763	3,104
C.1 Sales	-	-	45	-	47	92
C.2 Amortisation	-	643	1,274	295	716	2,928
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	-	84	-	-	-	84
D. Net closing balance	21,323	4,343	2,848	533	2,710	31,757
D.1 Total net impairments	-	68,798	28,811	40,884	35,382	173,875
D.2 Gross closing balance	21,323	73,141	31,659	41,417	38,092	205,632
E. Valuation at cost	-	-	-	-	-	-

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

Buildings: 3%

Furniture: between 12% and 15%

Electronic equipment: between 20% and 40%

Other: between 7.5% and 30%

SECTION 13

INTANGIBLE ASSETS - ITEM 130

13.1 Intangible assets: analysis by type of asset

	31.12.2008		31.12.2007	
	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	26,613	-	28,233	-
A.2.1 Assets valued at cost:	26,613	-	28,233	-
a) Internally generated intangible assets	-	-	35	-
b) Other assets	26,613	-	28,198	-
A.2.2 Assets valued at fair value:	-	-	-	-
a) Internally generated intangible assets	-	-	-	-
b) Other assets	-	-	-	-
Total	26,613	-	28,233	-

13.2 Intangible assets: changes in the year

	Goodwill	Other intangible assets: generated internally		Other intangible assets: other		Total
		Finite life	Indefinite life	Finite life	Indefinite life	
A. Opening balance	-	175	-	50,074	-	50,249
A.1. Total net impairments	-	(140)	-	(21,876)	-	(22,016)
A.2 Net opening balance	-	35	-	28,198	-	28,233
B. Increases	-	-	-	11,394	-	11,394
B.1 Purchases	-	-	-	11,386	-	11,386
B.2 Increases in internally generated intangible assets	X	-	-	-	-	-
B.3 Write-backs	X	-	-	-	-	-
B.4 Increases in fair value recognised in:	-	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
B.5 Positive exchange rate differences	-	-	-	-	-	-
B.6 Other increases	-	-	-	8	-	8
C. Decreases	-	35	-	12,979	-	13,014
C.1 Sales	-	-	-	275	-	275
C.2 Write-downs	-	35	-	12,666	-	12,701
- Depreciation and amortisation	X	35	-	12,666	-	12,701
- Write-downs	-	-	-	-	-	-
+ shareholders' equity	X	-	-	-	-	-
+ income statement	-	-	-	-	-	-
C.3 Decreases in fair value recognised in.	-	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
C.4 Transfers to non-current assets held for sale	-	-	-	-	-	-
C.5 Negative exchange rate differences	-	-	-	-	-	-
C.6 Other decreases	-	-	-	38	-	38
D. Net closing balance	-	-	-	26,613	-	26,613
D.1 Total net adjustments	-	-	-	29,161	-	29,161
E. Gross closing balance	-	-	-	55,774	-	55,744
F. Valuation at cost	-	-	-	-	-	-

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

SECTION 14

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

14.1 Deferred tax assets: analysis

	31.12.2008	31.12.2007
Breakdown of deferred tax assets:		
- Provisions for future charges	36,488	37,240
- Financial assets available for sale	43,675	13,013
- Other (*)	61,380	65,305
Total	141,543	115,558

(*) This amount included a €35,270,000 tax benefit regarding the losses accrued by subsidiary Banque Privée Fideuram (now Fideuram France) up to 31 December 2008.

14.2 Deferred tax liabilities: analysis

	31.12.2008	31.12.2007
Breakdown of deferred tax liabilities:		
- Financial assets available for sale	2,293	3,687
- Other	5,813	7,048
Total	8,106	10,735

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

	31.12.2008	31.12.2007
1. Opening balance	102,545	91,926
2. Increases	9,912	73,074
2.1 Deferred tax assets recognised in the year	9,796	48,638
a) from prior years		528
b) due to changes in accounting policies	-	-
c) write-backs	-	-
d) other	9,796	48,110
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	116	24,436
3. Decreases	14,678	62,455
3.1 Deferred tax assets reversed in the year	13,664	45,277
a) rebates	13,664	45,277
b) write-downs for uncollectibility	-	-
c) changes in accounting policies	-	-
3.2 Reductions in tax rates	-	13,897
3.3 Other decreases	1,014	3,281
4. Closing balance	97,779	102,545

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

	31.12.2008	31.12.2007
1. Opening balance	5,693	5,792
2. Increases	4,431	180
2.1 Deferred tax liabilities recognised in the year	3,135	180
a) from prior years	-	-
b) due to changes in accounting policies	-	-
c) other	3,135	180
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	1,296	
3. Decreases	4,589	279
3.1 Deferred tax liabilities reversed in the year	463	-
a) rebates	456	-
b) due to changes in accounting policies	-	-
c) other	7	-
3.2 Reductions in tax rates	-	213
3.3 Other decreases	4,126	66
4. Closing balance	5,535	5,693

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

	31.12.2008	31.12.2007
1. Opening balance	13,013	-
2. Increases	33,575	13,013
2.1 Deferred tax liabilities recognised in the year	31,755	-
a) from prior years	2,222	-
b) due to changes in accounting policies	-	-
c) other	29,533	-
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	1,820	13,013
3. Decreases	2,824	-
3.1 Deferred tax liabilities reversed in the year	323	-
a) rebates	323	-
b) due to changes in accounting policies	-	-
c) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	2,501	-
4. Closing balance (*)	43,764	13,013

(*) The item included €43,675,000 deferred tax assets regarding losses on debt securities in the available-for sale portfolio, including €29,553,000 accrued in the year.

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

	31.12.2008	31.12.2007
1. Opening balance	5,042	1,487
2. Increases	3,353	3,920
2.1 Deferred tax liabilities recognised in the year	3,173	3,920
a) from prior years	-	-
b) due to changes in accounting policies	-	-
c) other	3,173	3,920
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	180	-
3. Decreases	5,824	365
3.1 Deferred tax liabilities reversed in the year	4,502	-
a) rebates	-	-
b) due to changes in accounting policies	-	-
c) other	4,502	-
3.2 Reductions in tax rates	-	233
3.3 Other decreases	1,322	132
4. Closing balance	2,571	5,042

14.7 Other information

The Italian companies in the Banca Fideuram Group and parent company Intesa Sanpaolo again decided to avail themselves of the "consolidato fiscale nazionale" tax consolidation regime introduced by Italian Legislative Decree No. 344/2003, in this case for the 2007-2009 three-year period. This tax consolidation regime, which is governed by special regulations, provides for the aggregation of the taxable income of all the Group companies involved and a single payment of IRES corporate income tax by the Parent Company in its role as "consolidating company". Banca Fideuram received a report from the Latium Regional Tax Police concerning the 2003 and 2004 tax years, questioning the tax treatment adopted by the bank for the Private Banker Loyalty Schemes, together with a number of other lesser matters. Following this report, the bank was served a notice of assessment by the competent office of the Italian Inland Revenue on 28 March 2007 regarding Corporate Income Tax (IRPEG) and Regional Business Tax (IRAP) for the year 2003 only, against which the bank promptly appealed. At the same time, and likewise as a consequence of the report, the bank was also served a notice of assessment regarding VAT for the years 2003 and 2004.

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

During 2007, following a report prepared by the Latium regional tax police, the Italian Inland Revenue served Sanpaolo Invest SIM a notice of assessment regarding Corporate Income Tax (IRPEG) and Regional Business Tax (IRAP) for the 2000 tax year. The Rome Provincial Tax Commission largely found in favour of the company's appeal, with the exception of for one minor amount. The provisions set aside in prior years allow this cost to be met without any charge to the income statement.

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

	31.12.2008	31.12.2007
A. Individual assets		
A.1 Equity investments	-	-
A.2 Tangible assets	-	9,440
A.3 Intangible assets	-	-
A.4 Other non-current assets	-	-
Total A	-	9,440
B. Groups of assets (operating units disposed of)		
B.1 Financial assets held for trading	-	-
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	-	-
B.6 Loans to customers	-	-
B.7 Equity investments	-	-
B.8 Tangible assets	-	-
B.9 Intangible assets	-	-
B.10 Other assets	-	-
Total B	-	-
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	-	-
D.2 Due to customers	-	-
D.3 Debt securities in issue	-	-
D.4 Financial liabilities held for trading	-	-
D.5 Financial liabilities valued at fair value	-	-
D.6 Provisions	-	-
D.7 Other liabilities	-	-
Total D	-	-

SECTION 16

OTHER ASSETS - ITEM 160

16.1 Other assets: analysis

	31.12.2008	31.12.2007
Commissions and fees receivable	136,058	133,856
Prepaid expenses relating to Network incentive costs (*)	135,126	157,028
Due from Private Bankers	99,413	70,574
Clearing accounts and other receivables	47,130	244,731
Unprocessed transactions relating to securities transactions	25,113	37,609
Due from tax authorities	16,894	23,397
Prepaid expenses relating to Unit Linked insurance commissions (**)	14,317	14,666
Other	36,417	45,808
Total	510,468	727,669

(*) This item refers to prepaid expenses regarding the bonuses for the quality/insurance/net inflow targets set in the 2002-2008 schemes and linked to the duration of life premiums written.

(**) This item relates to prepaid expenses calculated regarding commission expense paid to the Networks and linked to commission income on the policies sold in 2003-2008.

Liabilities

SECTION 1

DUE TO BANKS - ITEM 10

1.1 Due to banks: analysis

	31.12.2008	31.12.2007
1. Due to Central Banks	-	-
2. Due to banks	452,864	969,583
2.1 Current accounts and demand deposits	364,065	567,467
2.2 Time deposits	42,850	49,035
2.3 Loans	-	-
2.3.1 Finance leases	-	-
2.3.2 Other (*)	-	-
2.4 Debts from commitments to repurchase own equity instruments	-	-
2.5 Liabilities regarding assets disposed of but not written off	45,949	353,081
2.5.1 Repurchase agreement liabilities	45,949	353,081
2.5.2 Other	-	-
2.6 Other debts	-	-
Total	452,864	969,583
Fair value	452,864	969,583

(*) This item regards repurchase agreements with customers.

SECTION 2

DUE TO CUSTOMERS - ITEM 20

2.1 Due to customers: analysis

	31.12.2008	31.12.2007
1. Current accounts and demand deposits	5,911,962	5,601,720
2. Time deposits	276,129	181,099
3. Third-party funds under management	-	-
4. Loans	223,618	13,216
4.1 Finance leases	-	-
4.2 Other	223,618	13,216
5. Debts from commitments to repurchase own equity instruments	-	-
6. Liabilities regarding assets disposed of but not written off	1,846,424	2,860,378
6.1 Repurchase agreement liabilities	1,846,424	2,860,378
6.2 Other	-	-
7. Other debts	4,369	3,536
Total	8,262,502	8,659,949
Fair value	8,262,502	8,659,949

SECTION 3

DEBT SECURITIES IN ISSUE - ITEM 30

3.1 Debt securities in issue: analysis

	31.12.2008		31.12.2007	
	Book value	Fair value	Book value	Fair value
A. Securities - listed	202,440	204,620	201,559	206,641
1. Bonds	202,440	204,620	201,559	206,641
1.1 Structured	-	-	-	-
1.2 Other (*)	202,440	204,620	201,559	206,641
2. Other securities	-	-	-	-
2.1 Structured	-	-	-	-
2.2 Other	-	-	-	-
B. Securities - unlisted	-	-	151,076	151,078
1. Bonds	-	-	151,076	151,078
1.1 Structured	-	-	-	-
1.2 Other	-	-	151,076	151,078
2. Other securities	-	-	-	-
2.1 Structured	-	-	-	-
2.2 Other	-	-	-	-
Total	202,440	204,620	352,635	357,719

(*) Subordinated loan issued by Banca Fideuram, details of which are provided in section 3.2.

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	€ 202,440,070	Variable (last coupon date 30/09/2008, rate 5.233%)	01/10/1999	01/10/2009

SECTION 4

FINANCIAL LIABILITIES HELD FOR TRADING - ITEM 40

4.1 Financial liabilities held for trading: analysis

	31.12.2008				31.12.2007			
	Nominal value	Fair Value		Fair Value*	Nominal value	Fair Value		Fair Value*
		Listed	Unlisted			Listed	Unlisted	
A. Cash Liabilities								
1. Due to banks	-	-	-	-	-	-	-	-
2. Due to customers	1	25	2	27	-	-	-	-
3. Debt securities	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-	-	-
3.1.1 Structured	-	-	-	X	-	-	-	X
3.1.2 Other bonds	-	-	-	X	-	-	-	X
3.2 Other securities	-	-	-	-	-	-	-	-
3.2.1 Structured	-	-	-	X	-	-	-	X
3.2.2 Other	-	-	-	X	-	-	-	X
Total A	1	25	2	27	-	-	-	-
B. Derivatives								
1. Financial derivatives	X	-	82,833	X	X	-	10,659	X
1.1 Held for trading	X	-	82,833	X	X	-	10,659	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	-	82,833	X	X	-	10,659	X
Total (A+B)	X	25	82,835	X	X	-	10,659	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	31.12.2008 Total	31.12.2007 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:	2,902	79,931	-	-	-	82,833	10,659
• with exchange of capital	255	79,931	-	-	-	80,186	10,659
- options issued	-	-	-	-	-	-	102
- other derivatives	255	79,931	-	-	-	80,186	10,557
• without exchange of capital	2,647	-	-	-	-	2,647	-
- options issued	-	-	-	-	-	-	-
- other derivatives	2,647	-	-	-	-	2,647	-
2) Credit derivatives:	-	-	-	-	-	-	-
• with exchange of capital	-	-	-	-	-	-	-
• without exchange of capital	-	-	-	-	-	-	-
Total B	2,902	79,931	-	-	-	82,833	10,659
Total (A+B)	2,902	79,931	-	-	-	82,833	10,659

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	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:	307,357	-	-	-	-	307,357
• with exchange of capital	-	-	-	-	-	-
- options issued	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-
• without exchange of capital	307,357	-	-	-	-	307,357
- options issued	-	-	-	-	-	-
- other derivatives	307,357	-	-	-	-	307,357
2) Credit derivatives:	-	-	-	-	-	-
• with exchange of capital	-	-	-	-	-	-
• without exchange of capital	-	-	-	-	-	-
Total B	307,357	-	-	-	-	307,357
Total (A+B) 31.12.2008	307,357	-	-	-	-	307,357
Total (A+B) 31.12.2007	35,480	-	-	-	-	35,480

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

	Fair value hedges					Hedging of financial flows		
	Specific					Macro-hedging	Micro-hedging	Macro-hedging
	Interest rate risk	Exchange rate risk	Credit risk	Price risk	Other risks			
1. Financial assets available for sale	307,357	-	-	-	-	X	-	X
2. Loans	-	-	-	X	-	X	-	X
3. Financial assets held to maturity	X	-	-	X	-	X	-	X
4. Portfolio	X	X	X	X	X	-	X	-
5. Investments outside Italy	X	X	X	X	X	X	-	X
Total assets	307,357	-	-	-	-	-	-	-
1. Financial liabilities	-	-	-	-	-	X	-	X
2. Portfolio	X	X	X	X	X	-	X	-
Total liabilities	-	-	-	-	-	-	-	-
1. Anticipated transactions	X	X	X	X	X	X	-	-

SECTION 10

OTHER LIABILITIES - ITEM 100

10.1 Other liabilities: analysis

	31.12.2008	31.12.2007
Due to Private Bankers	173,927	258,886
Clearing accounts and other payables	79,615	217,137
Due to suppliers	59,836	31,066
Amounts to be collected by customers	33,799	85,526
Other tax liabilities	27,448	18,975
Payroll and contributions payable	26,435	30,755
Other	38,005	31,645
Total	439,065	673,990

SECTION 11

PROVISION FOR EMPLOYMENT TERMINATION INDEMNITIES - ITEM 110

11.1 Provision for employment termination indemnities: changes in the year

	31.12.2008
A. Opening balance	26,191
B. Increases	1,483
B1. Provision for the year	1,195
B2. Other increases	288
C. Decreases	2,881
C1. Indemnities paid	2,872
C2. Other decreases	9
D. Closing balance	24,793

SECTION 12

PROVISIONS FOR RISKS AND CHARGES - ITEM 120

12.1 Provisions for risks and charges: analysis

	31.12.2008	31.12.2007
1. Company pension funds	-	-
2. Other provisions for risks and charges	248,941	230,965
2.1 Legal disputes, securities in default and complaints	86,651	90,847
2.2 Personnel expenses	21,514	7,505
2.3 Contractual indemnity payments due to Private Bankers	51,217	45,925
2.4 Network loyalty schemes	89,559	86,688
Total	248,941	230,965

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 included early retirement incentives and the provisions set aside for seniority bonuses for employees.

2.3 - The provision for contractual indemnities due to Private Bankers are calculated using actuarial criteria that take the indemnities actually accrued into account, together with the composition of the Network and the indemnities paid to those Private Bankers who have left the Group in the last 5 financial years. The Provision also includes 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 required to discharge the obligation at the accounting reference date, calculated using actuarial valuations.

12.2 Provisions for risks and charges: changes in the year

	Total	
	Pension funds	Other provisions
A. Opening balance	-	230,965
B. Increases	-	48,259
B1. Provision for the year	-	43,868
B2. Changes due to the passage of time	-	2,845
B3. Changes due to changes in the discount rate	-	1,475
B4. Other increases	-	71
C. Decreases	-	30,283
C1. Utilisation in the year	-	28,154
C2. Changes due to changes in the discount rate	-	985
C3. Other decreases	-	1,144
D. Closing balance	-	248,941

There were no new developments concerning the investigations launched by the judicial authorities in 2004 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 unlawful financial practice, consisting in the offer of investment services or financial products by persons not authorised to do so in Italy, with the exception of one Private Banker who is also charged with money laundering.

