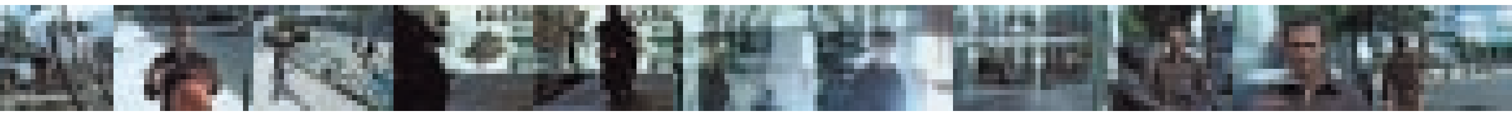
Financial Group
Eurizon

2006 Annual Report



Eurizon helps people look beyond the present and feel more secure about their future. Transparency is the creative concept underlying Eurizon's corporate advertising campaign shown in this annual report.

Table of Contents

Summary Performance Data

(in € mn)

	31/12/2006	31/12/2005	Change 2006/2005
Total assets under administration [1]	192,563.4	185,600.9	4%
Consolidated net profit	568.9	510.2	12%
Consolidated net profit net of minority interests	516.8	457.3	13%
Shareholders' equity	2,544	2,188	16%
Number of private bankers	4,216	4,150	2%
Number of bank branches	3,201	3,172	1%
Number of pension and retirement planning specialists	73	-	n.s.

Life insurance	31/12/2006	31/12/2005	Change 2006/2005
Gross volume written	6,103.6	8,117.8	-25%
New production (annualized)	5,296.5	7,345.9	-28%
Gross technical reserves and non-subordinated liabilities	45,565.6	44,580.3	2%
Profit before taxes	454.5	419.1	8%

Property-casualty insurance	31/12/2006	31/12/2005 [2]	Change 2006/2005
Gross premiums	99.2	61.2	62%
Gross technical reserves	109.7	75.9	45%
Combined ratio	93.3%	80.2%	-
Profit before taxes	5.0	9.7	-48%

Asset management and other financial services	31/12/2006	31/12/2005	Change 2006/2005
Assets under management and administration [3]	180,121.8	173,866.3	4%
- Asset management	158,922.6	156,142.6	2%
- Other financial services	21,199.1	17,723.7	20%
Net flows	2,111.8	10,760.3	-80%
- Asset management	-782.0	9,060.8	n.s.
- Other financial services	2,893.7	1,699.5	70%
Profit before taxes	288.6	283.1	2%

(1) Excluding infragroup duplications.

(2) The data as of 31 December 2005 take into account 100% of Fideuram Assicurazioni and 100% of Egida, both of which have been incorporated into EurizonTutela.

(3) Including infragroup duplications.

Corporate Officers and Auditors

Board of Directors

Chairman	Luigi Maranzana
Vice Chairman	Piero Luongo
Chief Executive Officer	Mario Greco
Directors	Anna Maria Artoni (*)
	Onorato Castellino (*)
	Maurizio Costa (*)
	Alessandro Dri (*)
	Elsa Fornero (*)
	Marco Iansiti (*)
	Abel Matutes Juan
	Bruno Mazzola
	Franco Moscetti (*)
	Emilio Ottolenghi (**)

(*) Independent director
(**) Director appointed by the board of directors on 1 March 2007 to replace Alfonso Iozzo.

Board of Statutory Auditors

Chairman	Enzo Nalli
Standing Auditors	Lorenzo Ginisio
	Alessandro Rayneri
Alternate Auditors	Vito Codacci-Pisanelli
	Riccardo Rota

Independent Auditors

PricewaterhouseCoopers S.p.A.

General Managers

Insurance and Activities related to Eurizon Capital Sgr and subsidiaries	Mario Greco
Financial Services	Massimo Arrighi

Notice of the Shareholders' Meeting

An ordinary and extraordinary meeting of the shareholders has been convened for Wednesday, 11 April 2007, at 3:30 p.m. at the company's registered office at Corso Cairoli 1, Turin, Italy, for the purpose of discussing and deliberating on the following meeting agenda.

Ordinary session:

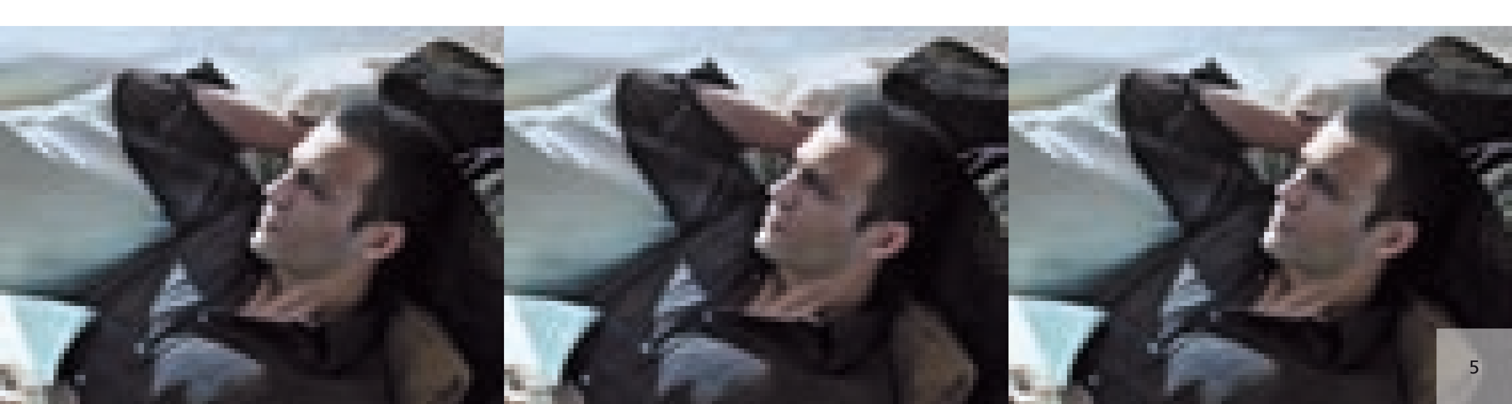
1. Financial statements as of 31 December 2006.

2. Appointment of a director.

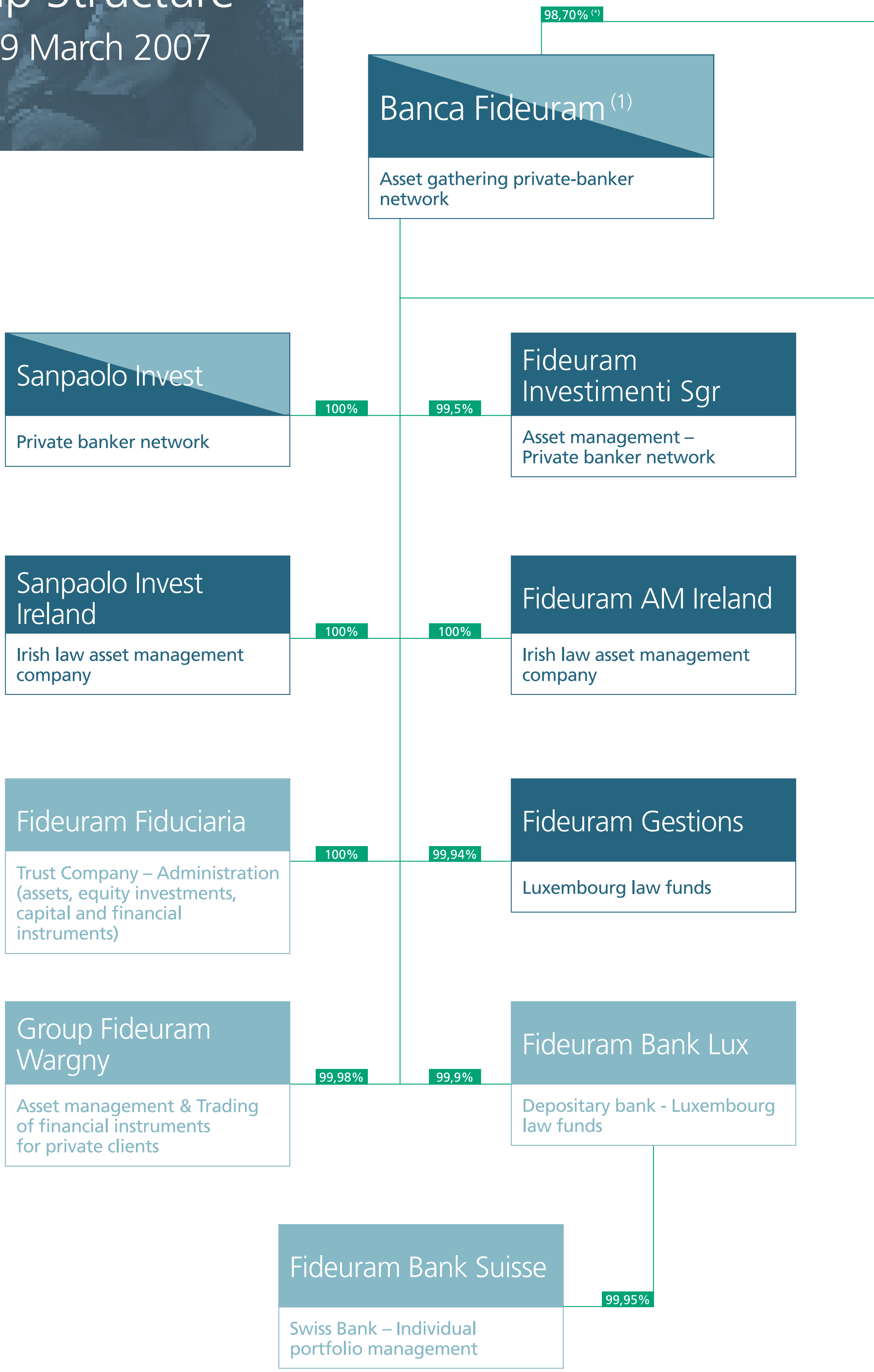
3. Conferral of a mandate to an independent audit firm.