The Spoleto Public Prosecutor's Office completed the preliminary phase of its investigation launched in 2003 into the alleged irregularities of a Sanpaolo Invest SIM Private Banker with respect to certain customers. This investigation also involved a number of the managers of said company. The charge against these managers led Sanpaolo Invest SIM and Banca Fideuram (considered jointly responsible as a result of the partial spin-off which transferred the former Sanpaolo Invest SIM banking division to Banca Fideuram) to be charged with administrative responsibility for alleged infringement

of Italian Legislative Decree No. 231/2001. If said responsibility is proven, it will lead to the imposition of financial penalties only. The Judge at the pre-trial hearing on 19 January 2007 ordered that the case be transferred to the Public Prosecutor at the Court of Rome, since the Court of Spoleto was not considered to be the court of competent jurisdiction.

On 29 April 2008, the Public Prosecutor at the Court of Rome completed their investigation and came to the same conclusions as the Spoleto Public Prosecutor's Office, requesting that the managers concerned be remanded for trial on the same charges. On 3 February 2009, the judge entitled to adjudicate remanded the Sanpaolo Invest SIM managers for trial, together with Sanpaolo Invest and Banca Fideuram for administrative tort pursuant to Italian Legislative Decree No. 231/2001, setting the hearing for 26 June 2009.

SECTION 15

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

15.1 Group shareholders' equity: analysis

	31.12.2008	31.12.2007
1. Capital	186,255	186,255
2. Additional paid-in capital	9,138	9,138
3. Reserves	451,524	406,717
4. (Own shares)	-	-
a) Parent company	-	-
b) Subsidiaries	-	-
5. Valuation reserves	(310,010)	(7,322)
6. Capital instruments	-	-
7. Group interest in net income / loss for the year	176,121	255,476
Total	513,028	850,264

15.2 "Capital" and "Own shares": analysis

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

At 31 December 2008, the share capital totalled €186,255,207 divided into 980,290,564 ordinary shares with a par value €0.19.

The Group did not hold any own shares at 31 December 2008.

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 (-)	-	-
A.2 Outstanding shares: opening balance	980,290,564	-
B. Increases	-	-
B.1 New issues	-	-
- Cash issues:	-	-
- business combination transactions	-	-
- conversion of bonds	-	-
- exercise of warrants	-	-
- other	-	-
- Free issues:	-	-
- for employees	-	-
- for directors	-	-
- other	-	-
B.2 Sale of 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	980,290,564	-
D.1 Own shares (+)	-	-
D.2 Shares at end of financial year	980,290,564	-
- fully paid-up	980,290,564	-
- partially paid-up	-	-

15.6 Valuation reserves: analysis

	31.12.2008	31.12.2007
1. Financial assets available for sale (*)	(330,087)	(25,077)
2. Tangible assets	-	-
3. Intangible assets	-	-
4. Hedging of foreign investments	-	-
5. Hedging of financial flows	-	-
6. Exchange rate differences	1,135	(1,187)
7. Non-current assets held for sale	-	-
8. Special revaluation laws	18,942	18,942
Total	(310,010)	(7,322)

(*) The increase in this item was due to losses on securities holdings at 31 December 2008.

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	(25,077)	-	-	-	-	(1,188)	-	18,942
B. Increases	13,417	-	-	-	-	2,323	-	-
B.1 Increases in fair value	7,359	-	-	-	-	-	-	X
B.2 Other increases	6,058	-	-	-	-	2,323	-	-
C. Decreases	318,427	-	-	-	-	-	-	-
C.1 Decreases in fair value	317,807	-	-	-	-	-	-	X
C.2 Other decreases	620	-	-	-	-	-	-	-
D. Closing balance	(330,087)	-	-	-	-	1,135	-	18,942

15.8 Valuation reserves for financial assets available for sale: analysis

	31.12.2008		31.12.2007	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	4,690	(332,189)	9,578	(34,699)
2. Equities	29	-	-	-
3. Units in mutual funds	-	(2,617)	519	(475)
4. Loans	-	-	-	-
Total	4,719	(334,806)	10,097	(35,174)

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	(25,121)	-	44	-
2. Increases	12,900	40	477	-
2.1 Increases in fair value	7,319	40	-	-
2.2 Reclassifications from negative reserves to the income statement	5,419	-	477	-
- following impairment	-	-	-	-
- following disposal	5,419	-	477	-
2.3 Other increases	162	-	-	-
3. Decreases	315,278	11	3,138	-
3.1 Reductions in fair value	314,669	-	3,138	-
3.2 Adjustments for impairment losses	-	-	-	-
3.3 Reclassifications from positive reserves to the income statement	609	-	-	-
- following disposal	609	-	-	-
3.4 Other decreases	-	11	-	-
4. Closing balance	(327,499)	29	(2,617)	-

SECTION 16

MINORITY INTERESTS - ITEM 210

16.1 Minority interests: analysis

	31.12.2008	31.12.2007
1. Capital	-	-
2. Additional paid-in capital	-	-
3. Reserves	143	172
4. (Own shares)	-	-
5. Valuation reserves	-	-
6. Capital instruments	-	-
7. Minority interests in net income / loss for the year	51	69
Total	194	241

OTHER INFORMATION

1. Guarantees and commitments

	31.12.2008	31.12.2007
1. Financial guarantees	66,801	63,052
a) Banks	2,102	2,773
b) Customers	64,699	60,279
2. Commercial guarantees	8,870	8,461
a) Banks	-	96
b) Customers	8,870	8,365
3. Commitments to grant finance	30,058	172,088
a) Banks	29,575	133,262
i) certain to be called on	17,607	122,337
ii) not certain to be called on	11,968	10,925
b) Customers	483	38,826
i) certain to be called on	418	38,720
ii) not certain to be called on	65	106
4. Commitments underlying credit derivatives: protection sales	-	-
5. Assets pledged as security for third-party liabilities	-	-
6. Other commitments	314	-
Total	106,043	243,601

2. Assets pledged as security for own liabilities and commitments

	31.12.2008	31.12.2007
1. Financial assets held for trading	-	20,353
2. Financial assets valued at fair value	-	-
3. Financial assets available for sale	203,426	1,287,262
4. Financial assets held to maturity	98,707	-
5. Due from banks	1,396,702	1,556,132
6. Loans to customers	151,447	-
7. Tangible assets	-	-

5. Administration and trading on behalf of third parties

	31.12.2008
1. Trading in financial instruments on behalf of third parties	998,659
a) Purchases	712,765
1. Settled	711,593
2. Not settled	1,172
b) Sales	285,894
1. Settled	285,195
2. Not settled	699
2. Asset Management	365,152
a) Individual	365,152
b) Collective	-
3. Custody and administration of securities	
a) Third-party securities held on deposit as part of activities as a depository bank (excluding asset management)	21,368,004
1. Securities issued by companies included in the consolidation	-
2. Other securities	21,368,004
b) Other third-party securities held on deposit (excluding asset management): other	30,880,707
1. Securities issued by companies included in the consolidation	56,583
2. Other securities	30,824,124
c) Third-party securities deposited with third parties	34,941,708
d) Portfolio securities deposited with third parties	4,060,931
4. Other transactions	11,107,835

PART C

NOTES TO THE CONSOLIDATED INCOME STATEMENT

SECTION 1

INTEREST - ITEMS 10 AND 20

1.1 Interest income and similar revenues: analysis

	Performing financial assets		Impaired financial assets	Other assets	2008 Total	2007 Total
	Debt securities	Loans				
1. Financial assets held for trading	785	-	-	-	785	1,559
2. Financial assets valued at fair value	49	-	-	-	49	70
3. Financial assets available for sale	154,209	-	-	-	154,209	171,492
4. Financial assets held to maturity	27,943	-	-	-	27,943	182
5. Due from banks	104,290	118,367	-	-	222,657	189,538
6. Loans to customers	24,597	48,456	-	-	73,053	50,741
7. Hedging derivatives	X	X	X	5,164	5,164	-
8. Financial assets disposed of but not written off (*)	-	-	-	-	-	-
9. Other assets	X	X	X	485	485	356
Total	311,873	166,823	-	5,649	484,345	413,938

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

1.2 Interest income and similar revenues: hedging gains and losses

	2008	2007
A. Hedging gains regarding:		
A.1 Micro-hedging of fair value of assets	124,934	-
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)	124,934	-
B. Hedging losses regarding:		
B.1 Micro-hedging of fair value of assets	(119,770)	-
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)	(119,770)	-
C. Net gains / losses (A-B)	5,164	-

1.3 Interest income and similar revenues: other information

1.3.1 Interest income on financial assets denominated in foreign currencies

	2008	2007
On financial assets denominated in foreign currencies	18,778	9,095

1.4 Interest expense and similar charges: analysis

	Debts	Securities	Other liabilities	2008 Total	2007 Total
1. Due to banks	29,362	X	-	29,362	40,766
2. Due to customers	278,613	X	-	278,613	216,280
3. Debt securities in issue	X	17,930	-	17,930	16,380
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	223	223	85
8. Hedging derivatives	X	X	-	-	8,540
Total	307,975	17,930	223	326,128	282,051

(*) 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

	2008	2007
A. Hedging gains regarding:		
A.1 Micro-hedging of fair value of assets	-	83,960
A.2 Micro-hedging of fair value of liabilities	-	-
A.3 Macro-hedging of interest rate risk	-	-
A.4 Micro-hedging of financial flows of assets	-	-
A.5 Micro-hedging of financial flows of liabilities	-	-
A.6 Macro-hedging of financial flows	-	-
Total hedging gains (A)	-	83,960
B. Hedging losses regarding:		
B.1 Micro-hedging of fair value of assets	-	(92,500)
B.2 Micro-hedging of fair value of liabilities	-	-
B.3 Macro-hedging of interest rate risk	-	-
B.4 Micro-hedging of financial flows of assets	-	-
B.5 Micro-hedging of financial flows of liabilities	-	-
B.6 Macro-hedging of financial flows	-	-
Total hedging losses (B)	-	(92,500)
C: Net gains / Losses (A-B)	-	(8,540)

1.6 Interest expense and similar charges: other informations

1.6.1 Interest expense on liabilities denominated in foreign currencies

	2008	2007
On liabilities denominated in foreign currencies	2,368	1,906

SECTION 2

COMMISSION INCOME AND EXPENSE - ITEMS 40 AND 50

2.1 Commission income: analysis

	2008	2007
a) Guarantees given	425	369
b) Credit derivatives	-	-
c) Management, brokerage and advisory services:	854,917	1,026,716
1. Trading in financial instruments	4,221	3,634
2. Currency trading	89	61
3. Asset Management	147,786	164,074
3.1 Individual	114,999	125,243
3.2 Collective	32,787	38,831
4. Custody and administration of securities	9,321	8,685
5. Depository bank	16,721	19,211
6. Placement of securities (*)	63,708	23,942
7. Acceptance of instructions	15,339	18,761
8. Advisory services	4,290	6,830
9. Supply of third-party services	593,442	781,518
9.1 Asset Management	402,341	562,188
9.1.1 Individual	9,446	12,876
9.1.2 Collective	392,895	549,312
9.2 Insurance products	185,939	214,332
9.3 Other products	5,162	4,998
d) Collection and payment services	5,757	6,106
e) Securitization servicing	-	-
f) Factoring services	-	-
g) Tax collection services	-	-
h) Other services	30,884	57,289
Total	891,983	1,090,480

(*) This item includes €48,350,000 commission on the placement of bonds issued by Intesa Sanpaolo and Banca IMI.

2.2 Commission income: distribution channels for products and services

	2008	2007
a) Own branches:	-	-
1. Private banking	-	-
2. Placement of securities	-	-
3. Third-party products and services	-	-
b) Outside branch premises:	804,779	969,304
1. Private banking	147,786	164,074
2. Placement of securities	63,548	23,712
3. Third-party products and services	593,442	781,518
c) Other distribution channels:	160	230
1. Private banking	-	-
2. Placement of securities	160	230
3. Third-party products and services	-	-

2.3 Commission expense: analysis

	2008	2007
a) Guarantees received	-	-
b) Credit derivatives	-	-
c) Management and brokerage services:	409,970	485,756
1. Trading in financial instruments	516	597
2. Currency trading	97	86
3. Asset Management	19,263	13,023
3.1 Proprietary portfolio	19,263	13,023
3.2 Third-party portfolio	-	-
4. Custody and administration of securities	4,230	5,009
5. Placement of financial instruments	-	288
6. Sales of financial products, products and services through non-branch channels	385,864	466,753
d) Collection and payment services	2,358	3,152
e) Other services	11,241	26,185
Total	423,569	515,093

SECTION 3

DIVIDENDS AND SIMILAR INCOME - ITEM 70

3.1 Dividends and similar income: analysis

	2008		2007	
	Dividend income	Income from units in mutual funds	Dividend income	Income from units in mutual funds
A. Financial assets held for trading	-	-	-	-
B. Financial assets available for sale	-	-	-	-
C. Financial assets valued at fair value	-	-	-	-
D. Equity investments	84	X	1	X
Total	84	-	1	-

SECTION 4

NET GAINS OR LOSSES ON TRADING ACTIVITIES - ITEM 80

4.1 Net gains or losses on trading activities: analysis

	Gains	Trading profits	Losses	Trading losses	2008 Net gains or losses
1. Financial assets held for trading	182	537	(103)	(154)	462
1.1 Debt securities	179	525	(70)	(53)	581
1.2 Equities	1	12	(1)	(77)	(65)
1.3 Units in mutual funds	2	-	(32)	(24)	(54)
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	708
4. Derivatives	422	5,187	(2,656)	(21,680)	(15,810)
4.1 Financial derivatives:	422	5,081	(2,656)	(21,601)	(15,837)
- Debt derivatives and interest rate derivatives	422	5,080	(2,648)	(21,599)	(18,745)
- Equity derivatives and index derivatives	-	1	(8)	(2)	(9)
- Currencies and gold	X	X	X	X	2,917
- Other	-	-	-	-	-
4.2 Credit derivatives	-	106	-	(79)	27
Total	604	5,724	(2,759)	(21,834)	(14,640)

SECTION 5

NET GAINS OR LOSSES ON HEDGING ACTIVITIES - ITEM 90

5.1 Net gains or losses on hedging activities: analysis

	2008	2007
A. Gains on:		
A.1 Fair value hedge derivatives	4,725	99,402
A.2 Hedged financial assets (fair value)	365,360	11,732
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)	370,085	111,134
B. Losses on:		
B.1 Fair value hedge derivatives	(362,237)	(11,723)
B.2 Hedged financial assets (fair value)	(4,726)	(99,135)
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)	(366,963)	(110,858)
Net gains or losses on hedging activities (A-B)	3,122	276

SECTION 6

INCOME/LOSS FROM SALE AND REPURCHASE - ITEM 100

6.1 Income/loss from sale and repurchase: analysis

	2008			2007		
	Income	Losses	Net gains/ losses	Income	Losses	Net gains/ losses
Financial assets						
1. Due from banks	15,586	(2,450)	13,136	11,159	(1)	11,158
2. Loans to customers	125	-	125	43	(2,589)	(2,546)
3. Financial assets available for sale	6,849	(16,956)	(10,107)	4,959	(13,505)	(8,546)
3.1 Debt securities	217	(10,694)	(10,477)	4,693	(13,257)	(8,564)
3.2 Equities	-	-	-	-	-	-
3.3 Units in mutual funds	6,632	(6,262)	370	266	(248)	18
3.4 Loans	-	-	-	-	-	-
4. Financial assets held to maturity	-	-	-	-	-	-
Total assets	22,560	(19,406)	3,154	16,161	(16,095)	66
Financial liabilities						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Debt securities in issue	24	-	24	6	-	6
Total liabilities	24	-	24	6	-	6

SECTION 7

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

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

	Gains	Gains on disposal	Losses	Losses on disposal	2008 Net gains or losses
1. Financial assets	41	43	(17,790)	(246)	(17,952)
1.1 Debt securities (*)	41	19	(17,790)	(246)	(17,976)
1.2 Equities	-	-	-	-	-
1.3 Units in mutual funds	-	24	-	-	24
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	41	43	(17,790)	(246)	(17,952)

(*) The losses regard the insurance policies taken out as part of the Private Banker Loyalty Schemes.

SECTION 8

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

8.1 Net adjustments for impairment losses on loans: analysis

	Adjustments			Write-backs				2008 Total	2007 Total
	Specific		Portfolio	Specific		Portfolio			
	Write-offs	Other		Interest	Other write-backs	Interest	Other write-backs		
A. Due from banks	-	-	(8)	-	-	-	20	12	12
B. Loans to customers	-	(2,647)	(1,000)	185	511	-	-	(2,951)	1,831
C. Total	-	(2,647)	(1,008)	185	511	-	20	(2,939)	1,843

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

	Adjustments			Write-backs				2008 Total	2007 Total
	Specific		Portfolio	Specific		Portfolio			
	Write-offs	Other		Interest	Other write-backs	Interest	Other write-backs		
A. Guarantees issued	-	(577)	-	-	-	-	-	(577)	-
B. Credit derivatives	-	-	-	-	-	-	-	-	-
C. Commitments to grant finance	-	-	-	-	-	-	-	-	-
D. Other transactions	-	-	-	-	-	-	-	-	120
E. Total	-	(577)	-	-	-	-	-	(577)	120

SECTION 11

ADMINISTRATIVE COSTS - ITEM 180

11.1 Staff costs: analysis

	2008	2007
1) Employees	131,092	109,908
a) Wages and salaries	81,466	73,453
b) Social security contributions	20,476	17,456
c) Termination indemnities	-	433
d) Pension costs	2,655	2,261
e) Provision for employee termination indemnities	943	1,613
f) Provision for retirement benefits and similar obligations:	-	-
- defined contribution	-	-
- defined benefit	-	-
g) Payments to external supplementary pension funds:	5,234	3,502
- defined contribution	5,234	3,502
- defined benefit	-	-
h) Costs arising from payment agreements based on own equity instruments	-	-
i) Other employee benefits	20,318	11,190
2) Other staff	4,545	5,061
3) Directors	2,149	1,720
4) Retired staff	-	-
Total	137,786	116,689

The 2008 total includes the staff costs of the IT and Operations Divisions acquired from Eurizon Solutions S.p.A. in December 2007.
Item 3) Directors includes the remuneration of the members of the Group companies' Boards of Directors and Boards of Auditors.

11.2 Average number of employees by category

	2008
Employees:	1,495
a) Executives	58
b) Total Managers	762
- Senior Managers	383
c) Other employees	675
Other staff	12

11.4 Other employee benefits

The item includes €16,230,000 early retirement incentives, with the remainder being made up of seniority and other bonuses.

11.5 Other administrative costs: analysis

	2008	2007
IT costs	10,782	8,518
- Software maintenance and upgrades	6,097	3,659
- Maintenance and rental of electronic equipment	305	349
- Data transmission	1,326	1,077
- Rental of office equipment	581	770
- Telephone	2,776	2,956
- Recovery of IT costs	(303)	(293)
Property management costs	34,683	30,827
- Property rent	27,804	26,590
- Maintenance of rented property	480	520
- Maintenance of own property	163	187
- Security	892	581
- Cleaning	1,382	1,499
- Power	2,333	2,335
- Miscellaneous building costs	2,191	2,511
- Recovery of property management costs	(562)	(3,396)
General expenses	22,589	27,591
- Postage and telegraphic expenses	2,579	2,328
- Office supplies	2,159	1,809
- Transport and counting of valuables	610	535
- Couriers and transport	2,355	1,497
- Search and information services	3,812	4,164
- Other expenses	11,169	17,565
- Recovery of general expenses	(95)	(307)
Professional and insurance costs	19,250	16,669
- Professional fees	13,256	11,899
- Legal advice and court fees	4,363	4,096
- Bank and customer insurance premiums	1,661	703
- Recovery of professional and insurance costs	(30)	(29)
Promotional and advertising expenses	10,477	3,715
- Advertising and entertainment	10,914	3,715
- Recovery of promotional and advertising expenses	(437)	-
Indirect personnel expenses	7,033	6,138
- Indirect personnel expenses	7,033	6,138
Services by third parties	86,410	129,509
- Expenses for services by third parties	7,842	548
- Expenses for outsourcing within the Group (*)	78,569	130,045
- Recovery of services by third parties	(1)	(1,084)
Total other administrative costs net of indirect taxes	191,224	222,967
Indirect taxes		
- Stamp duty	20,387	21,096
- Substitute tax (Italian Presidential Decree. 601/73)	48	53
- Local council property tax	202	223
- Other indirect taxes	1,882	2,761
- Recovery of indirect taxes	(20,138)	(21,610)
Total indirect taxes	2,381	2,523
Total other administrative expenses	193,605	225,490

(*) The decrease in this item is a result of the acquisition of Eurizon Solutions S.p.A.'s IT and Operations Divisions in December 2007.

SECTION 12

NET PROVISIONS FOR RISKS AND CHARGES - ITEM 190

12.1 Net provisions for risks and charges: analysis

	2008	2007
Legal disputes and claims from receivers	16,812	21,197
Contractual indemnities due to Private Bankers	6,586	5,421
Costs relating to the Private Banker Networks' Loyalty Schemes (*)	5,936	15,801
Total	29,334	42,419

(*) The decrease in this item is a result of losses on the insurance policies taken out as part of the Private Banker Loyalty Schemes.

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	2008 Net adjustments
A. Tangible assets				
A.1 Owned	2,928	-	-	2,928
- Functional tangible assets	2,928	-	-	2,928
- Investment tangible assets	-	-	-	-
A.2 Purchased under finance lease arrangements	-	-	-	-
- Functional tangible assets	-	-	-	-
- Investment tangible assets	-	-	-	-
Total	2,928	-	-	2,928

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	2008 Net adjustments
A. Intangible assets				
A.1 Owned	12,701	-	-	12,701
- Generated internally	35	-	-	35
- Other	12,666	-	-	12,666
A.2 Purchased under finance lease arrangements	-	-	-	-
Total	12,701	-	-	12,701

SECTION 15

OTHER OPERATING INCOME AND EXPENSE - ITEM 220

15.1 Other operating expenses: analysis

	2008	2007
Brokerage expenses	876	731
Private Bankers - related expenses	1,516	2,933
Other expenses	946	2,650
Total	3,338	6,314

15.2 Other operating income: analysis

	2008	2007
Recovery of expenses	55	102
Brokerage income	176	86
Other income (*)	7,456	16,322
Total	7,687	16,510

(*) The decrease in this item was due to the fact that the 2007 total included €11,474,000 revenue from the sale of subsidiary Fideuram Investimenti S.G.R.'s Open Pension Fund to EurizonVita S.p.A..

SECTION 19

INCOME/LOSS ON SALE OF INVESTMENTS - ITEM 270

19.1 Income/Loss on sale of investments: analysis

	2008	2007
A. Buildings	335	-
- Gains from sales	335	-
- Losses from sales	-	-
B. Other assets	-	-
- Gains from sales	-	-
- Losses from sales	-	-
Net income/loss	335	-

SECTION 20

INCOME TAXES FOR THE YEAR ON CURRENT OPERATIONS - ITEM 290

20.1 Income taxes for the year on current operations: analysis

	2008	2007
1. Current taxes	(52,823)	(68,447)
2. Changes to current taxes for prior years	-	(6,163)
3. Reduction in current taxes for the year	-	1,690
4. Change in deferred tax assets	2,700	(6,455)
5. Change in deferred tax liabilities	1,058	2,376
6. Income taxes for the year	(49,065)	(76,999)

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

	2008
Taxable income	225,237
Standard tax rate applicable	32.40%
Theoretical tax burden	72,977
Tax impact with respect to:	
Different tax rates applying to foreign subsidiaries	(39,777)
Non-deductible costs	4,805
IRAP regional business tax and minor effects	11,060
Actual tax burden	49,065

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"

	2008	2007
Minority interests in net income for the year	51	69

PART D SEGMENT REPORTING

A. PRIMARY FORMAT

Distribution by business sector

(€m)

	Managed Financial Savings	Insurance Savings	Banking and Other Services	2008 Total	2007 Total
BUSINESS SEGMENTATION					
Net interest income	-	-	158.2	158.2	131.9
<i>Commission income</i>	<i>508.0</i>	<i>263.0</i>	<i>121.0</i>	<i>892.0</i>	<i>1,090.5</i>
- Entry	12.9	12.5	93.6	119.0	111.4
- Recurring	495.1	250.5	27.4	773.0	979.1
- Other	-	-	-	-	-
<i>Commission expense</i>	<i>(200.4)</i>	<i>(132.1)</i>	<i>(91.1)</i>	<i>(423.6)</i>	<i>(515.1)</i>
- Entry	(6.9)	(6.9)	(35.3)	(49.1)	(45.3)
- Recurring	(159.9)	(99.7)	(23.6)	(283.2)	(349.2)
- Other	(33.6)	(25.5)	(32.2)	(91.3)	(120.6)
<i>Net Commission income</i>	<i>307.6</i>	<i>130.9</i>	<i>29.9</i>	<i>468.4</i>	<i>575.4</i>
- Entry	6.0	5.6	58.3	69.9	66.1
- Recurring	335.2	150.8	3.8	489.8	629.9
- Other	(33.6)	(25.5)	(32.2)	(91.3)	(120.6)
Net gains or losses on financial assets and liabilities	-	-	(10.2)	(10.2)	3.9
Total income from financing activities	307.6	130.9	177.9	616.4	711.2
Operating costs	(165.9)	(32.0)	(129.2)	(327.1)	(341.9)
Other	(26.9)	(11.4)	(5.8)	(44.1)	(29.4)
Total income from current operations	114.8	87.5	42.9	245.2	339.9
Average AUM	31,064	13,535	19,841	64,440	68,470
AUM as at 31.12.2008	27,724	12,569	20,214	60,507	68,574
Key ratios					
Cost/Income Ratio	53.4%	24.2%	72.5%	52.7%	47.4%
Gross total income/Average AUM	0.4%	0.6%	0.2%	0.4%	0.5%
Net commission income/Average AUM	1.0%	1.0%	0.2%	0.7%	0.8%

B. SECONDARY FORMAT

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

PART E

INFORMATION ON RISKS AND RELATED HEDGING POLICIES

1.1 CREDIT RISK

Qualitative information

General

The Banca Fideuram Group's lending activities essentially support its core business of providing investment services to private customers. In line with Group strategies, loans to customers as a rule consist of short-term loans, are supported by collateral or bank guarantees and are to counterparties who are generally also customers of the Banca Fideuram Group's investment services.

Analysis of the item "Due from banks" shows that it predominantly comprised short-term interbank loans, mainly to leading banks in the Eurozone. Loans to customers largely consisted of short-term loans, mostly current account overdrafts linked directly to the Banca Fideuram Group's private banking business.

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

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

The 2008-2011 Plan provides for the gradual development of the bank's lending business while continuing to target Private Banking customers that hold investment instruments and to maintain highly-effective risk management. The risk monitoring and measurement tools and techniques developed within the Intesa Sanpaolo Group will be used to this end.

Credit risk management policies

Organisational aspects

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

These internal regulations specify the decision-making powers of those authorised to grant loans, doing so in detail for each individual type of risk and applicant category, while also specifying the organisational

units responsible for managing credit risk and for managing the risks associated with problem loans and impaired loans.

The offering and granting of level one loans is carried out in accordance with said scheme of delegated authority at the Group's main branches located in 7 different areas, whereas the offering and granting of higher-level loans is managed in the Group's central offices. Credit risk management is carried out by a central unit that is separate from those in charge of granting and managing loans.

Management, measurement and control systems

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

This activity, which is carried out during every stage in the lending process (enquiry, granting and monitoring) consists of a critical analysis of all the relevant indicators, the periodic review of every position and the systematic evaluation of the adequacy of any credit risk guarantees obtained. Further checks are carried out by our central departments on both the nature and quality of the overall exposures. In addition, specific checks are carried out to limit the concentration of exposure within the Intesa Sanpaolo Group.

Credit risk mitigation techniques

The Group generally obtains collateral or bank guarantees to mitigate the credit risk of loans to customers. Loans secured by collateral or bank guarantees accounted for 74% of loans to customers at 31/12/2008.

The types of collateral obtained are generally financial instruments listed on regulated markets and products distributed by the Banca Fideuram Group (funds, asset management and insurance policies) which meet previously specified liquidity requirements. Bonds are only accepted as collateral if the issuer or loan satisfies a minimum rating (by a leading rating agency). The value of the financial instruments obtained as collateral is discounted differentially as a precautionary measure when calculating the credit limit to be granted, with a view to protecting the Group against any fluctuations in market value.

The concentration of collateral in issuers is very low, excepting for funds and other products distributed by the Banca Fideuram Group. There were no obligations at the time this report was prepared capable of undermining the legal validity of the guarantees, which is moreover subject to periodic verification.

Impaired financial assets

The potential impairment of financial assets is subjected to detailed ongoing monitoring, examining positions due/overdue and carefully analysing all the other indicators available.

Loans assessed as high risk, confirmed over time, are intercepted and allocated to other categories appropriate to their risk profile. These loans are classified as non-performing loans when the borrower is insolvent or in a substantially equivalent situation, as doubtful loans when the borrower is in a situation which is objectively one of temporary difficulty that they are likely to overcome in an appropriate period of time, and as restructured loans when a deterioration in the financial conditions of the debtor leads the Group to agree to a change in the original contractual conditions. Lastly, loans that are overdue and/or which have been past due continuously for more than 180 days are also considered problem loans.

The different types of problem loans, their management and the procedures for transferring performing loans to impaired assets are all governed by the Group's internal regulations, which also specify the company bodies empowered to authorise transfers between different classes of loans. Non-performing loans net of write-downs accounted for a very small percentage of total loans (0.2% 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 which aims to estimate the impairment in value of the loans that is deemed to have effectively been incurred at the reference date without the amount, however, yet being known at the time of valuation.

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	-	-	-	-	-	96,745	-	-	96,745
2. Financial assets available for sale	-	-	-	-	-	2,613,474	-	-	2,613,474
3. Financial assets held to maturity	-	-	-	-	-	609,780	-	-	609,780
4. Due from banks	-	-	-	-	121	4,462,235	-	-	4,462,356
5. Loans to customers	2,858	862	-	1,140	-	1,847,359	-	-	1,852,219
6. Financial assets valued at fair value	-	-	-	-	-	183,978	-	-	183,978
7. Financial assets held for sale	-	-	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	-	-	-	-	-	-
Total at 31.12.2008	2,858	862	-	1,140	121	9,813,571	-	-	9,818,552
Total at 31.12.2007	2,797	-	-	2,049	149	10,890,756	-	-	10,895,751

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

	Impaired assets				Other assets			Total (net exposure)
	Gross exposure	Specific adjustments	Portfolio adjustments	Net Exposure	Gross exposure	Portfolio adjustments	Net Exposure	
A. Banking group								
1. Financial assets held for trading	-	-	-	-	X	X	96,745	96,745
2. Financial assets available for sale	-	-	-	-	2,613,474	-	2,613,474	2,613,474
3. Financial assets held to maturity	-	-	-	-	609,780	-	609,780	609,780
4. Due from banks	-	-	-	-	4,462,408	(52)	4,462,356	4,462,356
5. Loans to customers	17,260	(12,400)	-	4,860	1,850,025	(2,666)	1,847,359	1,852,219
6. Financial assets valued at fair value	-	-	-	-	X	X	183,978	183,978
7. Financial assets held for sale	-	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	-	X	X	-	-
Total A	17,260	(12,400)	-	4,860	9,535,687	(2,718)	9,813,692	9,818,552
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 at 31.12.2008	17,260	(12,400)	-	4,860	9,535,687	(2,718)	9,813,692	9,818,552
Total at 31.12.2007	15,447	(10,383)	(218)	4,846	10,600,652	(1,977)	10,890,905	10,895,751

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	173	X	(52)	121
f) Other assets	5,828,641	X	-	5,828,641
Total A.1	5,828,814	-	(52)	5,828,762
A.2 Other companies				
a) Impaired	-	-	-	-
b) Other	-	X	-	-
Total A.2	-	-	-	-
Total A	5,828,814	-	(52)	5,828,762
B. Off-balance-sheet exposures				
B.1 Banking group				
a) Impaired	-	-	-	-
b) Other	83,087	X	-	83,087
Total B.1	83,087	-	-	83,087
B.2 Other companies				
a) Impaired	-	-	-	-
b) Other	-	X	-	-
Total B.2	-	-	-	-
Total B	83,087	-	-	83,087

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	-	-	-	-	213
- Including: loans disposed of but not written off	-	-	-	-	-
B. Increases	-	-	-	-	27
B.1 Transfers from performing loans	-	-	-	-	-
B.2 Transfers from other categories of impaired exposures	-	-	-	-	-
B.3 Other increases	-	-	-	-	27
C. Decreases	-	-	-	-	67
C.1 Transfers to performing loans	-	-	-	-	-
C.2 Write-offs	-	-	-	-	-
C.3 Collections	-	-	-	-	67
C.4 Disposals	-	-	-	-	-
C.5 Transfers to other categories of impaired exposures	-	-	-	-	-
C.6 Other decreases	-	-	-	-	-
D. Gross exposure at end of period	-	-	-	-	173
- 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	-	-	-	-	64
- Including: loans disposed of but not written off	-	-	-	-	-
B. Increases	-	-	-	-	8
B.1 Adjustments	-	-	-	-	8
B.2 Transfers from other categories of impaired exposures	-	-	-	-	-
B.3 Other increases	-	-	-	-	-
C. Decreases	-	-	-	-	20
C.1 Write-backs from period-end valuations	-	-	-	-	-
C.2 Write-backs on collections	-	-	-	-	20
C.3 Write-offs	-	-	-	-	-
C.4 Transfers to other categories of impaired exposures	-	-	-	-	-
C.5 Other decreases	-	-	-	-	-
D. Total adjustments at end of period	-	-	-	-	52
- 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	15,025	(12,167)	-	2,858
b) Doubtful loans	974	(112)	-	862
c) Restructured loans	-	-	-	-
d) Overdue loans	1,261	(121)	-	1,140
e) Country risk	-	X	-	-
f) Other assets	3,918,736	X	(2,666)	3,916,070
Total A.1	3,935,996	(12,400)	(2,666)	3,920,930
A.2 Other companies				
a) Impaired	-	-	-	-
b) Other	-	X	-	-
Total A.2	-	-	-	-
Total A	3,935,996	(12,400)	(2,666)	3,920,930
B. Off-balance-sheet exposures				
B.1 Banking group				
a) Impaired	7,774	(577)	-	7,197
b) Other	84,619	X	-	84,619
Total B.1	92,393	(577)	-	91,816
B.2 Other companies				
a) Impaired	-	-	-	-
b) Other	-	X	-	-
Total B.2	-	-	-	-
Total B	92,393	(577)	-	91,816