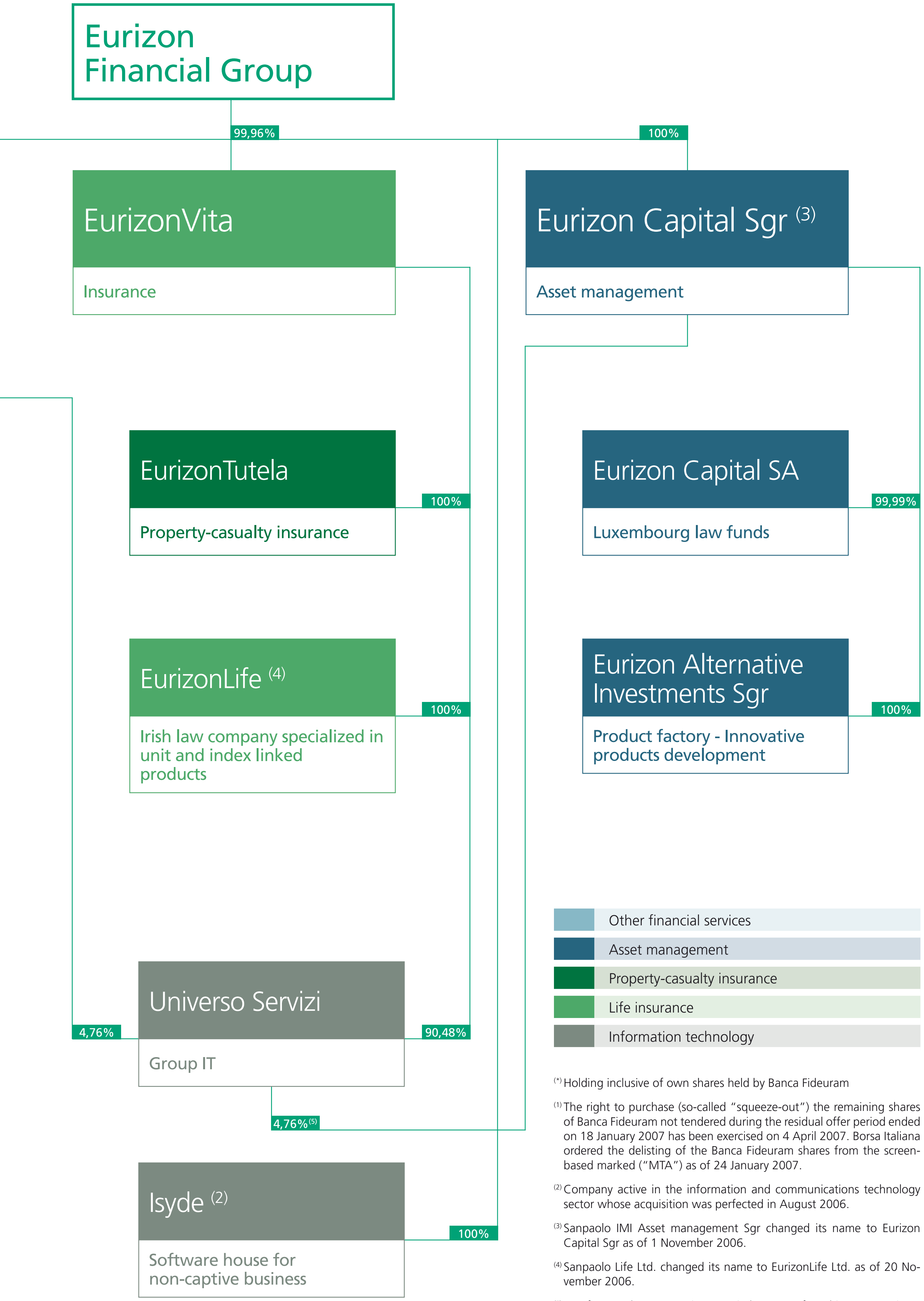
Extraordinary session:

4. Amendment of Article 1 of the company's by-laws.



Group Structure
as of 19 March 2007





(*) Holding inclusive of own shares held by Banca Fideuram

(1) The right to purchase (so-called "squeeze-out") the remaining shares of Banca Fideuram not tendered during the residual offer period ended on 18 January 2007 has been exercised on 4 April 2007. Borsa Italiana ordered the delisting of the Banca Fideuram shares from the screen-based marked ("MTA") as of 24 January 2007.

(2) Company active in the information and communications technology sector whose acquisition was perfected in August 2006.

(3) Sanpaolo IMI Asset management Sgr changed its name to Eurizon Capital Sgr as of 1 November 2006.

(4) Sanpaolo Life Ltd. changed its name to EurizonLife Ltd. as of 20 November 2006.

(5) As of 1 March 2007, Eurizon Capital Sgr transferred its IT operations, back-office processing and product administration to Universo Servizi. Such activities were transferred as a business unit to Universo Servizi which effected a capital increase through the issue of new ordinary shares to Eurizon Capital Sgr.

Company Profile

Eurizon Financial Group, a company set up in October 2005 and 100% controlled by Intesa Sanpaolo, is one of leading players in the European market for insurance, pensions and medium-/long-term asset management. The company has been part of the new Intesa Sanpaolo Group since 1 January 2007, the date on which Sanpaolo IMI was merged with Banca Intesa.

The Eurizon Group was created from the combination and reorganization of existing businesses within Sanpaolo IMI with the objective of setting up a single entity that could leverage highly specialized skills and develop strong synergies in complementary areas such as Life insurance, retirement planning and Asset management.

The Eurizon Group's current structure is the result of a series of transactions carried out in late 2005 and in the first half of 2006, that set up a holding company (Eurizon Financial Group) with strategic-planning and coordination responsibilities and direct control over three operating companies: Banca Fideuram, Italy's leading private-banker network as measured by both the number of professionals and assets under administration; EurizonVita, one of the country's largest life insurers; and Eurizon Capital Sgr, the Italian leader in asset management.

The Group places its products through a series of distribution channels that are diversified according to the type of product or service offered and according to the type of target customer involved. As of 31 December 2006, the distribution system embraced the private bankers of Banca Fideuram and Sanpaolo Invest and the branches of Sanpaolo, with the business generated by the latter governed by prevailing bancassurance agreements. Certain products are also distributed through third-party banks and the Italian postal system. Relationships with institutional clients are managed directly by the operating companies.

Group's basic structure as of 31 December 2006

Eurizon Financial Group

Banca Fideuram

Private bankers

Banca Fideuram and Sanpaolo Invest

Asset management

Italy (Fideuram Investimenti Sgr)

Ireland (Fideuram AM Ireland and Sanpaolo Invest Ireland)

Luxembourg (Fideuram Gestions)

EurizonVita

Life insurance company

Italy (EurizonVita)

Ireland (EurizonLife)

Property-casualty insurance company

(EurizonTutela)

Eurizon Capital Sgr

Asset management

Italy (Eurizon Capital Sgr)

Luxembourg (Eurizon Capital SA)

Specialized Asset management - Alternative products

Italy (Eurizon Alternative Investments Sgr)

During 2006, Eurizon significantly restructured its product/service portfolio, in terms of both client services and value to the Group. A major product innovation effort was undertaken and will continue in 2007, with the objective of introducing solutions that are both increasingly more competitive and designed and developed in accordance with the leading products and services in the international markets.

Considering the significant size and scope of its operations at its inception, Eurizon has pursued a strategy of diversifying distribution, focusing on developing business in the non-captive market, specifically with regard to the Asset management and pension businesses. The growth strategy is designed to position the Group among the European leaders in the production of financial services, in a market where more and more distribution networks are adopting open-architecture systems.

Against this backdrop, the Group inaugurated Italy's first network of pension and retirement planning specialists toward the end of 2006; the network, which is operated by EurizonVita, distributes products designed to meet individual pension needs in the mass market. In addition, the Group aims to capitalize on opportunities arising from pension system reforms, implementing a synergetic business model that will integrate the skills and knowledge of EurizonVita and Eurizon Capital Sgr, so as to consolidate Eurizon's position as the manager of the largest pension funds in Italy.

Principal Events in 2006

Company structure

- With an accent on creating synergies and achieving an overall reduction of costs, on 23 January 2006, the Eurizon board of directors approved a plan to have all support activities and resources (IT, back-office processing, call center, general services and Property management) concentrated within the EurizonVita subsidiary, Universo Servizi, an information servicing company for the insurance business. The plan went into effect with the transfer of a business unit, with roughly 550 employees of Banca Fideuram being re-assigned to Universo Servizi on 1 May 2006.