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	13,180	-	-	2,267	-
- Including: loans disposed of but not written off	-	-	-	-	-
B. Increases	5,733	990	-	908	-
B.1 Transfers from performing assets	4,098	622	-	899	-
B.2 Transfers from other categories of impaired exposures	42	368	-	-	-
B.3 Other increases	1,593	-	-	9	-
C. Decreases	3,888	16	-	1,914	-
C.1 Transfers to performing assets	-	16	-	1,504	-
C.2 Write-offs	705	-	-	-	-
C.3 Collections	1,902	-	-	-	-
C.4 Disposals	-	-	-	-	-
C.5 Transfers to other categories of impaired exposures	-	-	-	410	-
C.6 Other decreases	1,281	-	-	-	-
D. Gross exposure at end of period	15,025	974	-	1,261	-
- 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	10,383	-	-	218	-
- Including: loans disposed of but not written off	-	-	-	-	-
B. Increases	3,185	112	-	-	-
B.1 Adjustments	2,535	112	-	-	-
B.2 Transfers from other categories of impaired exposures	-	-	-	-	-
B.3 Other increases	650	-	-	-	-
C. Decreases	1,401	-	-	97	-
C.1 Write-backs from period-end valuations	533	-	-	-	-
C.2 Write-backs on collections	163	-	-	-	-
C.3 Write-offs	705	-	-	-	-
C.4 Transfers to other categories of impaired exposures	-	-	-	-	-
C.5 Other decreases	-	-	-	97	-
D. Total adjustments at end of period	12,167	112	-	121	-
- 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	3,825,622	2,486,060	466,351	12,712	7	4,912	2,954,028	9,749,692
B. Derivatives	12,817	29,344	12	-	987	-	25,700	68,860
B.1 Financial derivatives	12,817	29,344	12	-	987	-	25,700	68,860
B.2 Credit derivatives	-	-	-	-	-	-	-	-
C. Guarantees issued	2,102	-	-	-	-	7,197	66,372	75,671
D. Commitments to grant finance	-	-	-	-	-	-	30,372	30,372
Total	3,840,541	2,515,404	466,363	12,712	994	12,109	3,076,472	9,924,595

A.3 Distribution of guaranteed exposures by type of guarantee

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

	Value of exposure	Secured guarantees			Personal guarantees								Total	
		Buildings	Securities	Other assets	Credit derivatives				Endorsement credit					
					Governments	Other public entities	Banks	Other parties	Governments	Other public entities	Banks	Other parties		
1. Exposure of guaranteed loans to banks:	61,658	-	-	-	-	-	-	-	-	-	-	61,658	-	61,658
1.1 Fully guaranteed	61,658	-	-	-	-	-	-	-	-	-	-	61,658	-	61,658
1.2 Partially guaranteed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Exposure of guaranteed loans to customers:	632,478	57,865	529,604	13,356	-	-	-	-	-	-	-	3,687	1,381	605,893
2.1 Fully guaranteed	376,840	57,865	307,176	8,241	-	-	-	-	-	-	-	3,687	1,044	378,013
2.2 Partially guaranteed	255,638	-	222,428	5,115	-	-	-	-	-	-	-	-	337	227,880

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

	Value of exposure	Secured guarantees			Personal guarantees								Total
		Buildings	Securities	Other assets	Credit derivatives				Endorsement credit				
					Governments	Other public entities	Banks	Other parties	Governments	Other public entities	Banks	Other parties	
1. Exposure of guaranteed loans to banks:					-	-	-	-	-	-			
1.1 Fully guaranteed	-	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Partially guaranteed	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Exposure of guaranteed loans to customers:	62,311	65	54,730	1,928	-	-	-	-	-	-	1,150	2,927	60,800
2.1 Fully guaranteed	54,408	65	47,755	1,892	-	-	-	-	-	-	1,150	2,927	53,789
2.2 Partially guaranteed	7,903	-	6,975	36	-	-	-	-	-	-	-	-	7,011

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

	Value of exposure	Amount guaranteed	Guarantees (fair value)							
			Secured guarantees			Credit derivatives				
			Buildings	Securities	Other assets	Governments	Other public entities	Banks	Insurance companies	Non-financial companies
1. Exposure of guaranteed loans to banks:	-	-	-	-	-	-	-	-	-	-
over 150%	-	-	-	-	-	-	-	-	-	-
between 100% and 150%	-	-	-	-	-	-	-	-	-	-
between 50% and 100%	-	-	-	-	-	-	-	-	-	-
under 50%	-	-	-	-	-	-	-	-	-	-
2. Exposure of guaranteed loans to customers:	1,168	1,049	273	381	-	-	-	-	-	-
over 150%	274	315	273	-	-	-	-	-	-	-
between 100% and 150%	108	140	-	-	-	-	-	-	-	-
between 50% and 100%	544	326	-	326	-	-	-	-	-	-
under 50%	242	268	-	55	-	-	-	-	-	-

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

	Value of exposure	Amount guaranteed	Guarantees (fair value)							
			Secured guarantees			Credit derivatives				
			Buildings	Securities	Other assets	Governments	Other public entities	Banks	Financial institutions	Insurance companies
1. Exposure of guaranteed loans to banks:	-	-	-	-	-	-	-	-	-	-
over 150%	-	-	-	-	-	-	-	-	-	-
between 100% and 150%	-	-	-	-	-	-	-	-	-	-
between 50% and 100%	-	-	-	-	-	-	-	-	-	-
under 50%	-	-	-	-	-	-	-	-	-	-
2. Exposure of guaranteed loans to customers:	5,137	4,517	-	4,517	-	-	-	-	-	-
over 150%	-	-	-	-	-	-	-	-	-	-
between 100% and 150%	13	13	-	13	-	-	-	-	-	-
between 50% and 100%	5,124	4,504	-	4,504	-	-	-	-	-	-
under 50%	-	-	-	-	-	-	-	-	-	-

Guarantees (fair value)										Total	Excess fair value of guarantees	
Personal guarantees												
Endorsement credit		Endorsement credit										
Other parties	Governments	Governments	Other public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other parties				
-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	395	-	1,049	-
-	-	-	-	-	-	-	-	-	42	-	315	-
-	-	-	-	-	-	-	-	-	140	-	140	-
-	-	-	-	-	-	-	-	-	-	-	326	-
-	-	-	-	-	-	-	-	-	213	-	268	-

Guarantees (fair value)										Total	Excess fair value of guarantees	
Personal guarantees												
Endorsement credit		Endorsement credit										
Non-financial companies	Other parties	Governments	Other public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other parties				
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	4,517	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	13	-
-	-	-	-	-	-	-	-	-	-	-	4,504	-
-	-	-	-	-	-	-	-	-	-	-	-	-

B. Distribution and concentration of loans

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

	Governments and Central Banks				Other public entities				Financial institutions			
	Gross exposure	Specific adjustments	Portfolio adjustments	Net exposure	Gross exposure	Specific adjustments	Portfolio adjustments	Net exposure	Gross exposure	Specific adjustments	Portfolio adjustments	Net exposure
A. Cash exposures												
A.1 Non-performing loans	-	-	-	-	-	-	-	-	1,781	(1,550)	-	231
A.2 Doubtful loans	-	-	-	-	-	-	-	-	-	-	-	-
A.3 Restructured loans	-	-	-	-	-	-	-	-	-	-	-	-
A.4 Overdue loans	-	-	-	-	-	-	-	-	1	-	-	1
A.5 Other exposures	1,631,844	X	-	1,631,844	48	X	-	48	607,396	X	(449)	606,947
Total A	1,631,844	-	-	1,631,844	48	-	-	48	609,178	(1,550)	(449)	607,179
B. Off-balance-sheet exposures												
B.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-	-	-
B.2 Doubtful loans	-	-	-	-	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-	-	-	-
B.4 Other exposures	-	X	-	-	-	X	-	-	16,733	X	-	16,733
Total B	-	-	-	-	-	-	-	-	16,733	-	-	16,733
Total at 31.12.2008	1,631,844	-	-	1,631,844	48	-	-	48	625,911	(1,550)	(449)	623,912
Total at 31.12.2007	1,554,470	-	-	1,554,470	1,155	-	-	1,155	307,716	-	(38)	307,678

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
-	-	-	-	2,909	(2,572)	-	337	10,335	(8,045)	-	2,290
-	-	-	-	7	-	-	7	967	(112)	-	855
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	17	(2)	-	15	1,243	(119)	-	1,124
281,294	X	-	281,294	390,393	X	(499)	389,894	1,007,761	X	(1,718)	1,006,043
281,294	-	-	281,294	393,326	(2,574)	(499)	390,253	1,020,306	(8,276)	(1,718)	1,010,312
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	1,189	-	-	1,189	-	-	-	-
-	-	-	-	2,785	(577)	-	2,208	-	-	-	-
-	-	-	-	3,597	-	-	3,597	203	-	-	203
833	X	-	833	32,882	X	-	32,882	34,171	X	-	34,171
833	-	-	833	40,453	(577)	-	39,876	34,374	-	-	34,374
282,127	-	-	282,127	433,779	(3,151)	(499)	430,129	1,054,680	(8,276)	(1,718)	1,044,686
363,523	-	-	363,523	376,597	(2,687)	(421)	373,489	1,441,339	(7,696)	(1,672)	1,431,971

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

	Italy		Other European countries		America		Asia		Rest of the world	
	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure
A. Cash exposures										
A.1 Non-performing loans	11,963	2,572	3,062	286	-	-	-	-	-	-
A.2 Doubtful loans	974	862	-	-	-	-	-	-	-	-
A.3 Restructured loans	-	-	-	-	-	-	-	-	-	-
A.4 Overdue loans	1,260	1,140	-	-	1	-	-	-	-	-
A.5 Other exposures	2,715,631	2,713,201	1,110,183	1,109,947	83,733	83,733	7	7	9,182	9,182
Total A	2,729,828	2,717,775	1,113,245	1,110,233	83,734	83,733	7	7	9,182	9,182
B. Off-balance-sheet exposures										
B.1 Non-performing loans	1,189	1,189	-	-	-	-	-	-	-	-
B.2 Doubtful loans	2,785	2,208	-	-	-	-	-	-	-	-
B.3 Other impaired assets	3,800	3,800	-	-	-	-	-	-	-	-
B.4 Other exposures	62,035	62,035	22,546	22,546	21	21	11	11	6	6
Total B	69,809	69,232	22,546	22,546	21	21	11	11	6	6
Total 31.12.2008	2,799,637	2,787,007	1,135,791	1,132,779	83,755	83,754	18	18	9,188	9,188
Total 31.12.2007	2,732,159	2,720,679	1,209,637	1,208,603	93,267	93,267	500	500	9,237	9,237

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

	Italy		Other European countries		America		Asia		Rest of the world	
	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure
A. Cash exposures										
A.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-
A.2 Doubtful loans	-	-	-	-	-	-	-	-	-	-
A.3 Restructured loans	-	-	-	-	-	-	-	-	-	-
A.4 Overdue loans	-	-	-	-	-	-	-	-	-	-
A.5 Other exposures	2,404,065	2,404,065	2,973,775	2,973,775	450,154	450,154	753	701	67	67
Total A	2,404,065	2,404,065	2,973,775	2,973,775	450,154	450,154	753	701	67	67
B. Off-balance-sheet exposures										
B.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-
B.2 Doubtful loans	-	-	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-	-
B.4 Other exposures	57,431	57,431	25,212	25,212	444	444	-	-	-	-
Total B	57,431	57,431	25,212	25,212	444	444	-	-	-	-
Total 31.12.2008	2,461,496	2,461,496	2,998,987	2,998,987	450,598	450,598	753	701	67	67
Total 31.12.2007	2,517,385	2,517,385	3,647,966	3,647,966	495,330	495,330	445,522	445,458	927	927

C. Securitisation and sale of asset transactions

C.1 Securitisation transactions

Quantitative information

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

	Cash exposures					
	Senior		Mezzanine		Junior	
	Gross exposure	Net Exposure	Gross exposure	Net Exposure	Gross exposure	Net Exposure
A. Own underlying assets:	-	-	-	-	-	-
a) Impaired	-	-	-	-	-	-
b) Other	-	-	-	-	-	-
B. Third-party underlying assets:	339,786	339,351	-	-	-	-
a) Impaired	-	-	-	-	-	-
b) Other	339,786	339,351	-	-	-	-

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

	Cash exposures					
	Senior		Mezzanine		Junior	
	Book value	Adjustments/write-backs	Book value	Adjustments/write-backs	Book value	Adjustments/write-backs
1. BBVA Consumo 1						
Consumer loans	38,879	(115)	-	-	-	-
2. Cedulas						
Residential mortgage	49,775	-	-	-	-	-
3. TDA 24						
Residential mortgage	7,368	-	-	-	-	-
4. Santander Hipotecario 2						
Residential mortgage	36,596	(109)	-	-	-	-
5. Entry Funding 1						
Loans to small and medium enterprises	9,734	-	-	-	-	-
6. Patrimonio Uno						
Non-Residential mortgage	7,770	-	-	-	-	-
7. Capital Mortgage						
Residential mortgage	42,658	-	-	-	-	-
8. Cordusio						
Residential mortgage	26,461	(79)	-	-	-	-
9. AYT Cajas						
Residential mortgage	70,234	-	-	-	-	-
10. Intesa Sec. 3						
Residential mortgage	44,612	(132)	-	-	-	-
11. CM-CIC						
Residential mortgage	5,264	-	-	-	-	-

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

	Held for trading	Valued at fair value	Available for sale	Held to maturity	Loans
1. Cash exposures	-	-	5,264	120,009	214,078
- Senior	-	-	5,264	120,009	214,078
- Mezzanine	-	-	-	-	-
- Junior	-	-	-	-	-
2. Off-balance-sheet exposures	-	-	-	-	-
- Senior	-	-	-	-	-
- Mezzanine	-	-	-	-	-
- Junior	-	-	-	-	-

C.2 Disposal Transactions

C.2.1 Assets disposed of but not written off

	Financial assets held for trading			Financial assets valued at fair value			Financial assets available for sale		
	A	B	C	A	B	C	A	B	C
A. Cash assets	-	-	-	-	-	-	1,641,557	-	-
1. Debt securities	-	-	-	-	-	-	1,641,557	-	-
2. Equities	-	-	-	-	-	-	-	-	-
3. Units in mutual funds	-	-	-	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-	-	-	-
5. Impaired assets	-	-	-	-	-	-	-	-	-
B. Derivatives	-	-	-	X	X	X	X	X	X
Total at 31.12.2008	-	-	-	-	-	-	1,641,557	-	-
Total at 31.12.2007	-	-	-	-	-	-	2,992,688	-	-

Legend:

- A = Financial assets disposed of recognised in full (book value)
- B = Financial assets disposed of and partially recognised (book value)
- C = Financial assets disposed of and partially recognised (full value)

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

	Financial assets held for trading	Financial assets valued at fair value	Financial assets available for sale	Financial assets held to maturity	Due from banks
1. Due to customers	-	-	215,951	90,409	1,389,964
a) regarding assets recognised in full	-	-	215,951	90,409	1,389,964
b) regarding assets partially recognised	-	-	-	-	-
2. Due to banks	-	-	45,949	-	-
a) regarding assets recognised in full	-	-	45,949	-	-
b) regarding assets partially recognised	-	-	-	-	-
3. Debt securities in issue	-	-	-	-	-
a) regarding assets recognised in full	-	-	-	-	-
b) regarding assets partially recognised	-	-	-	-	-
Total at 31.12.2008	-	-	261,900	90,409	1,389,964
Total at 31.12.2007	-	-	1,654,461	-	1,558,998

31.12.2008	31.12.2007
Total	Total
339,351	249,749
339,351	249,749
-	-
-	-
-	-
-	-
-	-
-	-

Financial assets held to maturity			Due from banks			Loans to customers			Total	
A	B	C	A	B	C	A	B	C	31.12.2008	31.12.2007
98,707	-	-	1,630,464	-	-	174,414	-	-	3,545,142	4,548,820
98,707	-	-	1,630,464	-	-	174,414	-	-	3,545,142	4,548,820
X	X	X	X	X	X	X	X	X	-	-
X	X	X	X	X	X	X	X	X	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
X	X	X	X	X	X	X	X	X	-	-
98,707	-	-	1,630,464	-	-	174,414	-	-	3,545,142	-
-	-	-	1,556,132	-	-	-	-	-	-	4,548,820

Loans to customers	Total
150,100	1,846,424
150,100	1,846,424
-	-
-	45,949
-	45,949
-	-
-	-
-	-
-	-
150,100	1,892,373
-	3,213,459

1.2 MARKET RISK

Qualitative information

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

The business areas and companies in the Banca Fideuram Group that generate market risk operate independently, within clearly-defined and closely-governed limits which are set out in an Investment Policy that is approved and regularly reviewed by the Board of Directors.

An Investment Committee with a consultative role has been established, composed of the following permanent members: the Managing Director and General Manager (who is also the Chairman of the Committee), the Deputy General Manager, the Finance Manager (who is the Committee Secretary), the Planning and Risk Management Manager, and the Risk Management and General Manager of subsidiary Euro-Trésorerie. The Committee meets at least quarterly to analyse the performance of the Banca Fideuram Group's investments, suggesting strategic guidelines to the Managing Director. The Managing Director provides quarterly reports to the Board of Directors on the investment choices made and on the performance of the Group's portfolios.

The Finance Manager informs the Managing Director and Deputy General Manager about the investment choices made and the profitability of the portfolios at monthly intervals and likewise keeps the Investment Committee periodically informed at regular intervals. The Risk Management Manager informs the Managing Director, Deputy General Manager and Finance Manager on the use of the operating limits monthly and likewise keeps the Investment Committee informed at regular intervals.

The Investment Policy is applied both to the bank portfolio and to the trading book, specifying limits for containing financial risk as part of a framework for optimising profitability and maintaining financial solidity.

The policy splits investments in securities into a liquidity portfolio and an investment portfolio. The former has a cautious minimum size and financial characteristics which limit risk to ensure immediate liquidity. The Investment Portfolio varies in size depending on the structure of the Group's inflows, investments and shareholders' equity.

The composition of the securities holdings is governed by limits with respect to asset allocation, rating, currency area, geographical area, sector concentration and counterparty. Market risk and stop loss limits are likewise specified. A dedicated Risk Management Unit, independent of the operating unit concerned, is responsible for monitoring that the limits specified are respected and for measuring market risk.