- On 13 February 2006, the Eurizon board of directors approved a plan for incorporating Sanpaolo IMI Asset Management Sgr, a wholly owned subsidiary of Sanpaolo IMI, into the Eurizon Group. The transfer took place with the sale of shares in the Asset management company, whose name was then changed to Eurizon Capital Sgr. The acquisition, which was effected at a price of € 1.9 billion, was carried out with an effective date of 30 June 2006.

- With the aim of setting up a single company in the Property-casualty business, the Eurizon and EurizonVita boards of directors held meetings on 22 March 2006 and 17 March 2006, respectively, and passed resolutions to merge Fideuram Assicurazioni into EurizonTutela (f/k/a Egida) as of 1 September 2006.

- As part of efforts to streamline the Group's organization and to implement an integrated strategy, on 4 July 2006, the Eurizon board of directors authorized the launch of a voluntary public tender offer for all of the Banca Fideuram shares held by minority shareholders (roughly 25.3% of the share capital) for a price of € 5.00 per share. In light of the results of the tender offer and the residual offer launched by Eurizon in the December 2006-January 2007 period, Borsa Italiana ordered the delisting of the Banca Fideuram shares from the screen-based market ("MTA") as of 24 January 2007. Within four months of the conclusion of the residual offer, Eurizon will exercise the so-called "squeeze-out" with respect to the remaining Banca Fideuram shares outstanding (additional details on the transaction are provided in the section entitled "Relationships with Group Companies").

- On 3 August 2006, Eurizon perfected the acquisition of the Isyde Group, a company active in information and communications technology. Aimed at making it possible for the Eurizon Group to enhance the range of information services provided to third parties, the transaction was completed with the purchase of 100% of the capital of Isyde, at a price of € 8 million.

- With the incorporation of Eurizon Capital Sgr and its subsidiaries, the Eurizon board of directors passed another resolution on 9 November 2006, to proceed with concentrating all of the activities supporting the Asset management business in Universo Servizi. The transaction was completed as of 1 March 2007, with approximately 140 employees of Eurizon Capital Sgr and Fideuram Investimenti Sgr being transferred to Universo Servizi.

Distribution

- On 25 July 2006, Eurizon entered into a master agreement with Sanpaolo IMI which establishes the guidelines for the distribution of life and asset-management products. The agreement, whose effective date is 1 July 2006, has a term of nine years, which may be tacitly renewed for periods of three years. Additional details on the agreement are provided in the section entitled "Transactions with Related Parties".

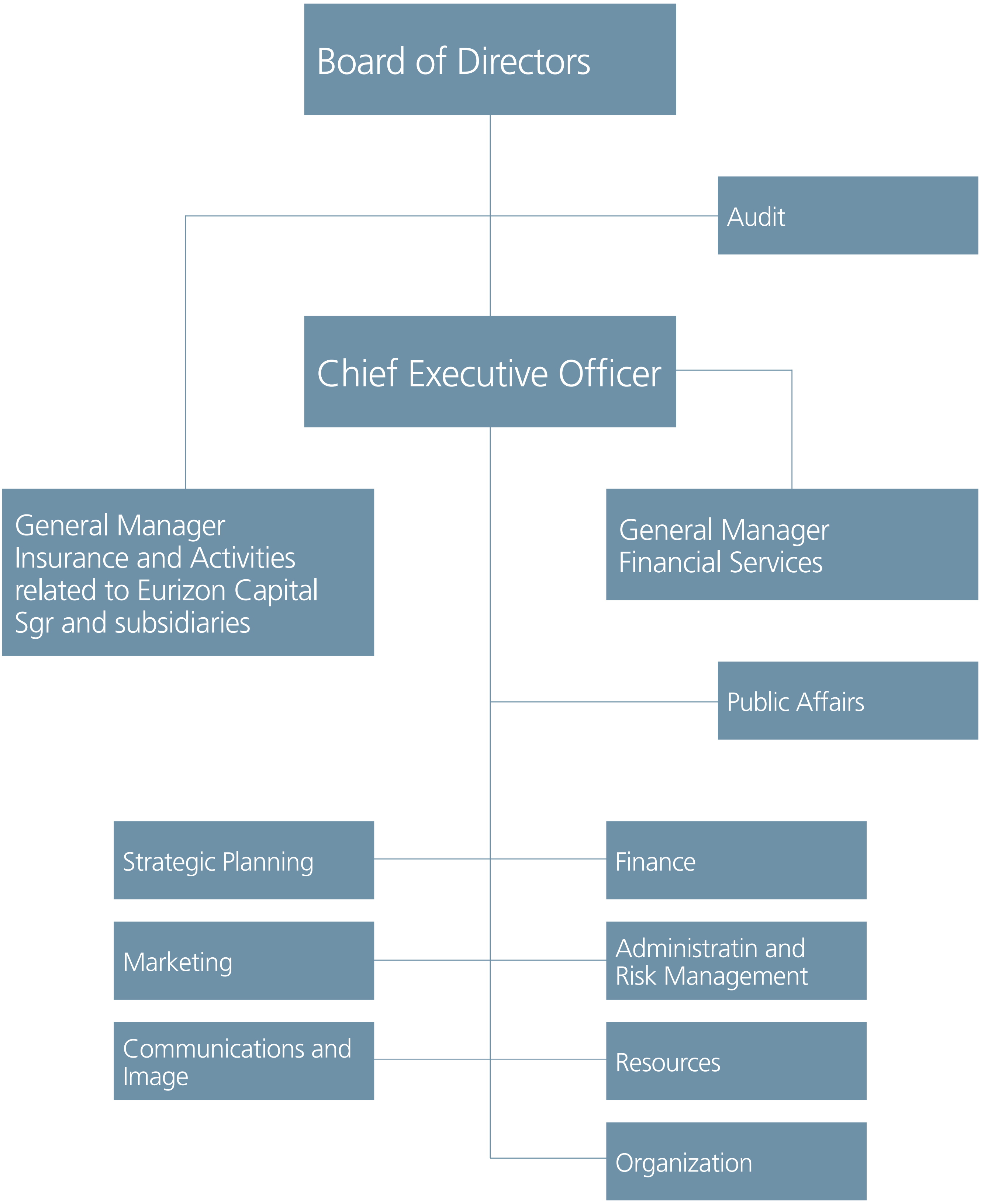
- As part of their authorization on 20 December 2006 of Sanpaolo IMI's merger by incorporation into Banca Intesa, the antitrust and market regulatory authorities prescribed a series of measures that Intesa Sanpaolo must adopt in order to eliminate risks to competition. Among the measures affecting the insurance business, Intesa Sanpaolo must transfer to independent third parties by the end of 2008 a business unit involved in the

production and management of Class I, III and V insurance policies that is a party to an exclusive distribution agreement (with a term of no less than six years, tacitly renewable for a period of another three years) with the savings banks controlled by Intesa Casse del Ventro, with Sanpaolo Banco di Napoli, and with a number of Banca Intesa branches located in various regions. The business unit, which is to be equipped with an organizational structure suitable for pursuing business and operating objectives, is also to be the holder of the portfolio of Class I, III and V life policies underwritten, through the date of the transfer, by (i) EurizonVita for the customers of Sanpaolo Banco di Napoli and (ii) by IntesaVita for the clientele of the savings banks controlled by Intesa Casse del Centro and the other branches of Banca Intesa involved.

Stock-market listing

- On 25 July 2006, the Eurizon ordinary shareholders' meeting authorized the filing of an application for admission to trading on the screen-based market ("MTA") managed by Borsa Italiana. The filing was effected on 28 July 2006. As of the same date, Eurizon filed a request with CONSOB for the authorization of the publication of an information prospectus.
- Following the merger between the parent company, Sanpaolo IMI, and Banca Intesa, the plan for which was approved on 12 October 2006 by the respective boards of directors, on 16 October, the Eurizon board of directors approved the suspension of the process to effect a stock-market listing. As indicated in the merger plan, the process is to be finalized by the end of 2007, with the maintenance of Eurizon's current organization, and if possible and appropriate, the plans already outlined, without prejudice to other measures to enhance the value of the Eurizon Group for the effect of the reorganization resulting from the aggregation between Sanpaolo IMI and Banca Intesa.

Eurizon's Organizational Structure



Corporate Governance

The Eurizon Financial Group's corporate governance is based on a traditional administration and control model (board of directors and board of statutory auditors), with the board of directors assuming the critical role.

In 2006, the company initiated various projects in order to bring its organizational procedures and the structure and responsibilities of its governing bodies in line with the standards and best practices for publicly traded companies, partly in view of the prospect of a public listing on the regulated market managed by Borsa Italiana.

Board of Directors

Role of the board of directors

The board of directors is responsible for the management of the company, and is vested with the broadest powers for the company's ordinary and extraordinary administration and for taking actions other than the actions that must be taken by the shareholders pursuant to the law.

In accordance with the company's by-laws, the board of directors has exclusive responsibility for any resolutions concerning:

- The definition of strategy.
- Tthe appointment of general managers and other senior managers.
- The acquisition and sale of equity investments.
- The approval of internal regulations and any amendments thereof.
- The establishment of committees or commissions with consultative or coordination functions.

The board of directors is also vested with the authority to pass resolutions concerning.

- Mergers and divestitures, for the specific cases contemplated by the law.
- The opening or closing of secondary offices.
- The designation of any board member(s), in addition to the chairman, who may act as representatives of the company.
- The reduction of the capital, in the event of the withdrawal of the shareholder.
- The adaptation of the company's by-laws to regulations and the law.
- The transfer of the company's registered office within the national territory.

The board of directors may, within the limits of the law, delegate certain decisions to an executive committee, or to one or more of its members, with the exception of those decisions that must exclusively be made by the board of directors.

The persons delegated are responsible for ensuring that the company's organizational, administrative and accounting framework is suitable to the size and scope of the business. Such persons report to the board of directors and the board of statutory auditors (at least quarterly) on (i) the general trend of business and on the outlook therefor, (ii) the most significant transactions effected by the company or its subsidiaries, and (iii) in general, on the exercise of the delegated authority conferred to them.

Structure and business of the board of directors

Pursuant to the by-laws in effect, the company is administered by a sole director or by a board of directors appointed by the shareholders and made up of a minimum of 3 and a maximum of 15 members.

The directors may not be appointed for a period of more than three years (with their mandate expiring as of the shareholders' meeting held for the approval of the financial statements for the last year of their term of office), and they may be re-elected.

The meetings of the board of directors may be convened by the chairman, vice chairman or chief executive officer, by means of a written notice sent at least three days prior to the date set for the meeting, except in emergency situations when advance notice of 24 hours is sufficient.

The meetings are chaired by the chairman, vice chairman or chief executive officer, or in their absence, by the oldest director present.

The meetings may be held via telephone or video conference, and in such case: the meeting is considered to take place at the location where the chairman and secretary are present; it must be possible to identify the participants; and the participants must be able to follow the discussion, to speak on a real-time basis, and to receive, transmit and view documents.

The majority of directors holding office must be present at a meeting in order to validate any resolutions passed. Resolutions are adopted upon the absolute majority of the votes of the meeting attendees. In the event of a draw, the vote of the person presiding over the meeting shall prevail.

Make-up of the board of directors

The company is administered by a board of directors consisting of 13 members, the majority of whom are independent directors (pursuant to Article 148, Paragraph 3 of the Financial Consolidation Act, and the Code for the Corporate Governance of Listed Companies). Some of the directors were appointed upon the company's incorporation on 4 October 2005, whereas others were appointed by the ordinary shareholders' meeting held on 20 June 2006. All of the directors have a term of office that expires as of the date of the shareholders' meeting held for the approval of the 2007 financial statements.

The board of directors appointed Mario Greco as the company's chief executive officer, and also appointed a board secretary.

Two general managers have also been appointed: Mario Greco is general manager for insurance and for the activities related to Eurizon Capital Sgr and subsidiaries, and Massimo Arrighi is general manager for financial services.

Members of the board of directors as of 19 March 2007

Position	Member	Executive	Independent
Chairman	Luigi Maranzana (*)		
Vice Chairman	Piero Luongo (*)		
Chief Executive Officer	Mario Greco (*)	X	
Director	Anna Maria Artoni (**)		X
Director	Onorato Castellino (**)		X
Director	Maurizio Costa (**)		X
Director	Alessandro Dri (**)		X
Director	Elsa Fornero (**)		X
Director	Marco Iansiti (**)		X
Director	Abel Matutes Juan (**)		
Director	Bruno Mazzola (*)		
Director	Franco Moscetti (**)		X
Director	Emilio Ottolenghi (***)		

(*) Director appointed as of the company's incorporation on 4 October 2005.
(**) Director appointed at the ordinary shareholders' meeting held on 20 June 2006.
(***) Director appointed by the board of directors on 1 March 2007 to substitute Alfonso Iozzo, who tendered his resignation as a member of the board of directors on 1 January 2007, the date on which the merger between Banca Intesa and Sanpaolo IMI became effective.

All of the directors have elected domicile at the company's registered office.

There are no family ties between the directors, or between the directors and the members of the board of statutory auditors or the company's senior managers.

At its meeting on 20 July 2006, the board of directors identified the following seven directors as "independent directors" pursuant to the provisions of Article 148, Paragraph 3 of the Financial Consolidation Act and the requisites specified by the Code for the Corporate Governance of Listed Companies: Anna Maria Artoni, Onorato Castellino, Maurizio Costa, Alessandro Dri, Elsa Fornero, Marco Iansiti and Franco Moscetti.

With the exception of the chief executive officer, none of the directors has any operational powers or is in charge of any aspect of company's management. The chief executive officer's powers in relation to the role of executive management and the start-up of the company's activity have been delegated through the company's by-laws and through resolutions approved by the board of directors.

The chairman of the board of directors is one of the non-executive directors. By virtue of the company's current organizational structure, the role and responsibilities of the chairman are distinct from the role and responsibilities of the chief executive officer; the chairman is not vested with any operational authority, except for the legal representation of the company.

The vice chairman assumes the powers of the chairman and acts as the company's legal representative whenever the chairman is absent or unable to fulfill his duties.

Members of the Eurizon board of directors: profiles and principal responsibilities

Luigi Maranzana (born in Castellazzo Bormida (AL) on 22 January 1941) has been the Chairman of Eurizon Financial Group and EurizonVita since 2005. He was previously a senior executive of the Sanpaolo Group for roughly 10 years, initially serving as a general manager and then as managing director, a position he surrendered in 2004.

Piero Luongo (born in Taranto on 25 October 1954) is the vice chairman of Eurizon and the manager of corporate affairs and equity investments for Intesa Sanpaolo. He is also the vice chairman of Sanpaolo Banco di Napoli.

Mario Greco (born in Naples on 16 June 1959) is the chief executive officer of Eurizon Financial Group, and is also the General Manager for insurance and activities related to Eurizon Capital Sgr and subsidiaries. In addition, he is the chief executive officer of EurizonVita and Universo Servizi, and chairman of EurizonTutela. He is a member of the boards of directors of Eurizon Capital Sgr and Banca Fideuram, and a member of Banca Fideuram's Executive Committee. From 2000 to 2005, Greco served as the chief executive officer of the RAS insurance Group, which he joined in 1995. Greco is also a director of Fastweb, Gruppo Editoriale l'Espresso, Indesit, Saras and Bocconi University.

Anna Maria Artoni (born in Correggio (RE) on 31 March 1967) chairs the Emilia-Romagna chapter of the Italian Manufacturers' Association ("Confindustria"). She is also vice chairman and member of the board of directors of Artoni Trasporti, a family-owned company; she is the chairman of Network Extensions, a company she set up with other Artoni Trasporti shareholders. She is a member of the board of the Reggio Emilio Chamber of Commerce, and a member of the Italian government's advisory board for Technological Innovation and Modernization of the Public Administration. She is also a member of the board of directors of the Cassa di Rsiparmio di Parma e Piacenza and Guido Carli Luiss University, and a member of the supervisory board of Assonime.

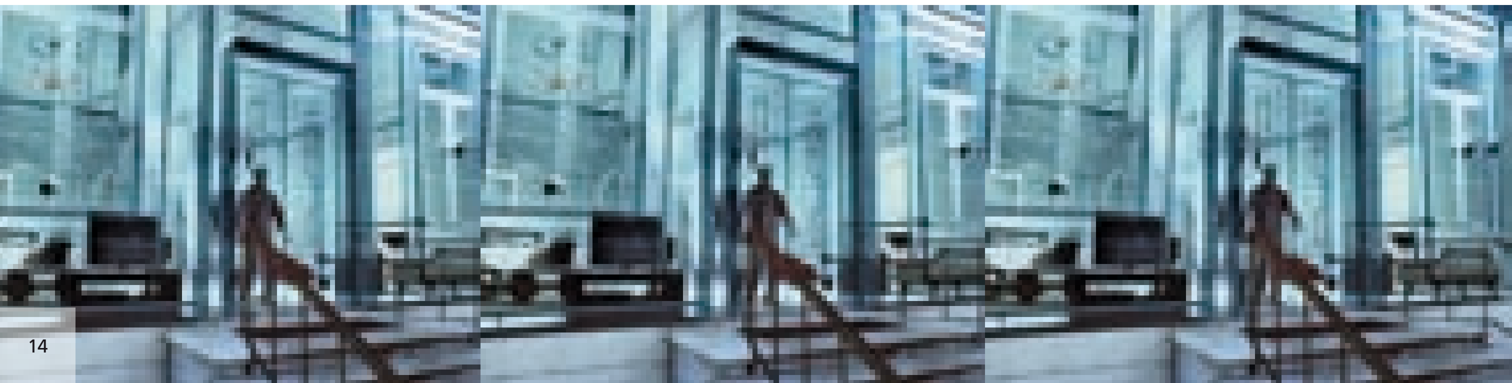
Onorato Castellino (born in Turin on 31 December 1935) is a professor of economics at the University of Turin, and member of the Accademia Nazionale dei Lincei and the Academy of Sciences of Turin. He is also a member of the scientific committee for the Center for Research on Pensions and Welfare Policies. On various occasions, he has also served as a pension and welfare consultant for the Italian government (Treasury Ministry, Budget Ministry and Labour Ministry). He has also served as chairman of Compagnia di San Paolo, and has been a director for several companies, including Alleanza Assicurazioni, Alleanza Subalpina, Banca Sella and Finanziaria Bansel.

Maurizio Costa (born in Pavia on 29 October 1948) has been the vice chairman and managing director of Arnoldo Mondadori Editore since 1997. In addition to his position at Mondadori, Costa serves as a member of the board and chairman of the cultural commission of the Italian Manufacturers' Association (Confindustria), a member of the chairman's committee of Fieg, a member of the management board and board of Assolombarda, a member of the Council for Relations between Italy and the United States, and a director of the European Society of Editions.