Trading book

The trading book is tailored to support the requirements of the Group's retail customer transactions, is marginal in size and has a very low risk level in terms of Value at Risk.

It includes a securities component that averages less than 3m in total and results from secondary market transactions with customers. In addition to these securities, the trading book includes foreign exchange and exchange rate derivative transactions, which are likewise engaged in to meet the needs of our customers and of the managed savings companies in the Group. The derivatives component was increased at the end of the year since rapidly-falling market interest rates made it opportune to enter into protection transactions for liabilities that are not affected by rate movements (typically customer demand deposits). This action, which was undertaken for effective management, saw the Group enter into Interest Rate Swap transactions with short-to-medium-term maturities (3-5 years) in which it collects the fixed rate and pays the floating rate.

The trading book risk measured in terms of 10-day Value at Risk with a confidence level of 99% was extremely low throughout the year (ranging between €0 and €0.6m) and increased to €4.4m in December following the above-mentioned derivatives transactions.

Bank portfolio

The bank portfolio comprises long-term investment securities and interest rate hedging derivatives. The market risk of this portfolio mainly regards the management of investments in securities. The Group's exposure to interest rate risk is, moreover, also influenced by other typical banking balance sheet items (customer deposits and investments).

The financial risk of the bank portfolio is measured using the following methods:

- Value at Risk (VaR)
- Sensitivity analysis.

The Value at Risk is the maximum potential amount that the portfolio could lose over the subsequent ten working days with a confidence interval of 99%, and is calculated in relation to volatility and the historical correlations observed between the individual risk factors over the previous 500 working days. VaR is a risk measurement applied to securities holdings which takes interest rates, credit spreads and volatility into account. At the end of December 2008, the Value at Risk was €64m (€14m at 31 December 2007), with the main components being credit spread risk and the increase in the fixed rate portfolio.

€m

	Q1 2008	Q2 2008	Q3 2008	Q4 2008
10-day VaR (diversified)	21.95	25.19	25.93	54.32
- Interest rate VaR	2.09	3.47	5.49	8.61
- Credit spread VaR	19.06	21.63	21.21	49.04
- Volatility VaR	3.02	2.84	2.52	1.59

The Group used derivatives (mainly interest rate swaps) to hedge interest rate risk following a strategy that involved buying swaps linked to the individual fixed-coupon bonds in the portfolio. This strategy provided our securities holdings with very effective protection against interest rate risk.

In December our hedging strategy involved unwinding the hedges over a short-to-medium term time horizon, increasing the portfolio's exposure to interest rate fluctuations. This strategy exposed our securities holdings positively to the falling interest rates that had been considered highly probable following the monetary authorities' expansionary monetary policy decisions in response to the current financial market stress.

The risk of the loan issuer spread widening was not hedged and the Group's investment choices were focused on issuers of high credit standing. The table of credit VaR over time above clearly shows the stressed scenario of this risk factor. There was a steady increase in credit-spread volatility in all the sectors and rating categories in which the Group portfolio is diversified under the Group's investment policy. This high variability affected all the primary issuers of the Group's securities holdings.

Analysis of the Group's securities holdings reveals high loan quality, with over 29% of the investments involving securities with triple and double A ratings, 57% involving securities with A ratings and 11% securities with BBB ratings. The remainder were mainly unrated bank securities.

Where risk concentration is concerned, the securities holdings are highly-diversified as a result of the stringent limits specified by the Investment Policy, which limits the maximum exposure to any single group to 5% of the total holdings. At the end of December, the securities holdings had one exposure to a single banking group at the 5% limit, while the average exposure of its bond positions to other groups was less than 1%.

Asset Liability Management

The Group's total exposure to interest rate risk is monitored using Asset Liability Management (ALM) techniques to determine the shift sensitivity and sensitivity of net interest income.

The shift sensitivity, which measures the change in fair value of the bank portfolio resulting from an upward parallel movement of 100 basis points in the interest rate curve, is calculated taking into account the risk generated by customer demand deposits and other assets and liabilities of the bank portfolio sensitive to shifts in the interest rate curve. This sensitivity was -€3.5m at the end of December.

The Group's Asset Liability Management (ALM) also measures the sensitivity of net interest income, calculated as the impact of a 100 basis-point upward parallel interest rate shock on net interest income over a twelve-month time horizon. This was -€7.9m at the end of December.

Determination of Fair Value of financial assets and liabilities

The Group has developed a pricing methodology for the valuation of financial products which rigorously implements the provisions of the IAS/IFRS international accounting standards.

The Group consistently takes the fair value of financial instruments directly from their market value. Wherever possible, the official prices on active markets are adopted as this market value, otherwise the value is obtained using pricing models based on the values of comparable securities and on market parameters.

In situations where the market is not operating normally, which is to say when there is an insufficient number of continuous transactions and the bid/ask spread and volatility are not sufficiently low, it is however necessary to abandon the principle of obtaining the fair value directly from market prices and to apply models that mostly use market parameters to calculate an appropriate fair value for the financial instruments.

The following are considered in assessing whether a market is operating normally:

- Constant availability of price contributions
- Constant reliability of price contributions
- Size of the bid/offer spread.

In the absence of an active market, the fair value is determined using valuation techniques that ultimately aim to establish the price the financial instrument would have had on the measurement date in an arm's-length exchange motivated by normal business considerations.

These techniques include:

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

There is no choice regarding which of these methodologies is chosen, with priority being given to market information, which has to take precedence.

The priority of market prices is put into practice through an automatic process based on market maker prices. The valuation price is calculated as the average of the prices available, selected using objectively identified criteria.

The number of contributions, the bid/ask spread and the reliability of the contributors are monitored daily, enabling the Group to keep market prices as the appropriate prime parameter for the determination of fair value.

All the Group's securities holdings are valued at market bid prices (mark to market) to ensure the maximum transparency of the values in the financial statements. This ensures the overall holdings meet the ready liquidity criteria for items in the financial statements. A mark to model automatically fed by market data providers and based on commonly-accepted valuation processes is used for the valuation of derivatives.

The derivatives in the bank portfolio consisted entirely of Interest Rate Swaps.

Fair value hedges

The Group used fair value hedge derivatives to reduce its exposure to adverse changes in fair value caused by interest rate fluctuations, mainly using interest rate swaps to hedge its investments in fixed rate bonds in particular.

The Risk Management Unit is responsible for assessing hedge effectiveness, carrying out prior assessments of the conditions that make hedge accounting applicable and formally documenting each hedging relationship. Hedge effectiveness is assessed using prospective tests when the hedges are taken out, followed by retrospective tests at monthly intervals.

Exposure to securitised products

All the securitised products in the bank portfolio were issues with high ratings meeting central bank eligibility criteria. The geographical distribution of these instruments, which was focused in the Eurozone, prioritised Italian mortgage-backed securities.

No particular pricing tensions emerged regarding the instruments in the portfolio during the year.

ISIN	Type	Name	Rating	Maturity	Face value	Assets securitised	Eligible
ES0382042002	MBS	SANTANDER HIPOTECARIO 2	AAA	16-01-2049	37,010,435.26	Spanish residential mortgages	YES
ES0377952017	MBS	TDA 24	AAA	22-06-2040	7,800,000.00	Spanish residential mortgages	NO
IT0004231236	MBS	CORDUSIO	AAA	31-12-2040	27,000,000.00	Italian residential mortgages	YES
IT0004222532	MBS	CAPITAL MORTGAGE	AAA	30-01-2047	45,000,000.00	Italian residential mortgages	YES
IT0004180268	MBS	INTESA SEC. 3	AAA	30-10-2033	45,000,000.00	Italian residential mortgages	YES
IT0004070006	CMBS	PATRIMONIO UNO	AAA	31-12-2021	8,158,714.20	Italian non-residential mortgages	YES
ES0333763003	CLO	BBVA CONSUMO 1	AAA	20-01-2020	38,842,050.10	Spanish consumer loans	YES
XS0277614532	CLO	ENTRY FUNDING 1	AAA	28-09-2013	11,300,429.58	German business loans	YES
FR0010627026	COVERED	CM-CIC	AAA	9-06-2010	5,000,000.00	French residential mortgages	YES
ES0312342001	COVERED	AYT CAJAS	AAA	30-06-2015	70,000,000.00	Spanish residential mortgages	YES
ES0371622004	COVERED	CEDULAS	AAA	8-04-2016	50,000,000.00	Spanish residential mortgages	YES

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	47	-
A.1 Shares	41	-
A.2 Innovative capital instruments	-	-
A.3 Other equities	6	-
B. Mutual funds	-	123
B.1 Italian	-	-
- Harmonised open-end funds	-	-
- Non-harmonised open-end funds	-	-
- Closed-end funds	-	-
- Reserved funds	-	-
- Speculative	-	-
B.2 Other EU countries	-	123
- Harmonised	-	123
- Non-harmonised open-end funds	-	-
- Non-harmonised closed-end funds	-	-
B.3 Non-EU countries	-	-
- Open-end funds	-	-
- Closed-end funds	-	-
Total	47	123

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	-	91
A.1 Shares	-	91
A.2 Innovative capital instruments	-	-
A.3 Other equities	-	-
B. Mutual funds	-	5,828
B.1 Italian	-	-
- Harmonised open-end funds	-	-
- Non-harmonised open-end funds	-	-
- Closed-end funds	-	-
- Reserved funds	-	-
- Speculative	-	-
B.2 Other EU countries	-	5,828
- Harmonised	-	5,828
- Non-harmonised open-end funds	-	-
- Non-harmonised closed-end funds	-	-
B.3 Non-EU countries	-	-
- Open-end funds	-	-
- Closed-end funds	-	-
Total	-	5,919

1.2.5 EXCHANGE RATE RISK

Qualitative information

“Exchange rate risk” is defined as the possibility of fluctuations in market exchange rates generating either positive or negative changes in the value of the Group’s net assets. The principle sources of exchange rate risk are:

- Loans to and deposits by corporate and/or retail customers in foreign currencies
- Purchases of securities and/or shares or other financial instruments in foreign currencies
- Conversion of foreign subsidiaries’ assets, liabilities and income into the functional currency
- Buying and selling of foreign currencies
- Collection and/or payment of interest, commission, dividends or administrative costs in foreign currencies.

Spot and forward transactions on foreign exchange markets were mainly entered into with the aim of optimising proprietary risk arising in relation to the buying and selling of foreign currencies to and from customers. A minority of these transactions were entered into by subsidiary Fideuram Bank Luxembourg, which executes hedging transactions for institutional customers (Group Funds). Exchange rate risk is mitigated by the practice of funding in the same currency as the assets, while the residual exposures are included in the trading book, where exchange rate risk is measured in terms of Value at Risk.

The financial instruments concerned were mainly spot and forward exchange rate transactions, forex swaps and currency options.

Quantitative information

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

	Currency					
	US dollar	Yen	Swiss franc	Sterling	Hong Kong dollar	Other currencies
A. Financial assets	232,260	22,445	5,622	123,915	87	49,295
A.1 Debt securities	-	-	-	-	-	-
A.2 Equities	21	-	-	-	-	-
A.3 Loans to banks	198,208	4,600	4,471	123,435	27	45,592
A.4 Loans to customers	34,031	17,845	1,151	480	60	3,703
A.5 Other financial assets	-	-	-	-	-	-
B. Other assets	1,001	78	119	14,263	-	1,423
C. Financial liabilities	313,679	17,857	6,423	30,260	1,103	10,666
C.1 Due to banks	175,258	8,912	1,901	23,600	150	3,613
C.2 Due to customers	137,296	8,944	4,519	6,571	953	7,046
C.3 Debt securities	-	-	-	-	-	-
C.4 Other financial liabilities	1,125	1	3	89	-	7
D. Financial derivatives	2,116,214	255,149	53,882	261,315	107,495	110,011
- Options	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-
- Other	2,116,214	255,149	53,882	261,315	107,495	110,011
+ Long positions	996,620	117,678	26,490	76,512	54,825	33,446
+ Short positions	1,119,594	137,471	27,392	184,803	52,670	76,565
Total assets	1,229,881	140,201	32,231	214,690	54,912	84,164
Total liabilities	1,433,273	155,328	33,815	215,063	53,773	87,231
Balance (+/-)	(203,392)	(15,127)	(1,584)	(373)	1,139	(3,067)

1.2.6 DERIVATIVES

A. Financial derivatives

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

	Debt securities and interest rate derivatives		Equity derivatives and index derivatives		Currency derivatives and gold derivatives		Other instruments		31.12.2008 Total		31.12.2007 Total	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
1. Forward rate agreements	-	-	-	-	-	-	-	-	-	-	-	-
2. Interest rate swaps	-	830,000	-	-	-	-	-	-	-	830,000	-	-
3. Domestic currency swaps	-	-	-	-	-	-	-	-	-	-	-	-
4. Currency interest rate swaps	-	-	-	-	-	-	-	-	-	-	-	-
5. Basis Swaps	-	-	-	-	-	-	-	-	-	-	-	-
6. Equity index Swaps	-	-	-	-	-	-	-	-	-	-	-	-
7. CPI Swaps	-	-	-	-	-	-	-	-	-	-	-	-
8. Futures	-	-	-	-	-	-	-	-	-	-	-	-
9. Cap options	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-	-	-	-	-	-	-
- Issued	-	-	-	-	-	-	-	-	-	-	-	-
10. Floor options	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-	-	-	-	-	-	-
- Issued	-	-	-	-	-	-	-	-	-	-	-	-
11. Other options	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-	-	-	-	-	-	-
- Plain vanilla	-	-	-	-	-	-	-	-	-	-	-	-
- Exotic	-	-	-	-	-	-	-	-	-	-	-	-
- Issued	-	-	-	-	-	-	-	-	-	-	-	-
- Plain vanilla	-	-	-	-	-	-	-	-	-	-	-	-
- Exotic	-	-	-	-	-	-	-	-	-	-	-	-
12. Forward contracts	374,711	1,035,545	74	3	- 2,652,026	-	-	374,785	3,687,574	392,263	3,281,638	
- Purchases	16,554	-	27	2	- 1,235,181	-	-	16,581	1,235,183	46,674	1,060,255	
- Sales	358,157	1,035,545	47	1	- 1,221,495	-	-	358,204	2,257,041	345,589	2,018,173	
- Cross-currency	-	-	-	-	- 195,350	-	-	-	195,350	-	203,210	
13. Other derivative contracts	-	-	-	-	-	-	-	-	-	-	-	
Total	374,711	1,865,545	74	3	- 2,652,026	-	-	374,785	4,517,574	392,263	3,281,638	
Average value	365,975	1,527,723	17,549	1	- 2,278,437	-	-	383,524	3,806,161	227,930	3,153,088	

A.2 Bank portfolio: period-end notional and average values

A.2.1 Hedging

	Debt securities and interest rate derivatives		Equity derivatives and index derivatives		Currency derivatives and gold derivatives		Other instruments		31.12.2008 Total		31.12.2007 Total	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
1. Forward rate agreements	-	-	-	-	-	-	-	-	-	-	-	-
2. Interest rate swaps	-	2,698,716	-	-	-	-	-	-	-	2,698,716	-	3,387,909
3. Domestic currency Swaps	-	-	-	-	-	-	-	-	-	-	-	-
4. Currency interest rate swaps	-	-	-	-	-	-	-	-	-	-	-	-
5. Basis Swaps	-	-	-	-	-	-	-	-	-	-	-	117,000
6. Equity index Swaps	-	-	-	-	-	-	-	-	-	-	-	-
7. CPI Swaps	-	-	-	-	-	-	-	-	-	-	-	-
8. Futures	-	-	-	-	-	-	-	-	-	-	-	-
9. Cap options	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-	-	-	-	-	-	-
- Issued	-	-	-	-	-	-	-	-	-	-	-	-
10. Floor options	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-	-	-	-	-	-	-
- Issued	-	-	-	-	-	-	-	-	-	-	-	-
11. Other options	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-	-	-	-	-	-	-
- Plain vanilla	-	-	-	-	-	-	-	-	-	-	-	-
- Exotic	-	-	-	-	-	-	-	-	-	-	-	-
- Issued	-	-	-	-	-	-	-	-	-	-	-	-
- Plain vanilla	-	-	-	-	-	-	-	-	-	-	-	-
- Exotic	-	-	-	-	-	-	-	-	-	-	-	-
12. Forward contracts	-	-	-	-	-	-	-	-	-	-	-	-
- Purchases	-	-	-	-	-	-	-	-	-	-	-	-
- Sales	-	-	-	-	-	-	-	-	-	-	-	-
- Cross-currency	-	-	-	-	-	-	-	-	-	-	-	-
13. Other derivative contracts	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	2,698,716	-	-	-	-	-	-	-	2,698,716	-	3,504,909
Average value	-	2,996,533	-	-	-	-	-	-	-	2,996,533	-	2,632,867