Alessandro Dri (born in Udine on 24 July 1968) is an attorney at law, while he also teaches a course (Finance for Corporate Development and Restructuring) at the University of Padua's School of Economics. He works as a business consultant specializing in extraordinary transactions. He is vice chairman of Equipe Investments.

Elsa Fornero (born in San Carlo Canavese (Turin) on 7 May 1948) is an economics professor at the University of Turin and a director of the Center for Research on Pensions and Welfare Policies. She is also a member of Pension Expenditures Assessment Unit set up by the Italian Labour Ministry, a member of the research committee for the International Network of Pension Regulators and Supervisors, and consultant to the World Bank in the field of pensions and welfare. In 2001-2002, she presided over a task force on the portability of pensions, which was organized by Brussels-based Center for European Policy Studies, and in 2001, she served as a member of an Italian commission (Brambilla Commission) for a review of the pension and welfare system. She has also served as a director of INA, Fideuram Vita and Assicurazioni Internazionali di Previdenza.

Marco Iansiti (born in Rome on 28 July 1961) is Harvard Business School's head professor of research in the fields of technology and innovation. He is an expert in operations strategies and innovation management. He has also served as a consultant for various "Fortune 500" companies, and is the chairman of Keystome Strategy Inc., a consulting group which he founded.



Abel Matutes Juan (born in Ibiza on 31 December 1941) is a member of the board of directors of Banco Santander Central Hispanico. He is also an honorary doctor of the Complutense University of Madrid and the University of Santiago, Chile. He is a member of the honours committee of the Royal Institute of European Studies. An entrepreneur since 1963, he has had professional ties with numerous private-sector companies during his career. He has also served as a senator in Ibiza and Formentera, a representative of the Spanish government, and a member of the European Commission. From 1996 to 2000, he was the Minister of Foreign Affairs for the Spanish government.

Bruno Mazzola (born in Montechiaro d'Asti (AT) on 9 July 1947) was the head of Sanpaolo's equity investments area through 31 December 2006, and is currently a director of IMI Investimenti and Istituto San Paolo di Torino's Cassa di Previdenza Integrativa.

Franco Moscetti (born in Tarquinia (VT) on 9 October 1951) is the managing director/general manager of the Amplifon Group, and is a member of the board of directors for the Group's most important foreign subsidiaries. Prior to his affiliation with Amplifon, he was managing director of Air Liquide Italia (as of 1999), and vice chairman for Air Liquide Italia's medical gases and hospital services business in France (as of 2001).

Emilio Ottolenghi (born in Turin on 18 January 1932) is the chairman of La Petrolifera Italo-Rumena, a company for which he served as managing director from 1959 to 2006. He is also vice chairman of Banca IMI and a member of the supervisory board of Intesa Sanpaolo. From 1999 to 2002, he was the chairman of Sanpaolo IMI Private Equity and in 1998, he was appointed as a director of Sanpaolo IMI. Prior thereto, he served as a director of Istituto Bancario San Paolo di Torino and IMI.

Technical Committees

Acting in accordance with the company's by-laws and the provisions of the Code for the Corporate Governance of Listed Companies, on 25 July 2006, the board of directors approved a resolution to set up technical committees that could execute various duties on behalf of the board. As provided by the resolution, the committees are to be made up of members of the board of directors, and are to be responsible for providing consultative input to the board, and exploring and controlling various issues with regard to the committee's specific purpose.

The members of the committees were selected at the board meeting held on 25 January 2007 on the basis of their professional credentials, so as to ensure adequate governance of the matters for which the committees are responsible.

Internal controls committee

The internal controls committee consists of three non-executive, independent directors and was set up pursuant to Article 148, Paragraph 3 of the Financial Consolidation Act, and the provisions of the Code for the Corporate Governance of Listed Companies: Onorato Castellino (chairman), Alessandro Dri and Franco Moscetti.

Each member of the committee has experience in accounting and finance, and possesses the knowledge and skills needed for carrying out the tasks assigned.

The following persons also participate at the committee meetings: the chairman of the board of statutory auditors (or another standing auditor designated by the chairman of the board of statutory auditors), the manager of the audit department, and if appointed, the manager responsible for the preparation of the company's accounting documents. The following persons may also be invited to attend the committee meetings: the chief executive officer, the general managers, the independent auditors, the chief financial officer and other persons whose attendance is considered necessary by the committee.

The internal controls committee is responsible for (i) assisting the board of directors in setting the parameters for the internal controls system and in periodically verifying the adequacy and proper functioning of such system, with the aim of ensuring that the main risks borne by the company are identified and managed in an appropriate manner; (ii) evaluating the work plan prepared by the internal controls manager and receiving periodic reports prepared by the same; (iii) evaluating bids submitted by independent audit firms for the audit mandate, and reporting to the board of directors on the adequacy of the internal controls system at least every six months (as of the dates on which the annual and semi-annual financial statements are approved); and (iv) formulating proposals for the board of directors in relation to the appropriate means to be given to the manager responsible for the preparation of the company's accounting documents.

The committee also stays in close contact with the board of statutory auditors.

Compensation committee

The compensation committee consists of three non-executive directors, two of whom are independent, and was set up pursuant to Article 148, Paragraph 3 of the Financial Consolidation Act, and the provisions of the Code for the Corporate Governance of Listed Companies: Luigi Maranzana (chairman), Elsa Fornero and Maurizio Costa.

The following persons may be invited by the committee chairman to attend the committee meetings: the chief executive officer and the general managers.

The committee is responsible for the following matters: (i) providing the board of directors with its own assessment of the board of directors' proposals of policies covering the fixed and variable compensation to senior management; (ii) assisting the chief executive officer in defining and drafting stock option plans to be presented for the approval by the board of directors; (iii) supplying the board of directors proposals covering the individual compensation plans for the chairman, the chief executive officer and any directors with specific responsibilities, with the absence of such individuals upon the presentation of the proposals; and (iv) expressing an opinion about specific compensation-related issues for which the chief executive officer has requested the committee's examination. In fulfilling its duties, the committee may rely on the support of external consultants, the cost of which shall be borne by the company.

Board of Statutory Auditors

Role of the board of statutory auditors

The board of statutory auditors is responsible for verifying: the company's compliance with the law and the by-laws; the respect of the principles of proper administration; the adequacy of the organizational structure (for the specific aspects regarding the statutory auditors); the adequacy of the accounting/administrative system adopted by the company; and the actual functioning of such system.

The board of statutory auditors has broad audit and control powers for the execution of its duties. It may ask the board of directors for information about the trend of the company's business or specific transactions, including with reference to the subsidiary companies, and it may exchange information with the statutory auditors of the subsidiaries in relation to administration and control systems and general trend of business; it may also challenge the resolutions passed by the shareholders and by the board of directors, and report any serious operating irregularities to the courts, including with reference to the subsidiary companies.

The board of statutory auditors participates in the board of directors' meetings, and is thus continuously updated about the activity carried out by the company.

Furthermore, in accordance with the provisions of the company's by-laws and with the objective of ensuring the board of statutory auditors has all of the information it needs to exercise its duties properly, the company's governing bodies are to report promptly to the board of statutory auditors (at least quarterly) about the general trend of business and about the outlook therefor, and about the transactions having the greatest potential impact on the earnings, financial position and capital of the company or of the subsidiaries. The directors are to report on any transactions for which they may have a personal interest or for which there may be third-party interests, or which may be influenced by the person handling the activity of management and coordination.

Structure and business of the board of statutory auditors

Pursuant to the company's by-laws, the board of statutory auditors consists of three standing auditors and two alternate auditors, and is appointed by the shareholders' meeting.

The statutory auditors serve a term of office of three years, with their mandate expiring as of the shareholders' meeting held for the approval of the financial statements for the last year of their term of office.

The board of statutory auditors meets at least every 90 days. The meetings may be held by telephone or video conference, and in such case: the meeting is considered to take place at the location where one of the auditors is present; it must be possible to identify the participants; and the participants must be able to follow the discussion, to speak on a real-time basis, and to receive, transmit and view documents.

The majority of statutory auditors must be present at a meeting in order to validate any resolutions passed. Resolutions are adopted upon the absolute majority of the votes of the meeting attendees.

Make-up of the board of statutory auditors

The board of statutory auditors was appointed upon the company's incorporation on 4 October 2005, and will remain in office until the date of the shareholders' meeting held for the approval of the 2007 financial statements.

Members of the board of statutory auditors	
Position	Member
Chairman	Enzo Nalli
Standing auditor	Lorenzo Ginisio
Standing auditor	Alessandro Rayneri
Standing auditor	Vito Codacci-Pisanelli
Standing auditor	Riccardo Rota

Members of the board of statutory auditors: profiles and principal responsibilities

Enzo Nalli (born in Montagnana (PD) on 17 September 1942) holds a degree in economics and commerce from the Università Cà Foscari of Venice, and has been registered as a professional accountant on the Padua register since 1972. He is a senior partner of the accounting and law firm, Cortellazzo & Soatto. He has specific experience in the corporate sector, and as a statutory auditor for publicly traded companies. He is registered on the register of auditors (Official Gazzette of the Republic of Italy, 21 April 1995, Special Series n. 4, n. 31 bis) and on the register of official auditors.

Lorenzo Ginisio (born in Turin on 13 August 1949) has been a professional accountant and auditor since 1977. He has also served as a court-appointed consultant with regard to corporate and accounting matters. He is currently the chairman of the board of statutory auditors and standing auditor for various companies, including: Iride, Aeroporti Holding, Cerved and S.a.g.a.t.

Alessandro Rayneri (born in Turin on 4 June 1932) is a professional accountant who has specialized in corporate business and other types of business activity.

Vito Codacci-Pisanelli (born in Rome on 27 February 1958) is a lawyer and professional accountant who has worked as a free-lance professional and consultant to leading companies. For more than six years, he held the position of court-appointed liquidator for two companies of the EFIM Group.

Riccardo Rota (born in Turin on 20 December 1945) is a professional accountant. In 2001, he founded an accounting and auditing firm that operates under his name (Studio Rota). Previously, he was an industrial manager with the Fiat Group.

All of the statutory auditors have elected domicile at the company's registered office.

There are no family ties between the statutory auditors, or between the statutory auditors and the members of the board of directors or the company's senior managers.

Independent Auditors

The audit of the Eurizon Financial Group's accounts is exclusively carried out by an independent audit firm. The independent auditors are charged with verifying during the year that the company's accounting books have been properly maintained and that the business events have been properly recorded in the accounting books. The independent auditors are also responsible for ascertaining that the holding company's financial statements and the consolidated financial statements correspond to the data in the accounting records and the data obtained from audits, and that the accounting records are in conformity with applicable regulations.

The company's articles of incorporation conferred the independent audit mandate to PricewaterhouseCoopers for the first three years of the company's operation, with the mandate thus set to expire as of the date of the shareholders' meeting held for the approval of the 2007 financial statements.

Considering the fact that the parent company, Sanpaolo IMI (now known as Intesa Sanpaolo), transferred its interests in Banca Fideuram and Assicurazioni Internazionali di Previdenza (now known as EurizonVita) to the Eurizon Financial Group, the company became a "material subsidiary" of Sanpaolo IMI pursuant to the provisions of Article 151 of the CONSOB Regulation n. 11971/99 and, as such, became subject to the audit obligation referenced in the Legislative Decree n. 58 of 1998.

The ordinary shareholders' meeting held on 7 November 2005 accordingly passed a resolution providing for the conferral to PricewaterhouseCoopers of the mandate for the audit of the holding company's financial statements and consolidated financial statements for the years of 2005 and 2006. The expiration of the mandate was thus aligned with the expiration of the mandate for the parent company, Intesa Sanpaolo, which had provided an audit mandate to the same independent audit firm for the 2004-2006 three-year period.

As provided by prevailing regulations, the conferral of the audit mandate is to be decided at the shareholders' meeting held for the purpose of approving the financial statements, on the basis of a proposal formulated and justified by the board of statutory auditors.

Report on Operating Performance

Market Environment

Global Economic Trends

The global economy closed 2006 on an upswing. For the third consecutive year, most of the world's highly developed economies and more importantly, the economies of emerging nations, turned in a positive performance, thereby stimulating the global growth rate, which is estimated to have reached 5%.

The United States witnessed a dramatic reduction in Property prices during the year, though the situation failed to trigger a recession. The Eurozone enjoyed a revival of its cyclical strength, and is again growing at rates above its potential. Despite statistical revisions, the rate of expansion of productive activity in Japan continued to hover around 2%. Emerging nations (and China and India, in particular) continued to enjoy high rates of growth, partially due to the trend of world trade and abundant capital inflows. With the intensification of commercial and financial trading (so-called "South-South"), the world's less developed nations also logged improvement in the levels of income per capita.

Commodity prices climbed substantially in the first half of the year, though they moderated somewhat toward year end. Despite the ongoing geopolitical tensions in the Middle East, the price of crude oil benefited from favourable climatic conditions and the build-up of inventories. Oil prices rose to USD 78/barrel in July, and then fell by more than 20% to close the year at USD 61/barrel.

United States, Japan and emerging nations

After a particularly robust first quarter, the U.S. economy began to decelerate to a year-on-year growth rate below its potential, and then staged an unexpected rebound toward year end. GDP rose by 3.4% in 2006, slightly surpassing the growth rate for 2005. While domestic demand - and in particular, consumer spending sustained by disposable income - was the main factor propelling the expansion, there were also signs of a recovery in demand from abroad, with significant growth of exports in the fourth quarter (+10% on an annualized basis) and a reduction in imports (-3.2%).

Corporate capital investments were slightly lower year on year, while investments in residential Property slid significantly into negative territory. Leading market indicators suggest, however, that the residential Property sector may have already seen its biggest setbacks in 2006.

The public deficit decreased modestly, ending 2006 at 1.9% of GDP versus 2.6% at the end of 2005. The trade deficit, however, continued to expand, amounting to around 7% of GDP.

The 3.4% overall rate of inflation in the United States basically emulated the trend of oil prices, and incorporated a core inflation rate of 2.5%, which is above the range considered sustainable by the Federal Reserve Bank.

After intervening to push up the reference rate from 4.25% to 5.25% in the first half of 2006, the Federal Reserve Bank left rates unchanged in view of the decelerating economy and inflation pressures that were deemed to be under control. Hovering around 4.70% at year end, long-term rates only partially mirrored of the increase in short-term rates, with the slope of the inverted yield curve becoming more pronounced as a result.

The dollar fell against the euro after a long period of stability, with the movement mainly reflective of (i) the decrease in the differential between the reference rates of interest in the U.S. and the Eurozone, as a result of both the Federal Reserve Bank's decision to discontinue restrictive measures and the tighter monetary policy employed by the European Central Bank, and (ii) fears about a sharp deceleration of the U.S. economy. The USD/EUR exchange rate thus went from 1.18 at the start of the year to 1.32 at year end, with the dollar's value falling by roughly 11.5%. Instead, the dollar gained just under 0.9% against the yen.

The Japanese economy expanded by around 2% in 2006, and although the growth rate was not particularly strong, it was still in the average range for the world's more developed economies. Even though business and consumer confidence surveys continue to yield satisfactory feedback, the weakness of consumption (in the midst of disappointing increases in real wages) and the less-than-brilliant performance of investments have taken their toll

on the country's future prospects. While the lengthy period of deflation seems to have been overcome, changes in the consumer price index remain very limited. The Bank of Japan has kept the reference rate unchanged at 0.25% in view of both the uncertainty about the economic cycle and price momentum that is weaker than expected.

As far as the emerging nations are concerned, the year of 2006 led to increasing decoupling with the cyclical phase of the world's more mature economies, thanks to the development of domestic markets and the trend of demand from abroad.

Eurozone

Although the pace of growth varied during the year, the Eurozone closed 2006 with a favourable track record in terms of its economic performance. Taken altogether, the estimates of GDP growth for the year (2.7%) reflect the highest rate of expansion since 2001. Domestic demand provided the greatest contribution to growth, prompting the consolidation of the economic recovery and less dependence on demand from abroad. Investments benefited from favourable financing conditions, while final household consumption was spurred by the growth of employment. The trend of the economy grew more solid as the year passed, as the recovery tended to spread across the entire economic bloc. Among the larger nations in Eurozone, Spain enjoyed the highest average quarterly growth rate for the first nine months of 2006, followed by Germany, Italy and France.

Driven predominantly by the trend of energy prices, the overall rate of inflation was 2.2% for the year. Core inflation remained more or less stable at around 1.4%, thereby confirming the rather limited indirect effects and secondary effects (wage-price spiral) of the surge of oil prices. In consideration of the positive trend of GDP and the substantial risks to price stability in the medium term, the European Central Bank gradually raised the policy rate, bringing it up to 3.5% as of December.

For Italy, 2006 was a year of cyclical recovery, after five years primarily marked by stagnation. It is estimated that the country's GDP grew by just under 2%. Demand from abroad provided an important support to the trend of exports and thus, to the growth of the overall economy, which generally appeared more balanced, partly due to a greater contribution of the components of domestic demand. Household consumption, in particular, showed encouraging signs of recovery. The trend of investments incorporated increased corporate spending on capital goods, while residential Property purchases by individuals were also higher.

Given a higher-than-expected revenue stream, the public spending/revenue balance improved dramatically in 2006. The ratio of the deficit to GDP (4.1% for 2005) may well have moved into the 3% range as of the end of 2006. Instead, the ratio of the public debt to GDP is estimated to have deteriorated for the second consecutive year.

The inflation rate for 2006 was 2.1%, edging up slightly over the 1.9% recorded for 2005. The inflationary pressures stemming from energy prices tended to ease in the final months of the year, bringing the annual rate of inflation below 2%.

Securities markets

The world's leading equity indices closed 2006 with substantial gains, with Europe's markets showing particularly strong momentum. The positive performance of stock markets in 2006 was basically in line with the trend of corporate earnings, which grew solidly and at rates that were higher than expected.

The gains achieved by the market indices were mostly concentrated in the second half of the year, and were driven by the decrease in oil prices that prompted a rebound of stock prices in mid-summer. The scenario that developed helped to ease inflationary tensions and to curb the pressure to raise interest rates, particularly in the United States. The alleviation of the tensions could also be seen in the trend of equity volatility indices, which fell from their summer highs to historically low levels.

The S&P500 added more than 13.0% for the full year, while the Nikkei was up by 7%, the DJ Euro Stoxx, by 20%, and the S&P MIB, by 16%. The differences in the performance of the equity markets in the three areas (United States, Europe, and Japan) are even more pronounced when taking into account the euro's appreciation of roughly 11.5% against the euro and the yen's slight depreciation against the dollar.