A.3 Financial derivatives: purchase and sale of underlying instruments

	Debt securities and interest rate derivatives		Equity derivatives and index derivatives		Currency derivatives and gold derivatives		Other instruments		31.12.2008 Total		31.12.2007 Total	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
A. Regulatory trading book:	374,711	1,865,545	74	3	-	2,652,026	-	-	374,785	4,517,574	392,263	3,281,638
1. Transactions with exchange of capital	374,711	1,035,545	74	3	-	2,652,026	-	-	374,785	3,687,574	392,263	3,281,638
- Purchases	16,554	-	27	2	-	1,235,181	-	-	16,581	1,235,183	46,674	1,060,255
- Sales	358,157	1,035,545	47	1	-	1,221,495	-	-	358,204	2,257,041	345,589	2,018,173
- Cross-currency	-	-	-	-	-	195,350	-	-	-	195,350	-	203,210
2. Transactions without exchange of capital	-	830,000	-	-	-	-	-	-	-	830,000	-	-
- Purchases	-	600,000	-	-	-	-	-	-	-	600,000	-	-
- Sales	-	230,000	-	-	-	-	-	-	-	230,000	-	-
- Cross-currency	-	-	-	-	-	-	-	-	-	-	-	-
B. Bank portfolio:	-	2,698,716	-	-	-	-	-	-	-	2,698,716	-	3,387,909
B.1 Hedging	-	2,698,716	-	-	-	-	-	-	-	2,698,716	-	3,387,909
1. Transactions with exchange of capital	-	-	-	-	-	-	-	-	-	-	-	-
- Purchases	-	-	-	-	-	-	-	-	-	-	-	-
- Sales	-	-	-	-	-	-	-	-	-	-	-	-
- Cross-currency	-	-	-	-	-	-	-	-	-	-	-	-
2. Transactions without exchange of capital	-	2,698,716	-	-	-	-	-	-	-	2,698,716	-	3,387,909
- Purchases	-	-	-	-	-	-	-	-	-	-	-	-
- Sales	-	2,698,716	-	-	-	-	-	-	-	2,698,716	-	3,387,909
- Cross-currency	-	-	-	-	-	-	-	-	-	-	-	-
B.2 Other derivatives	-	-	-	-	-	-	-	-	-	-	-	-
1. Transactions with exchange of capital	-	-	-	-	-	-	-	-	-	-	-	-
- Purchases	-	-	-	-	-	-	-	-	-	-	-	-
- Sales	-	-	-	-	-	-	-	-	-	-	-	-
- Cross-currency	-	-	-	-	-	-	-	-	-	-	-	-
2. Transactions without exchange of capital	-	-	-	-	-	-	-	-	-	-	-	-
- Purchases	-	-	-	-	-	-	-	-	-	-	-	-
- Sales	-	-	-	-	-	-	-	-	-	-	-	-
- Cross-currency	-	-	-	-	-	-	-	-	-	-	-	-

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

	Debt securities and interest rate derivatives			Equity derivatives and index derivatives			Currency derivatives and gold derivatives			Other instruments			Other underlying instruments	
	Gross non-cleared	Gross cleared	Future exposure	Gross non-cleared	Gross cleared	Future exposure	Gross non-cleared	Gross cleared	Future exposure	Gross non-cleared	Gross cleared	Future exposure	Cleared	Future exposure
A. Regulatory trading book:														
A.1 Governments and Central Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.2 Public entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.3 Banks	421	-	1,250	-	-	-	50,675	-	11,369	-	-	-	-	-
A.4 Financial institutions	-	-	-	-	-	-	16,628	-	11,062	-	-	-	-	-
A.5 Insurance companies	-	-	-	-	-	-	833	-	200	-	-	-	-	-
A.6 Non-financial companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.7 Other parties	94	-	-	-	-	-	209	-	73	-	-	-	-	-
Total (A)	515	-	1,250	-	-	-	68,345	-	22,704	-	-	-	-	-
Total at 31.12.2007	236	-	-	-	-	-	10,713	-	8,515	-	-	-	-	-
B. Bank portfolio:														
B.1 Governments and Central Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.2 Public entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.3 Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.4 Financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.5 Insurance companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.6 Non-financial companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.7 Other parties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (B)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total at 31.12.2007	80,801	-	35,459	-	-	-	-	-	-	-	-	-	-	-

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

	Debt securities and interest rate derivatives			Equity derivatives and index derivatives			Currency derivatives and gold derivatives			Other instruments			Other underlying instruments	
	Gross non-cleared	Gross cleared	Future exposure	Gross non-cleared	Gross cleared	Future exposure	Gross non-cleared	Gross cleared	Future exposure	Gross non-cleared	Gross cleared	Future exposure	Cleared	Future exposure
A. Regulatory trading book:														
A.1 Governments and Central Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.2 Public entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.3 Banks	2,647	-	1,750	-	-	-	19,289	-	9,267	-	-	-	-	-
A.4 Financial institutions	-	-	-	-	-	-	56,322	-	10,668	-	-	-	-	-
A.5 Insurance companies	-	-	-	-	-	-	4,143	-	680	-	-	-	-	-
A.6 Non-financial companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.7 Other parties	255	-	-	-	-	-	177	-	39	-	-	-	-	-
Total (A)	2,902	-	1,750	-	-	-	79,931	-	20,654	-	-	-	-	-
Total at 31.12.2007	254	-	-	-	-	-	10,405	-	12,528	-	-	-	-	-
B. Bank portfolio:														
B.1 Governments and Central Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.2 Public entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.3 Banks	307,357	-	22,525	-	-	-	-	-	-	-	-	-	-	-
B.4 Financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.5 Insurance companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.6 Non-financial companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.7 Other parties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (B)	307,357	-	22,525	-	-	-	-	-	-	-	-	-	-	-
Total at 31.12.2007	35,480	-	7,650	-	-	-	-	-	-	-	-	-	-	-

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

	Up to 1 year	Between 1 and 5 years	Over 5 years	Total
A. Regulatory trading book:				
A.1 Debt derivatives and interest rate derivatives	4,292,359	600,000	-	4,892,359
A.2 Equity derivatives and index derivatives	1,640,256	600,000	-	2,240,256
A.3 Currency derivatives and gold derivatives	77	-	-	77
A.4 Financial derivatives on other instruments	2,652,026	-	-	2,652,026
B. Bank portfolio:	-	5,000	2,693,716	2,698,716
B.1 Debt derivatives and interest rate derivatives	-	5,000	2,693,716	2,698,716
B.2 Equity derivatives and index derivatives	-	-	-	-
B.3 Currency derivatives and gold derivatives	-	-	-	-
B.4 Financial derivatives on other instruments	-	-	-	-
Total at 31.12.2008	4,292,359	605,000	2,693,716	7,591,075
Total at 31.12.2007	4,281,201	33,700	2,863,909	7,178,810

1.3 LIQUIDITY RISK

Qualitative information

The Banca Fideuram Group benefits from strong structural liquidity, resulting from liquidity from customer deposits and traditionally modest customer lending, the management of which has been developed and consolidated both through operational reorganisation, with the centralisation of the liquidity of our subsidiaries in Banca Fideuram, and through the implementation of operating strategies governed by our risk management regulations.

Analysis of the consolidated balance sheet shows the central position of customer deposits in liabilities, totalling approximately €8.3bn at year end and principally comprising deposits that were highly stable over time. More volatile markets, more exposed to crisis of confidence situations, such as the money market (through interbank loans) and capital market (through bond inflows), play a more limited role in funding the Group's assets. Liquidity from liabilities is for the most part invested in a bond portfolio, selected paying considerable attention to liquidity risk so that a substantial proportion consists of eligible and readily-negotiable securities.

This in particular involves splitting the investments into two main portfolios - a liquidity portfolio and an investment portfolio - in accordance with our Investment Policy, with the aim of always having securities that offer immediate liquidity form part of the portfolio. The minimum liquidity portfolio level was calculated cautiously, taking the volatility of customer deposits into account.

In accordance with parent company Intesa Sanpaolo's guidelines, the Group has, moreover, adopted a liquidity monitoring system based on the quantification of inflows and outflows, using appropriate cautious estimates for those balance sheet items which behave differently from contractual items.

Following the implementation of the Intesa Sanpaolo Group's liquidity risk management guidelines, the Banca Fideuram Group has centred its attention and monitoring both on indicators which quantify short-term risk and on structural liquidity indicators, aiming to monitor and manage mismatch risk regarding the medium-to-long term maturities of assets and liabilities. The short-term liquidity policy amongst other things requires the liquidity balance, calculated as the difference between inflows (or readily-available funds) and outflows, to be positive for short-term maturities (less than 18 months) at all times. The liquidity balance sheet is formed taking into account the maturities of certain flows, appropriate valuations of readily-liquid assets (including debt securities which could be made eligible irrespective of their contractual maturities) and the quantification of uncertain flows based on an estimate of their behavioural coefficients. The inflows and outflows considered for a time horizon of less than one month produced a positive liquidity balance of €1.9bn, and there were no critical cumulative liquidity gap situations with respect to minimum liquidity thresholds for subsequent periods, with the 18-month cumulative balance at year end being positive to the tune of €2bn.

Structural liquidity is analysed using an indicator based on the regulatory requirement concerning the financial statement item regarding the conversion of maturities (Bank of Italy Regulation 2), adjusted in accordance with more stringent concepts regarding the liquidity of securities, which sets internal limits on the conversion of maturities with the aim of preventing medium-long term loan transactions from giving rise to excessive imbalances requiring short-term financing. The value of this indicator was over €1bn at the end of December.

Quantitative information

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

(eur)

	Demand deposits	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 month and 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years	Unspecified maturity
Cash assets	1,249,110	50,626	161,407	31,218	602,277	409,453	605,274	2,617,929	3,520,884	67,775
A.1 Government securities	-	-	-	-	-	19,441	-	47,945	1,564,458	-
A.2 Listed debt securities	-	-	-	19,181	76,827	61,480	28,555	1,236,704	1,230,057	-
A.3 Other debt securities	161,927	-	1	-	-	19	-	1,297,977	696,164	1,537
A.4 Units in mutual funds	26	-	-	-	-	-	-	-	-	5,925
A.5 Loans	1,087,157	50,626	161,406	12,037	525,450	328,513	576,719	35,303	30,205	60,313
- Banks	376,842	50,626	161,406	10,098	522,062	323,259	568,485	-	-	55,508
- Customers	710,315	-	-	1,939	3,388	5,254	8,234	35,303	30,205	4,805
Cash liabilities	6,186,773	453,021	250,409	526,297	896,224	21,939	204,155	-	-	-
B.1 Deposits	6,186,676	7,100	-	-	26,611	-	-	-	-	-
- Banks	183,381	7,100	-	-	-	-	-	-	-	-
- Customers	6,000,295	-	-	-	26,611	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	202,440	-	-	-
B.3 Other liabilities	97	445,921	250,409	526,297	869,613	21,939	1,715	-	-	-
Off-balance-sheet transactions	195,259	241,309	267,763	286,458	1,658,707	702,301	482,825	1,356,406	65	-
C.1 Financial derivatives with exchange of capital	154,709	239,664	267,763	286,458	1,658,707	685,757	482,825	1,356,396	-	-
- Long positions	73,197	219,690	260,286	286,232	1,005,214	397,265	482,825	10	-	-
- Short positions	81,512	19,974	7,477	226	653,493	288,492	-	1,356,386	-	-
C.2 Deposits and loans receivable	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.3 Commitments to grant finance	40,550	1,645	-	-	-	16,544	-	10	65	-
- Long positions	11,968	817	-	-	-	16,544	-	10	65	-
- Short positions	28,582	828	-	-	-	-	-	-	-	-

(US dollar)

	Demand deposits	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 month and 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years	Unspecified maturity
Cash assets	38,943	-	28,294	-	107,883	56,474	430	215	-	-
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Listed debt securities	-	-	-	-	-	-	-	-	-	-
A.3 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.4 Units in mutual funds	-	-	-	-	-	-	-	-	-	-
A.5 Loans	38,943	-	28,294	-	107,883	56,474	430	215	-	-
- Banks	5,557	-	28,294	-	107,883	56,474	-	-	-	-
- Customers	33,386	-	-	-	-	-	430	215	-	-
Cash liabilities	285,934	-	25,211	-	1,411	-	-	-	-	-
B.1 Deposits	285,934	-	25,211	-	1,411	-	-	-	-	-
- Banks	150,047	-	25,211	-	-	-	-	-	-	-
- Customers	135,887	-	-	-	1,411	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	1,084,533	137,993	722,707	827	51,006	119,795	-	-	-	28
C.1 Financial derivatives with exchange of capital	1,084,505	137,374	722,707	827	51,006	119,795	-	-	-	-
- Long positions	543,851	43,842	342,210	216	6,524	59,977	-	-	-	-
- Short positions	540,654	93,532	380,497	611	44,482	59,818	-	-	-	-
C.2 Deposits and loans receivable	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.3 Commitments to grant finance	28	619	-	-	-	-	-	-	-	28
- Long positions	-	308	-	-	-	-	-	-	-	28
- Short positions	28	311	-	-	-	-	-	-	-	-

(yen)

	Demand deposits	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 month and 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years	Unspecified maturity
Cash assets	19,579	-	-	1,744	91	79	953	-	-	-
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Listed debt securities	-	-	-	-	-	-	-	-	-	-
A.3 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.4 Units in mutual funds	-	-	-	-	-	-	-	-	-	-
A.5 Loans	19,579	-	-	1,744	91	79	953	-	-	-
- Banks	2,857	-	-	1,744	-	-	-	-	-	-
- Customers	16,722	-	-	-	91	79	953	-	-	-
Cash liabilities	5,813	8,720	-	-	3,323	-	-	-	-	-
B.1 Deposits	5,813	8,720	-	-	3,323	-	-	-	-	-
- Banks	192	8,720	-	-	-	-	-	-	-	-
- Customers	5,621	-	-	-	3,323	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	38,340	15,062	-	-	184,282	17,465	-	-	-	-
C.1 Financial derivatives with exchange of capital	38,340	15,062	-	-	184,282	17,465	-	-	-	-
- Long positions	19,203	1,230	-	-	80,414	16,831	-	-	-	-
- Short positions	19,137	13,832	-	-	103,868	634	-	-	-	-
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	Unspecified maturity
Cash assets	4,620	-	-	-	71	171	747	13	-	-
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Listed debt securities	-	-	-	-	-	-	-	-	-	-
A.3 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.4 Units in mutual funds	-	-	-	-	-	-	-	-	-	-
A.5 Loans	4,620	-	-	-	71	171	747	13	-	-
- Banks	4,458	-	-	-	-	-	-	13	-	-
- Customers	162	-	-	-	71	171	747	-	-	-
Cash liabilities	4,538	1,818	-	-	64	-	-	-	-	-
B.1 Deposits	4,538	1,818	-	-	64	-	-	-	-	-
- Banks	83	1,818	-	-	-	-	-	-	-	-
- Customers	4,455	-	-	-	64	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	-	28	-	-	53,854	-	-	-	-	-
C.1 Financial derivatives with exchange of capital	-	28	-	-	53,854	-	-	-	-	-
- Long positions	-	3	-	-	26,487	-	-	-	-	-
- Short positions	-	25	-	-	27,367	-	-	-	-	-
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	Unspecified maturity
Cash assets	2,560	-	-	-	-	121,354	-	-	-	-
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Listed debt securities	-	-	-	-	-	-	-	-	-	-
A.3 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.4 Units in mutual funds	-	-	-	-	-	-	-	-	-	-
A.5 Loans	2,560	-	-	-	-	121,354	-	-	-	-
- Banks	2,080	-	-	-	-	121,354	-	-	-	-
- Customers	480	-	-	-	-	-	-	-	-	-
Cash liabilities	30,029	-	-	-	142	-	-	-	-	-
B.1 Deposits	30,029	-	-	-	142	-	-	-	-	-
- Banks	23,600	-	-	-	-	-	-	-	-	-
- Customers	6,429	-	-	-	142	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	25,313	11,689	-	-	111,953	132,526	-	-	-	-
C.1 Financial derivatives with exchange of capital	15,549	1,287	-	-	111,953	132,526	-	-	-	-
- Long positions	7,758	587	-	-	58,968	9,244	-	-	-	-
- Short positions	7,791	700	-	-	52,985	123,282	-	-	-	-
C.2 Deposits and loans receivable	9,764	9,764	-	-	-	-	-	-	-	-
- Long positions	9,764	-	-	-	-	-	-	-	-	-
- Short positions	-	9,764	-	-	-	-	-	-	-	-
C.3 Commitments to grant finance	-	638	-	-	-	-	-	-	-	-
- Long positions	-	318	-	-	-	-	-	-	-	-
- Short positions	-	320	-	-	-	-	-	-	-	-

(Other currencies)

	Demand deposits	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 month and 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years	Unspecified maturity
Cash assets	11,514	-	1	-	-	-	37,866	-	-	-
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Listed debt securities	-	-	-	-	-	-	-	-	-	-
A.3 Other debt securities	-	-	1	-	-	-	-	-	-	-
A.4 Units in mutual funds	-	-	-	-	-	-	-	-	-	-
A.5 Loans	11,514	-	-	-	-	-	37,866	-	-	-
- Banks	7,752	-	-	-	-	-	37,866	-	-	-
- Customers	3,762	-	-	-	-	-	-	-	-	-
Cash liabilities	11,718	-	-	209	58	-	-	-	-	-
B.1 Deposits	11,718	-	-	209	58	-	-	-	-	-
- Banks	3,763	-	-	-	-	-	-	-	-	-
- Customers	7,955	-	-	209	58	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	56,692	10,843	-	-	113,877	912	39,621	-	-	-
C.1 Financial derivatives with exchange of capital	54,472	8,623	-	-	113,877	912	39,621	-	-	-
- Long positions	27,274	2,522	-	-	58,475	-	-	-	-	-
- Short positions	27,198	6,101	-	-	55,402	912	39,621	-	-	-
C.2 Deposits and loans receivable	2,220	2,220	-	-	-	-	-	-	-	-
- Long positions	2,220	-	-	-	-	-	-	-	-	-
- Short positions	-	2,220	-	-	-	-	-	-	-	-
C.3 Commitments to grant finance	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

2. Distribution of financial liabilities by segment

	Governments	Other public entities	Financial institutions	Insurance companies	Non-financial companies and Family businesses	Other parties
1. Due to customers	352	116,687	1,494,877	889,198	93,777	5,667,611
2. Debt securities in issue	-	-	-	-	-	202,440
3. Financial liabilities held for trading	-	-	64,455	4,143	27	177
4. Financial liabilities valued at fair value	-	-	-	-	-	-
Total at 31.12.2008	352	116,687	1,559,332	893,341	93,804	5,870,228
Total at 31.12.2007	621	113,946	1,394,009	960,712	272,292	6,276,750

3. Geographical distribution of financial liabilities

	Italy	Other European countries	America	Asia	Rest of the world
1. Due to customers	7,356,540	895,243	6,484	27	4,208
2. Due to banks	251,161	201,669	-	34	-
3. Debt securities in issue	202,440	-	-	-	-
4. Financial liabilities held for trading	7,112	72,680	3,051	11	6
5. Financial liabilities valued at fair value	-	-	-	-	-
Total at 31.12.2008	7,817,253	1,169,592	9,535	72	4,214
Total at 31.12.2007	8,281,568	1,696,526	40,421	116	1,195

1.4 OPERATIONAL RISK

Qualitative information

Operational risk is defined as the risk of loss arising from inadequate or dysfunctional internal processes, human resources or systems, or from external events. Operational risk includes legal risk, which is to say the risk of loss arising from failure to comply with laws or regulations, from contractual or extra-contractual responsibilities or other disputes, but does not include strategic risk or reputational risk.