The higher gains achieved by the stock markets in Europe reflect both the presence of more favourable fundamentals vis-à-vis the United States (e.g. lower price-earnings ratios) and a different mix of sectors (with the weight of the technological and pharmaceutical sectors, whose performance was limited in 2006, having a lower weighting in Europe than in the United States). In terms of sectors, the biggest gains were seen in commodities and base resources, financial services, discretionary consumer goods and utilities.

As a result of the strong performance of share prices, the aggregate market capitalization of the companies traded on the Italian exchanges rose to € 778 billion, amounting to roughly 52.8% of GDP, compared with € 676 billion, and 47.7% of GDP, at the end of 2005. The number of newly listed companies during the year rose to 21, from 15 in 2005. Investment flows on the Italian market resulting from public tender offers for the sale or exchange of securities came to € 5.3 billion (€ 6.8 billion in 2005); the number of such transactions totalled 26 (18 in 2005, which included placements with a significant weight, such as ENEL's). Publicly traded companies tapped funding amounting to € 5.1 billion (€ 12.1 billion in 2005), through a total of 23 equity offerings for capital increases (21 in 2004). Average daily trading volume in the Italian equity markets rose to € 4.5 billion, compared with € 3.7 billion in 2005.

Outlook

Economic indicators since the end of 2006 have confirmed some moderation in the staying power of the U.S. economic cycle, the recovery in the Eurozone and Japan, and the strong growth of the emerging economies. At the same time, commodity prices have been virtually stable or declining with respect the end of 2006.

In the United States, the Federal Open Market Committee (FOMC) meeting in January yielded no changes in the Federal Reserve's position, given the presence of a solid economy and inflationary pressures that are under control. Based on the indications contained in its January bulletin, the European Central Bank is expecting that the inflation rate will move down toward the 2% range in 2007. However, the report goes on to point out that there are some risks of an interest-rate increase in order to maintain price stability after various years of vigorous growth of the money supply and credit. According to various market analysts, the phase of monetary restriction for the Eurozone has not yet drawn to a close.

Italian Market

The mix of household financial investments experienced a significant change in 2006. On the basis of the most recent data made available by the Bank of Italy, funds were re-allocated to investments in securities (and in particular, medium-/ long-term instruments), to the detriment of mutual funds, whose contribution to the total portfolio of financial assets was negative.

The weights of the various categories of financial assets with respect to the total portfolio remained relatively stable, with a decrease in the percentage of the portfolio invested in mutual funds (from 10.3% in December 2005 to 8.7% in September 2006) matched by slight increases in the percentages invested in securities (from 20.1% to 21.2%) and technical reserves (from 17.7% to 18%). The aggregate financial assets of Italian households increased by 3.4% in the first nine months of 2006, with the rate of growth thus slowing (particularly in the second and third quarters) with respect to the 7.1% increased logged for the full year of 2005.

Household financial assets

(% of total)	31/12/2005	30/09/2006
Cash and cash equivalents	**26.8**	**26.8**
Total securities	**20.1**	**21.2**
Short-term securities	0.1	0.6
Long-term securities	20.0	20.5
- private residents	11.1	11.1
Mutual funds	**10.3**	**8.7**
Equity securities and equity investments	**24.6**	**24.9**
Insurance and other reserves	**17.7**	**18.0**
Life insurance reserves, pension funds and reserves for employee severance indemnities	16.7	17.0
- Life insurance reserves	10.5	10.8
- Pension funds[*]	1.2	1.3
- Reserves for employee severance indemnities	4.9	5.0
Property-casualty insurance reserves	1.0	1.1
Other	**0.5**	**0.4**
Total financial assets (in € bn)	**3.261**	**3.356**
% change	**7.1**	**3.4**

[*] Pre-existing, contractual and open pension funds. The breakdown between Life insurance reserves, pension funds and reserves for employee severance indemnities was estimated by Prometeia with the use of data sourced from the Bank of Italy, the insurance regulatory authorities ("ISVAP") and the pension fund authority ("COVIP")

Source: Bank of Italy

According to data compiled by the insurance regulatory authorities (ISVAP), the Italian insurance industry's underwriting volume of € 70,364 million for the first nine months of 2006 reflects a 3.6% decrease with respect to the same period of 2005. As shown by the date in the table on the Italian insurance market, the Life insurance segment's underwriting volume fell by 6.4% during the first six months of 2006 to a total of € 50,360 million, while the Property-casualty segment reported 2.3% growth year on year to a total of € 26,004 million. Within the latter segment, the auto business experienced growth of 1.2%, while the non-auto lines logged an increase of 4%.

The Italian insurance market			
(in € 000's, % changes y/y)	31/12/2004	31/12/2005	30/09/2006
Total	**101,037**	**109,778**	**70,364**
% change	4.2	8.7	-3.6
Life insurance	**65,626**	**73,470**	**50,360**
% change	4.5	12.0	-6.4
Property-casualty insurance	**35,411**	**36,308**	**26,004**
% change	3.5	2.5	2.3
- auto	21,207	21,325	15,894
% change	2.5	0.6	1.2
- non auto	14,204	14,983	10,111
% change	5.0	5.5	4.0

Life insurance

On the basis of official statistics compiled by ISVAP, the Life insurance segment's underwriting volume as of the end of the third quarter of 2006 (excluding cross-border underwriting) amounted to € 50,360 million, thereby evidencing a 6.4% decrease with respect to the first nine months of 2005. At € 41,698 million, new production was down by 7.1%. Individual products, which secured € 45,728 million of underwriting volume and thus accounted for 90% of the life market, were the products suffering the biggest drop in business volumes (with gross premiums slipping by 6.8%, and new production off by 7.9%). Setbacks were also seen with respect to group policies (whose underwriting volume fell by 2.4% to around € 4,631 million); the reduction in this case is attributable to both a decrease in capital-accumulation policies for corporate customers (-4.2% to € 2,808 million) and the conspicuous contraction of the volumes tapped through pension funds. The decrease in the last case is partially the result of a statistical comparison skewed by the sizeable contributions made in 2005 by a contractual pension fund for the insurance component of pension accounts providing guaranteed returns.

As shown by the breakdown of individual products, the business in unit-linked policies countered the market trend, with underwriting volumes up by 5% to a total of € 10,137 million. Lower underwriting volumes were instead seen with respect to all of the other individual products, including: cash-value policies (-4.1% to a total of € 21,453 million), index-linked policies (-12.4% to a total of € 8,881 million) and capital-accumulation policies (-34.2% to a total of € 4,459 million). The breakdown of products also shows contractions with respect to all types of premiums, with the most pronounced decline seen for single premiums (-7.3% to a total of € 34,974 million) and a more limited decrease in annual premiums (-4.9% to a total of € 4,981 million) and recurring premiums (-5.5% to a total of € 5.670 million). In the last case, the reduction stemmed from net policy redemptions in the third quarter, which more than offset the cumulative growth for the first half of the year. Though still very limited overall, the volumes of new production for individual welfare plans ("PIPs") were significantly higher in the first nine months of 2006 (+18.9% to € 150 million), with the bulk of the business concentrated in traditional investments managed in separate accounts (+19.8% to € 103 million); the PIPs invested in internal unit-linked funds were also higher (+17.1% to € 46 million).

In terms of product distribution, the best performance was achieved by the private-banker networks (whose gross premiums rose by +5.9% to € 3.835 million) and agencies operating under mandate (+4.3% to € 8,828 million), partly due to the contribution of products purchased for investment purposes. The private-banker networks secured sound results in their sales of unit products, including those with recurring premiums; the agents, instead, managed to grow the sales of index-linked products, partly due to the comparison with the previous year when sales of this type of product had dwindled. Volumes generated through direct sales and through the banking channel were lower, dropping by 10.7% and 10.5% to € 7,244 million and € 26,060 million, respectively. The decreases were respectively concentrated in capital-accumulation plans for corporate customers and index-linked products. The business generated through the postal system was relatively stable (underwriting volume fell by 0.2% to € 4.875 million), offsetting the index-related writedowns on traditional products.

It is estimated that the year of 2006 as a whole closed with a modest rebound of underwriting activity in the final quarter, sufficient enough to mitigate the setbacks recorded through September. In comparison with 2005, the sample data collected by the industry association, ANIA, with regard to the new production of individual products (including the volumes generated by the cross-border companies) evidence virtual stability of volumes in October and November, and growth during the month of December (+2.9%). The rebound occurred mostly as a result of index-linked products, whose volumes grew significantly throughout the entire fourth quarter, and classical unit-linked products, whose volumes were growing in the final three months of the year after a virtual standstill in production during the summer months. Lower volumes in traditional products - and in capital-accumulation policies, in particular - had the effect of significantly moderating the positive performance of the index- and unit-linked products described above.

The sample data complied by ANIA with reference to distribution for the full year provided further validation of the trends seen through September, with the private bankers and the agents, in particular, continuing to perform positively, though the growth of their volumes was not sufficient to offset the setbacks in terms of direct sales and sales through the banking channel.

Alongside the underwriting trend, a particularly significant factor for the life insurance market in 2006 was the ratio of benefits paid (as a result of lapses, claims and surrenders) to gross premiums. According to the ANIA data, as of September, the benefits paid were equal to more than 77% of the premiums booked, amounting to more than 93% in the case of unit- and index-linked policies purchased for investment purposes.