Organisational structure

The Intesa Sanpaolo Group has drawn up regulations and organisational processes for measuring, managing and monitoring operational risk.

These specify in particular that parent company Intesa Sanpaolo is responsible for designing, implementing and managing the methodological and organisational framework and for measuring risk profiles, auditing the effectiveness of risk mitigation measures and reporting to company senior management. In accordance with current regulations, the individual companies in the Intesa Sanpaolo Group, including those in the Banca Fideuram Group, have been involved and assigned responsibilities for identifying, valuing, managing and mitigating risk, identifying the internal units responsible for their related Operational Risk Management processes.

Banca Fideuram has developed its own system of governance for the operational risk management process, within which the Board of Directors is responsible for strategic supervision and ensuring the smooth operation, efficiency and effectiveness of the operational risk management system over time. The Board of Directors examines the annual report of the Internal Audit Department and evaluates whether the requirements for determining the capital requirement have been respected. The Internal Audit Committee is responsible for monitoring the suitability of the operational risk management and control system and ascertaining whether it complies with the related regulatory requirements. The Managing Director is responsible for ensuring the suitability and effectiveness over time of the risk management and monitoring systems and the procedures used for determining the capital requirement. The Internal Audit Department is responsible for periodically auditing the operational risk management system and self-assessment process as well as the information provided to the Company Bodies. The Operational Risk Committee is a consultative body which analyses the reports on the Group's operational risk profile and if necessary proposes any action required to prevent or mitigate operational risk. The Decentralised Operational Risk Management (ORM) Unit is responsible for structuring and maintaining the body of activities provided for by the operational risk management system (loss data collection and self-diagnosis, etc.). The other companies in the Group have also developed suitable Operational Risk Management governance systems in accordance with the parent company's guidelines.

Activities in 2008

During 2008, our Integrated Self-Diagnosis process was implemented at Group level for the first time. This process aims to measure the operational risk exposure at organisational unit

and company process level while feeding the model for measuring operational risk exposure at Group level, and to generate synergies with the information flows to other company control and compliance units.

The Operating Context Evaluation (OCE) carried out for the first time in the second half of the year is a qualitative analysis of the Group's current operational risk exposure, performed by evaluating risk factor extent and management in order to identify areas of vulnerability and any mitigation actions that could rectify them, thus promoting proactive risk management (Risk Ownership). The Scenario Analysis already being used, on the other hand, aims to identify operational risk from a forward-looking perspective, measuring the exposure in terms of frequency, average and worst-case impact.

Overall, the self-diagnosis process showed good operational risk management and contributed to promoting the dissemination of a corporate culture focussed on continuous operational risk management.

Internal Model

The Group's internal model has been designed to combine all its different sources of information seamlessly, irrespective of whether quantitative information (internal and external historical loss data) or qualitative information (scenario and operating context analyses) is concerned.

The quantitative part is based on an analysis of the historical data regarding internal events (monitored by decentred units, verified appropriately by the central department and managed by a dedicated data processing system) and external events (through participation in joint initiatives such as the Italian Operational Loss Database run by the Italian Banking Association and the Operational Riskdata eXchange Association), applying actuarial techniques that involve the separate study of the frequency and impact of the events and the subsequent creation, following appropriate Monte Carlo techniques, of the annual loss distribution and consequently of the related risk measurements.

The qualitative part is focused on the prospective valuation of the risk profile of each unit, and is based on the structured and organised collection of subjective estimates which are provided directly by management with the aim of valuing the potential financial impact of particularly severe operational risk events. These valuations, which are obtained using statistical and actuarial techniques, calculate an unexpected loss which is subsequently adjusted in relation to the result obtained from the analysis of historical loss data. The capital at risk is therefore considered to be the minimum amount at Group level, net of insurance coverage in place, which would be required to meet the maximum potential loss that could be incurred. The capital at risk is estimated using a Loss Distribution Approach (a statistical model based on actuarial methods which is used for calculating the Value at Risk of operational losses), which is applied both to the quantitative data and to the scenario analysis results over a one-year time horizon, with a confidence interval of 99.96% (the regulatory requirement is 99.90%). The methodology also involves applying a correction factor obtained from qualitative risk analyses of the operating context in order to take the effectiveness of the internal controls in the various different organisational units into account. The Banca Fideuram Group follows a traditional operational risk transfer policy (insurance) in accordance with the related Intesa Sanpaolo guidelines, aiming to mitigate the impact of any unexpected losses and thereby contribute to reducing the capital at risk.

Training

A wide range of training sessions were delivered during the year for staff actively involved in the operational risk management and mitigation process in the Banca Fideuram Group to provide continuous support for the risk management process.

Legal risk

A description of all significant pending law suits is provided in Part B Liabilities Section 12 of this report, "Information on the Balance Sheet - Provisions for Risks and Charges", and in the "Additional Information" section of the Directors' Report.

Quantitative information

Data and Reporting

Operational risk monitoring is carried out using an integrated reporting system that provides management with the information required to manage and/or mitigate the risks assumed.

Quantitative information is managed internally and analysed using a proprietary operational risk event classification system that complies with the classification framework specified by the Supervisory Authorities.

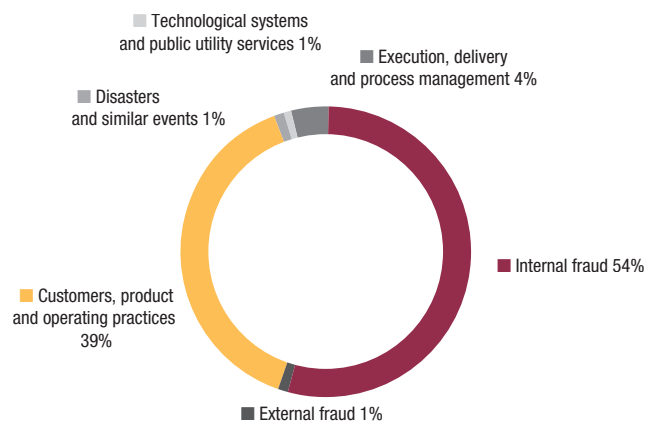
- **Internal Fraud:** Events arising from intentional acts that involve at least one internal party in the Group (who acts for their own personal advantage, including non-financial advantage) and which involve damages (pecuniary losses) to the Group itself. Breach of contract and extra-contractual offences are both included in the definition. Diversity/discrimination events are expressly excluded.
- **External Fraud:** Events arising from intentional acts exclusively by parties who cannot be described as inside the Group, generally perpetrated with the purpose of obtaining personal advantage.
- **Staff relations and safety at work:** Events arising from relations with employees or due to areas/equipment that fail to comply with use instructions or health and safety regulations, or due to the payment of personal injury claims, or to diversity/discrimination events. Includes liabilities incurred as a result of personal accidents which occur in Group offices or using Group equipment or vehicles.
- **Customers, products and operating practices:** Events arising from failures to meet professional obligations to customers, the improper or negligent supply of products and services to customers (including fiduciary and suitable information requirements), or events arising from the nature or characteristics of products/models/contracts, or from breaches of public safety regulations or non-sector regulations. The negligent action could be in the design of a product that is non-compliant (due to defects or errors in the regulatory model) or which has not received authorisation.
- **Disasters and similar events:** Events arising from natural causes and/or human acts (including vandalism) or disasters causing damage to resources (tangible or intangible assets, people, etc.) and/or the interruption of services. Includes events that are not covered by other categories (such as improper acts by third-party companies that damage the Group).

- **Technological systems and public utility services:** Events arising from supply failures, poor performance or shutdowns affecting utilities, information providers or technological systems. Includes events related to malfunctions, logic or structural defects in hardware or software and dropped telecommunications connections.
- **Process execution, delivery and management:** Events arising from unintentional errors in the management of operating and support activities, including relations with non-customer counterparties, commercial counterparties, manufacturers and suppliers.

Information on the sources of operational risk events can be found in the analysis of operational losses by type of event provided below, which adopts the above-mentioned classification framework.

The companies in the Banca Fideuram Group continued their work on improving the processes and checks in place to mitigate risk and limit losses, and participated fully in every initiative launched by our parent company.

Analysis of operational losses by type of event



PART H

TRANSACTIONS WITH RELATED PARTIES

Information on the remuneration of members of the Board of Directors and Board of Auditors and senior managers with strategic responsibilities

Form of remuneration	31.12.2008
(All figures in thousands of euro)	
Short-term benefits (*)	7,563
Post-employment benefits (**)	282
Other long-term benefits	-
Employment termination indemnity	-
Payment in shares	-
Other remuneration	-
Total remuneration paid to senior managers with strategic responsibilities	7,845

(*) Includes the fixed and variable remuneration of Directors since they are considered comparable to the payroll costs and social security contributions borne by the Group for employees.

(**) Includes the company contribution to the pension funds and the provision for employment termination indemnities calculated in accordance with the law and company regulations.

TRANSACTIONS WITH RELATED PARTIES

Banca Fideuram is wholly-owned and controlled directly by Intesa Sanpaolo S.p.A.

On 1 February 2008, Banca Fideuram sold a building that it owned in Milan with an estimated value of €9.8m to Immit S.p.A., a listed estate agent (Società di Intermediazione Immobiliare Quotata - SIIQ) founded by Intesa Sanpaolo, acquiring in exchange a 0.97% holding in the share capital of Immit S.p.A. (amounting to 2,833,478 shares with a par value of one euro each). The bank subsequently sold said shares to Intesa Sanpaolo on 4 February 2008 for a total of €9.8m. A written valuation was commissioned from independent expert valuers to support the Board of Directors' decisions in respect of this transaction.

On 24 June 2008, the Banca Fideuram Board of Directors approved a revision of the Banca Fideuram Group Regulations Governing the Management of Transactions with Related Parties which aligns them with the changes parent company Intesa Sanpaolo made to its own Regulations governing the management of transactions with related parties, adopted by the bank's Board of Directors on 12 May 2008. These changes principally consisted in the following:

- The introduction of new significance thresholds for transactions requiring the prior opinion of parent company Intesa Sanpaolo.
- A reduction in the significance thresholds for transactions requiring periodic reporting to parent company Intesa Sanpaolo's Board of Management.

The Banca Fideuram Board of Directors also approved an outsourcing contract with Intesa Sanpaolo on 24 June 2008 which replaces and supplements the agreements previously in place governing all relations between the bank and its parent company. This contract forms part of a wider project to integrate and align the contractual relations between the various different companies in the Group, which was developed by Intesa Sanpaolo to enhance economies of scale by centralising intragroup support and service activities, and to enable its subsidiaries to benefit from the knowledge synergies established within the Group. In accordance with the Regulations governing the management of transactions with related parties, the amounts paid were determined under arm's-length conditions, applying criteria of objectivity, uniformity and transparency.

In accordance with the law and the internal procedures issued by the bank and its Parent Company, all other transactions with related parties during the year were conducted under arms-length conditions as for unrelated parties of corresponding nature and risk, or - in the absence of any reference - under mutually-beneficial conditions verified taking all related circumstances and the distinctive characteristics of the transaction and Group interests into account.

The Group did not in any case engage in any atypical or unusual transactions and/or transactions under non-standard financial and contractual conditions for the types of related parties concerned.

Banca Fideuram's relations with its subsidiaries, as well as its relations with Intesa Sanpaolo and the latter's subsidiaries, may be considered to form part of the bank's ordinary operations. Banca Fideuram principally uses the brokerage services of Banca IMI for buying and selling securities. The Group networks marketed bond loans issued by Intesa Sanpaolo and Banca IMI totalling €3.5bn in 2008. These transactions are conducted under arm's-length conditions.

There were no insider transactions during the period with individuals performing director-level, management or auditing functions at Banca Fideuram, parent company Intesa Sanpaolo or any other companies in the banking group of that name.

The Italian companies in the Banca Fideuram Group and parent company Intesa Sanpaolo again decided to avail themselves of the "consolidato fiscale nazionale" tax consolidation regime introduced by Italian Legislative Decree No. 344/2003, in this case for the 2007-2009 three-year period.

This tax consolidation regime, which is governed by special regulations, provides for the aggregation of the taxable income of all the Group companies involved, and a single payment of IRES corporate income tax by the parent company in its role as "consolidating company".

Relationships with Group companies

(All figures in thousands of euros)

	Assets	Liabilities	Guarantees and commitments	Income	Expenses
Parent Company					
Intesa Sanpaolo S.p.A.	1,821,810	237,354	1,275	102,817	91,007
Companies subject to considerable influence by the parent company					
Consortium Studi e Ricerche Fiscali	-	265	-	-	17
Findomestic Banca S.p.A.	-	-	-	1,701	99
Companies controlled by the parent company					
Banca Cassa di Risparmio di Firenze S.p.A.	29,547	-	-	1,616	20
Banca dell'Adriatico S.p.A.	39	-	-	137	-
Banca IMI S.p.A.	745	96,831	-	19,392	59,830
Banca Infrastrutture Innovazione e Sviluppo S.p.A.	-	-	827	-	-
Banco di Napoli S.p.A.	184	37	-	331	177
Cassa di Risparmio del Friuli Venezia Giulia S.p.A.	183	-	-	239	-
Cassa di Risparmio del Veneto S.p.A.	34	-	-	68	-
Cassa di Risparmio di Bologna S.p.A.	145	-	-	192	-
Cassa di Risparmio di Forlì e della Romagna S.p.A.	54	-	-	90	-
Cassa di Risparmio di Venezia S.p.A.	27	-	-	38	-
Central-European International Bank Ltd	12	-	-	1	1
Eurizon A.I. S.G.R. S.p.A.	1,818	-	-	7,116	-
Eurizon Capital S.A.	191	188	-	1,190	188
Eurizon Capital S.G.R. S.p.A.	2,660	2	-	6,746	4
Eurizon Life Ltd	2,288	844	-	9,281	624
Eurizon Tutela S.p.A.	68	636	-	947	16
EurizonVita S.p.A.	214,180	711,281	-	142,433	35,589
Fondi di Fideuram Gestions	38,219	165,714	-	95,098	11,594
Immit Immobili Italiani S.p.A.	-	-	-	335	118
Intesa Sanpaolo Bank Ireland Plc	-	-	-	5,109	333
Intesa Sec. 3 S.r.l.	44,612	-	-	-	-
Sanpaolo IMI Insurance Broker S.p.A.	-	-	-	-	-
Sanpaolo Leasint S.p.A.	44	-	-	68	-
Setefi - Servizi Telematici Finanziari per il Terziario S.p.A.	-	-	-	-	373
Société Européenne de Banque S.A.	1,375,239	48,448	-	94,591	1,093

PART I

PAYMENT AGREEMENTS BASED ON OWN EQUITY INSTRUMENTS

A. Qualitative information

1. Payment agreements based on own equity instruments

The Banca Fideuram Board of Directors approved a stock option plan for the 2005-2007 three-year period for the Group's Private Bankers at its meeting of 16 March 2005, the main elements in which were as follows:

- The plan assigned stock options in the Bank's own shares in the ratio of one share per option.
- The exercise price of the options for the plan was set at €4.074 for all participants.
- The number of options assigned to each participant was linked to the three-year monetary bonus provided for in the 2005-2007 bonus scheme.
- The option exercise period was set at 1.6.2008 to 23.12.2008.

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 revise the terms of the stock option plan. On 28 May 2008, the Banca Fideuram Board of Directors decided to substitute the provisions of the stock option plan agreed on 16 March 2005 with the payment of cash settlements of €0.50 per option to the Fideuram and Sanpaolo Invest Network Private Bankers meeting the specified requirements (corresponding to a total disbursement of approximately €1.3m), to be settled in 2009 at the end of the four-year bonus scheme. The decision to opt for a cash settlement for the stock option plan was necessary as a result of the scenario changes that occurred in the three years during which the options accrued. The following factors in particular influenced the Board's decision:

- The downturn in the financial markets.
- The delisting of Banca Fideuram shares.
- The consequent impossibility of achieving the principal aim of the scheme, which was to offer the Group's Private Bankers an incentive based on the possibility of achieving capital gains on the bank's shares. The Banca Fideuram Ordinary General Shareholders' Meeting of 10 July 2008 therefore revoked the prior resolution of 10 April 2008 authorising the purchase and disposal of the bank's own shares for the purposes of the stock option plan.

B. Quantitative information

1. Changes in the year

	31.12.2008			31.12.2007		
	Number of options	Average price	Average maturity	Number of options	Average price	Average maturity
A. Opening balance	5,738,832	4.074	June-December 2008	5,626,203	4.074	June-December 2008
B. Increases	-	-	X	112,629	-	X
B.1 New issues	-	-	X	-	-	X
B.2 Other increases	-	-	X	112,629	-	X
C. Decreases	5,738,832	-	X	-	-	X
C.1 Cancelled	2,540,378	-	X	-	-	X
C.2 Exercised	-	-	X	-	-	X
C.3 Expired	-	-	X	-	-	X
C.4 Other decreases	3,198,454	-	X	-	-	X
D. Closing balance	-	-	X	5,738,832	4.074	June-December 2008
E. Options exercisable at end of financial year	-	-	X	-	-	X



CERTIFICATION OF THE
CONSOLIDATED FINANCIAL
STATEMENTS IN ACCORDANCE
WITH ARTICLE 154 BIS
OF ITALIAN LEGISLATIVE DECREE
NO. 58 OF 24 FEBRUARY 1998



The value of clarity
is built on accuracy
and responsibility

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH ARTICLE 154 BIS OF ITALIAN LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998

1. The undersigned Matteo Colafrancesco - as Banca Fideuram Managing Director and General Manager - and Paolo Bacciga - as Banca Fideuram Senior Manager Responsible for the Preparation of the Company Accounts - hereby certify, also taking into consideration the provisions of article 154 bis, subparagraphs 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998, that said financial statements are:

- suitable for the characteristics of the company and
- that the bank has fully applied the administrative and accounting procedures for preparing the consolidated financial statements during 2008.

2. The evaluation of the suitability and effective application of the administrative and accounting procedures for preparing the consolidated financial statements at 31 December 2008 was carried out using methodologies developed in line with the COSO framework and, for the IT part, COBIT, which are widely internationally accepted as reference frameworks for internal control systems¹.

3. In addition, the undersigned also certify as follows:

3.1 The consolidated financial statements at 31 December 2008:

- have been prepared in accordance with the applicable international accounting standards recognised in the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002,
- correspond with the accounting books and records,
- have been prepared in accordance with Italian Legislative Decree No. 38/2005 and, where applicable, Italian Legislative Decree No. 87/1992, as well as the provisions implementing them issued by the Bank of Italy for financial statements and by the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB) for listed issuers,
- are suitable for providing a faithful and proper representation of the financial position of the issuer and of the companies included in the consolidation.

3.2 The Directors' Report contains a reliable analysis of the performance, operating results and financial situations of the issuer and of the companies included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed.

17 March 2009

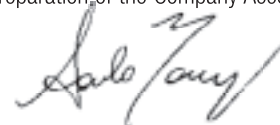
Matteo Colafrancesco

Managing Director and
General Manager



Paolo Bacciga

Senior Manager Responsible for the
Preparation of the Company Accounts



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



INDEPENDENT
AUDITORS' REPORT



Independent auditors' report

pursuant to Article 156 of Legislative Decree No. 58 of February 24, 1998
(Translation from the original Italian text)

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

1. We have audited the consolidated financial statements of Banca Fideuram S.p.A. and its subsidiaries (the "Banca Fideuram Group") as of and for the year ended December 31, 2008, comprising the balance sheet, the income statement, changes in shareholders' equity and cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Italian Legislative Decree n° 38/2005 is the responsibility of the Banca Fideuram S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. Our audit was made in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards and procedures, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

For our opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated March 23, 2009.
3. In our opinion, the consolidated financial statements of the Banca Fideuram Group at December 31, 2008 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Italian Legislative Decree n° 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations, the changes in shareholders' equity and the cash flows of the Banca Fideuram Group for the year then ended.
4. The management of Banca Fideuram S.p.A. is responsible for the preparation of the directors' report in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the directors' report with the financial statements as required by art. 156, paragraph 4-bis, letter d) of the



Legislative Decree 58/98. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the directors' report is consistent with the consolidated financial statements of the Banca Fideuram Group as of December 31, 2008.

Rome, March 23, 2009

Reconta Ernst & Young S.p.A.
signed by: Alberto M. Pisani, Partner



GLOSSARY



The value of clarity
is recognised
in appropriate terms

Advisor

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

Affluent customers

High-income customers.

ALM (Asset & Liability Management)

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

Asset allocation

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

Asset gathering

The activity of collecting savings.

Asset Management

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

Assets Under Management

These assets comprise:

- Managed savings, which include mutual funds and pension funds, private banking and life insurance technical reserves.
- Non-discretionary savings, which include securities deposited (net of units in Group funds), accident insurance technical reserves and current account overdrafts.

Audit

The body of activities for checking company processes and accounting, carried out both by internal departments (internal audit) and by independent auditing companies (external audit).

Bancassurance

The offer of insurance products through a bank's branch network.

Banking book

The portion of a bank's securities holdings that is not held for trading purposes.

Banking direct inflows

Deposits by and bonds issued by banks.

Basel II Accord

The common name for the New Capital Accord which came into effect on 1 January 2007.

The Accord is based on three "pillars":

1. Minimum Capital Requirement: 8% of risk-weighted assets.
2. Supervision by the Central Banks, who have been given greater discretion in evaluating capital requirements and are able to impose higher coverage than the minimum requirements.
3. Market discipline and transparency of information provided to the public on capital levels, risks and their management.

Benchmark

Financial parameter or indicator or financial instrument with characteristics that brokers consider sufficiently representative to be adopted as a reference for understanding whether a financial instrument with similar characteristics has performed better or worse than the benchmark over a given period.

Bond

Security issued by a legal person who contracts a loan for a given amount and date, undertaking to pay the purchaser a return and to repay the amount upon maturity.

Bp (basis point)

Unit of measurement for interest rate spread or changes in interest rates, equal to one hundredth of a percentage point. Example: If rates rise from 9.65% to 9.80%, they have risen by 15 basis points.

Branches

The bank's area branches.

Commissione Nazionale per le Società e la Borsa (CONSOB)

The Italian National Commission for Listed Companies and the Stock Exchange, an independent administrative body which acts to protect investors' interests and to ensure the effective operation, transparency and growth of the Italian securities market.

Community Directives

European Union legal acts directed at member states, which are obliged to achieve the objectives specified in the directives and in their turn issue implementation legislation for application within each individual state.

Core Capital

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

Corporate governance

The body of rules and regulations that govern the life of a company, in particular with respect to the transparency of its documents and company minutes, and to the completeness of the information it provides the market.

Cost/Income Ratio:

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

Counterparty risk

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

Country risk

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

Credit risk

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

Default

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

Derivative

Generic term for a type of financial instrument, the price/return of which is based on the price/return of other assets known as underlying assets, which can be financial instruments, indices, interest rates, currencies or raw materials.

Doubtful loan

Loan to a party that is in a situation which is objectively one of temporary difficulty that they are likely to overcome in an appropriate period of time.

Duration

Applied to bonds, the average time it takes an investor to get their money (principal and interest). An indicator of the interest rate risk to which a bond or a bond portfolio is subject. In its most frequent configuration it is calculated as the weighted average of the due dates for payment of principal and interest on a bond.

ECB (European Central Bank)

European community institution responsible for managing monetary policy in the Eurozone with the objective of maintaining price stability. The main governing bodies of the ECB are the Governing Council, Executive Board and General Council.

Embedded Value

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

Endorsement credit

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

EPS (Earnings per Share)

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

Euribor

Reference interbank rate used in European Union countries. Calculated as the weighted average of the interest rates at which the major banks operating in the European Union grant loans. Calculated daily and used as a parameter for setting the variable interest rates on loans.

European Commission

Executive body of the European Union responsible for the implementation of European Laws (Directives, Regulations and Decisions), and the financial statements and programmes of the European Parliament and Council. Has power of legislative initiative and negotiates international agreements, mainly regarding commerce and cooperation. The President and members of the European Commission are appointed by the member states following the prior approval of the European Parliament.

European Community regulations

Regulations that are directly applicable and compulsory in all member states of the European Union without any national transposition legislation being required.

European Union (EU)

Currently made up of 27 members, the European Union is governed by five institutions: the European Parliament, the European Council, the European Commission, the Court of Justice and the Court of Auditors.

Eurozone

The geographical area covered by the member states of the European Union that have adopted the euro.

E.V.A. (Economic Value Added):

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

Exchange rate risk

The risk that the fair value or future financial flows of a financial instrument will fluctuate as a result of exchange rate fluctuations.

E-banking

The use of an electronic network (Internet or similar) that allows customers to carry out a vast range of banking and financial transactions online.

E-learning

The distance training of personnel using computer aids.

Fair value

The purchase price for which an asset can be traded or a liability settled in a free transaction between informed and free parties.

Federal Reserve

The Federal Reserve (Bank) or just FED is the Central bank of the United States.

GDP (Gross Domestic Product)

The total value of the end goods and services produced by a country in a given period of time using its own home market input. When calculated at current prices, it is known as nominal GDP, and when calculated at constant prices (base-year prices), it is known as real GDP.

Goodwill

The goodwill paid for the acquisition of an equity investment, equal to the difference between the purchase price and the corresponding portion of shareholders' equity for the part that cannot be attributed to the separable assets of the company purchased.

Gross inflows

Total subscriptions gross of disinvestments.

Holding Company

A financial company that has controlling interests in several companies.

IAS/IFRS

The international accounting standards issued by the International Accounting Standards Board (IASB), adopted by the countries of the European Union from 2005 for companies listed on the stock exchange.

IASB (International Accounting Standards Board)

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

IFRIC (International Financial Reporting Interpretations Committee)

The IASB committee that issues the official interpretations of the IAS/IFRS international accounting standards.

Impairment

A financial asset is considered to be "impaired" when the book value of the asset is higher than its estimated recoverable value.

Index linked policy

A life insurance policy where the benefit upon maturity depends on the performance of a reference parameter that can be a share price index, a basket of securities or other indicator.

Indirect inflows

Securities and other instruments not issued by a depositary bank but received by it in custody, under management or in relation to the management of personal estates.

Inflation

General growth in prices affecting all products.

Information system

The system of machines, personnel and procedures used to manage important information for a company. The part of this system which is managed using information technology is generally called the information technology (IT) system.

Insurance consultants

Trainee Private Bankers.

Interbank deposit market (e-MID)

Electronic market for trading in interbank deposits operated by the company e-MID S.p.A..

Interest rate risk

The financial risk to which a bank is exposed as a result of a fluctuation in interest rates, which can be measured in terms of potential changes in future net interest income or in the current value of shareholders' equity (seen as the difference between the current value of interest-bearing assets and interest-bearing liabilities).

Investment grade

Term used for high-quality bonds that have received a medium-to-high rating.

Liquidity

The potential of an investment to be converted into cash quickly and without hitch.

Liquidity risk

The risk of an entity encountering difficulties in obtaining the funds to meet the obligations resulting from financial instruments.

Market Capitalisation

A company's value on the stock market: the sum of the market price of its different classes of shares, multiplied by the number of shares issued.

Market making

A financial activity carried out by specialist brokers with the aim of ensuring the liquidity and depth of the market, both through their continuous presence and through their function as a competitive guide for determining prices.

Market risk

The risk of losses on balance-sheet and off-balance-sheet positions that could result from unfavourable fluctuations in market prices. The variables that constitute the different types of risks forming market risk are: interest rates (interest rate risk), market prices (price risk) and exchange rates (exchange rate risk).

Mutual funds

Independent assets in the form of a diversified portfolio of financial assets divided up into units belonging to a large number of holders and managed by a special management company.

NAV (Net Asset Value)

The value of net assets. This is the book value plus the fair value of the assets so that a current valuation can be obtained.

Net inflows

Total subscriptions minus disinvestments.

Non-performing loan

Loan to a party that is insolvent or in a substantially equivalent situation.

Official reserves

The official reserves held by central banks consist of universally-accepted means of payment, mainly dollars and gold, on which they can draw to finance the import of essential goods in the event of a crisis or to intervene on the foreign exchange market to support their own currency.

Operational risk

The risk of loss arising from inadequate or dysfunctioning internal processes, human resources or systems, or from external events. This definition includes legal risk.

Option

The entitlement but not the obligation to buy (call option) or sell (put option) a financial instrument at a predetermined price by or on a given future date.

OTC (over the counter)

Transactions entered into directly by the parties without using a regulated market.

Overdue loan

Loans to parties who have loans that are overdue/past due by more than 180 days at period end.

Par value

The face value of a security that an issuer undertakes to repay, used for calculating coupon values.

Patti chiari

A project formed by a consortium of Italian banks to offer certified, simple, modern tools that enable customers to make a better choice of financial products by ensuring clarity, ease of understanding and ease of comparison.

Pension funds

Bodies/management companies (in certain cases with the status of a legal entity) which pay out supplementary pension benefits.

Performing loan

Loans to parties that did not present any specific insolvency risks at period end.

Price risk

The risk that the fair value or future financial flows of a financial instrument might fluctuate following fluctuations in market prices (other than fluctuations caused by interest rate risk or exchange-rate risk), irrespective of whether the fluctuations are caused by factors specific to the individual instrument or its issuer, or whether they are due to factors that influence every similar financial instrument traded on the market.

Private Bankers

Professionals registered in the Italian National Register of Financial Advisers, including insurance consultants.

Private banking

Financial services for private customers to provide the global management of their financial requirements.

Public Purchase Offer (PPO)

Transaction by which a substantial number of shares in a listed company is purchased in order to acquire control of said company. The Italian National Commission for Listed Companies and the Stock Exchange (CONSOB) has set the maximum ownership limit for any controlling shareholder at 30%, above which it is obligatory to launch a PPO for the remaining shares on the market.

Rating

An assessment of the quality of a company or of the debt securities it issues on the basis of the financial soundness of the company and of its prospects. This assessment is carried out by specialist agencies.

Rating Agency

Independent specialist company which assigns a rating to an issuer's ability to redeem the financial instruments it has issued. These ratings are expressed in a combination of letters or digits (e.g. AAA; A;; BB; B-).

Recession

Commonly used to mean an extended decline in GDP. In economics, means negative GDP growth for at least two consecutive quarters.

Regulatory Capital

The capital of banks valid for the purposes of compliance with the supervisory regulations, made up of the total of "Core Capital" and "Supplementary Capital", minus - following specific detailed procedures - equity investments and other interests in banks and/or financial institutions.

Restructured loan

Loan in which a pool of banks (or a single-lender bank) grants a deferment of a debt and renegotiates the loan at interest rates that are below market rates.

Retail

A customer sector that principally comprises private individuals, professionals, retailers and the owners of small enterprises.

Return

The total profit on an investment expressed as a percentage of the capital invested.

Risk factors

The factors that give rise to a risk for a financial instrument or portfolio (e.g. exchange rates, interest rates etc.).

Risk Management

The acquisition, measurement, valuation and global management of the various different types of risk and their respective hedging.

ROE (Return on equity)

The ratio of consolidated net income to average shareholders' equity.

Securitisation

Sale of immovable property or other financial assets to a special purpose vehicle which converts them into bonds, with the proceeds immediately being made available to the company which sold the assets.

Segment reporting

The reporting of financial results by business segment and geographical area.

Settlement risk

The risk, arising in securities transactions, of the counterparty not fulfilling their obligation to deliver the securities or pay the amount owed after maturity.

Social Report

A Social Report is the publication a company uses to disseminate information to stakeholders on the social and environmental activities it has carried out, enabling them to evaluate their consistency and effectiveness.

Solvency ratio

Calculated as the ratio of Regulatory Capital to risk-weighted assets. Indicates the extent to which a bank's capital covers its risk-weighted assets.

Spin off

This is when part of the assets of a company are separated from it to form a new legal entity.

Stakeholder

Parties who for various reasons interact with the activities of a company, being involved in its results, influencing its performance, and evaluating its economic, social and environmental impact.

Stock exchange price

The value of a security in official trading.

Stock options

Option contracts which grant the entitlement to purchase shares in a company within a predetermined time and at a

predetermined price. They are used as a form of supplementary remuneration in bonus and loyalty schemes.

Strike price

The exercise price of an option.

Structured security

A security comprising a “fixed” component which is similar to a normal bond and a “derivative” component which is similar to an option, linked to the performance of an external factor.

Subprime

A subprime mortgage is, by definition, a mortgage granted to a party who would not have been able to obtain a more favourable rate on the credit market. Subprime debtors typically have a low credit rating and credit histories of defaults, attachments, bankruptcy and late payment. Because subprime debtors are considered to be at a high risk of insolvency, subprime mortgages typically have less favourable conditions than other types of lending. These conditions include higher interest rates, fees and premiums.

Supplementary Capital

Comprises the revaluation reserves, subordinated liabilities and other positive components, minus net losses on securities and other negative components.

Technical form

Contractual procedure stipulated for a given inflow or investment ratio.

Trading book

The portion of a bank’s securities holdings that is held for trading purposes.

Unit-linked policies

Life insurance policies where the benefits are linked to the value of investment funds. A policy may provide a capital guarantee or guaranteed minimum return.

Underlying instrument

Financial instrument that determines the value of a derivative instrument or structured security.

Unemployment rate

The percentage of workers, or rather of the workforce, which is not able to find a job.

VaR

Criterion for measuring market risk which follows a probabilistic approach, quantifying the risk in relation to the maximum loss

that may be expected with a certain probability, on the basis of historical price fluctuations, with respect to a single position or an entire portfolio of securities for a specific time horizon.

Volatility

Statistical indicator for measuring the price fluctuation of a financial instrument with respect to its average price in a given period. The greater the volatility of a financial instrument, the riskier it is.

Write-down

The writing down or depreciation of assets items in financial statements.

Write-back

Restoring (writing back) the value of assets items that were written down in prior financial years.

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The value of clarity comes from method and usable information

This document:

- has been available in its original Italian version since 17 March 2009, when it was published on our website.
- was prepared in accordance with the “Decalogo dell’Annual Report” handbook - methodology for identifying a benchmark for the voluntary dissemination of financial information through financial statements, formulated by the initiative of that name promoted by the Italian Association of Company and Financial Directors (ANDAF).

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Mercurio S.r.l. - Milan
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English Language version by
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