Current status of the regulatory framework for supplemental pensions

The Italian Parliament's approval of the national budget for 2007 authorized the early implementation of the provisions of Legislative Decree n. 252 of 2005, with the decree going into effect as of 1 January 2007. The legislative measures have thus essentially rounded out the regulatory framework for the formal introduction of retirement plans to supplement government pensions (the so-called "supplemental pensions") for full-time workers in the private sector, particularly with reference to the way in which workers will elect to allocate the amounts earned as employee severance indemnities required by Italian law (the so-called "TFR"). The main aspects of the reform may be summarized as follows:

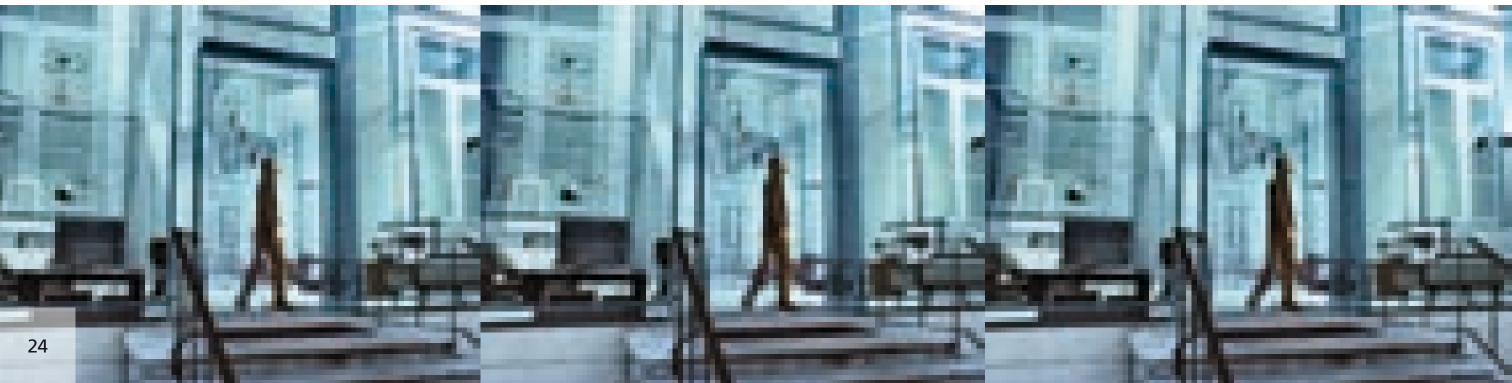
- As of 1 January 2007, full-time workers in the private sector will have the option of deciding the way in which the employee severance indemnities that they earn will be invested (a similar program for workers in the public sector is also under review). During the first half of 2007, or within six months of the hire date for any workers hired after 1 January 2007, the worker may indicate that he/she wishes (i) to transfer the employee severance indemnities earned to a supplemental pension plan (a contractual pension fund or a pension fund sponsored by an industry association, an open pension fund or an individual retirement plan), or (ii) to continue under the prevailing system (whereby the amounts earned are held by the employer). Should the worker not elect an option, the principle of tacit consent shall apply whereby the employee severance indemnities earned will be automatically transferred to a supplemental pension plan as provided by collective bargaining contracts or by other company-specific agreements, or if not provided as such, the amounts earned will be transferred to a special fund set up by the Italian Social Security Administration (so-called "INPS"). The employee severance indemnities earned covered by the decision will be equal to all amounts earned by any persons who started working after 29 April 1993 and by any persons who, even though they started working prior to that date, are already participants in a supplemental pension plan. For "older" workers who have not previously enrolled in a supplemental pension plan, the allocation of the employee severance indemnities may be split (as established by the collective bargaining agreements or, in the absence thereof, for a portion equal to no less than 50%).
- The portions of employee severance indemnities explicitly allocated to the employer will remain available to the employer only in the case of companies with less than 50 full-time employees. Companies with more than 50 full-time employees must turn the funds over to a special fund set up by INPS. For the worker, there are no changes with respect to the previous system and the payment of the indemnities (including advance payment thereof) must be requested from the employer.
- Various tax benefits have been provided for the supplemental pension plans: (i) annual contributions (other than the allocation of employee severance indemnities earned) of up to € 5,164.67 may be deducted from taxable income; (ii) the earnings on such contributions will be taxed via a substitution tax, at the subsidized rate of 11%; and (iii) the benefits paid, which may be disbursed in the form of a principal payment for up to 50% of the accumulated amount, will be subject to separate taxation at the subsidized rate of 15%, which is to be reduced by 0.3% for each year of participation in excess of 15 years, up to a maximum reduction of six percentage points for participation of 35 years or more.

Alongside the perfection of the regulatory framework outlined above, the pension fund authority ("COVIP") has come up with formats for the by-laws, regulations and disclosure statements that will apply to all supplemental pension plans (closed or negotiated pension funds, open pension funds and individual retirement plans).

Other possible regulatory measures are still under discussion, and if approved, could have an impact, including a significant impact, on the development of supplemental pensions. In particular, policy makers are reviewing the possible reform of taxation on income from financial investments, with the possible harmonization of systems and the application of a single tax rate of 20%; if confirmed, such reform could increase the significance of the tax advantages associated with the income earned on funds invested in supplemental pensions.

The employee severance indemnities accruing for 2007 are estimated to be in the range of € 15.3 billion, with about 56% of the amount related to full-time workers employed by companies with more than 50 employees. If employer and employee contributions are added to that figure, the total annual flow potentially allocable to supplemental pensions could top € 20 billion.

The expectations about the magnitude of capital that will actually flow into the various types of supplemental pensions are certainly less than the potential, at least for 2007. There are numerous factors that could impede participation in the supplemental pension funds, not the least of which is the interest of employers in small companies to promote the option of keeping the funds with the company. It should also be noted that some workers may elect, at least at the beginning, to keep their accounts with their employer, particularly considering that they will be able to enroll in a supplemental pension plan at a later date (whereas employees enrolling immediately in supplemental plans will not be able to move their funds back to their employers). Notwithstanding these hurdles, it can be conservatively estimated that the net flow into the pension funds (contractual, pre-existing and open funds) in 2007 will be around € 6.5 billion, thus representing growth of more than 80% with respect to 2006.



In terms of the specific types of funds, it would appear that the tacit-consent mechanism and the non-perfect portability of the employer's contributions will initially work to the benefit of the contractual funds. The impact on the insurance market should thus be more evident with regard to the capital flowing into portfolios under management mandates given by the contractual funds. The expectations are also positive with regard to the development of business for both open pension funds and individual retirement plans, including with reference to individuals who are not working on the basis of full-time employment contracts (e.g. self-employed workers, professionals, etc.).

Property-casualty insurance

According to data compiled by the insurance regulatory authorities (ISVAP), the Property-casualty market had modest growth in the first nine months of 2006, with total underwriting volume estimated at € 26,004 million, for an increase of 2.3% year on year. The growth figure thus reflects a slowdown with respect to the increase of 4.2% for the first nine months of 2005.

With premiums of € 15,894 million, the auto insurance segment reported the lowest rate of growth (+1.2%), even though this was above the comparable rate posted for the first nine months of 2005 (+0.6 percent).

The other Property-casualty lines grew at a stronger pace, with premiums totalling € 10,111 million, for a 4% increase year on year. The market was negatively impacted by a sluggish trend of business in the corporate segment, as a result of intensifying price competition and a difficult economy. In contrast, the personal insurance segment performed well in 2006, particularly with reference to health insurance and Property insurance.

In terms of distribution, the Property-casualty market continues to be dominated by agents, who accounted for 85% of total premiums and more than 91% of auto liability premiums. Even though there were few changes in terms of the market's overall distribution structure, banks managed to secure a gain in market share, which rose from 1.5% of total Property-casualty premiums in the first nine months of 2005 to 1.7% during the same period of 2006; over the same period, the banks' share of non-auto business climbed from 1.8% to 2.3%. Banks appear to be particularly active in selling health and homeowners policies, as well as credit-protection insurance (CPI) related to personal loans.

Even though not affecting the auto-liability market in 2006, a new, obligatory direct-indemnity mechanism introduced as of 1 February 2007 provides that the damages sustained in the event of an accident for which the policyholder has a right to claim compensation are to be paid, with only a few exceptions, directly by the policyholder's own insurance company which, in turn, will have to recover its outlay from the insurance company covering the person who caused the accident through a clearinghouse. The settlement of the claims through the clearinghouse will be done on the basis of an average value, which will be differentiated only by macro areas of the country. The new system is extremely inconsistent with respect to the past, with regard to both the technical issues involved in pricing the risks and the relationship between the insurer and the auto-liability policyholder.

The Property-casualty market has also been affected by another regulatory change decided in 2006, namely, the prohibition against exclusive distribution clauses that was initially introduced for auto-liability policies (July 2006) and then to be extended to all Property-casualty policies (February 2007). As provided by the new regulations, exclusive agreements may no longer be executed as of 1 January 2008, and any exclusive agreements outstanding as of such date will become invalid. The regulatory change could have a significant impact on the distribution structure of the Property-casualty market in Italy, where exclusive agents have long had a dominant role. It is important to note, however, that the regulation, though making exclusive agreements illegal, does not require non-exclusive agreements, an arrangement already existing in the Italian market, albeit to a limited measure.

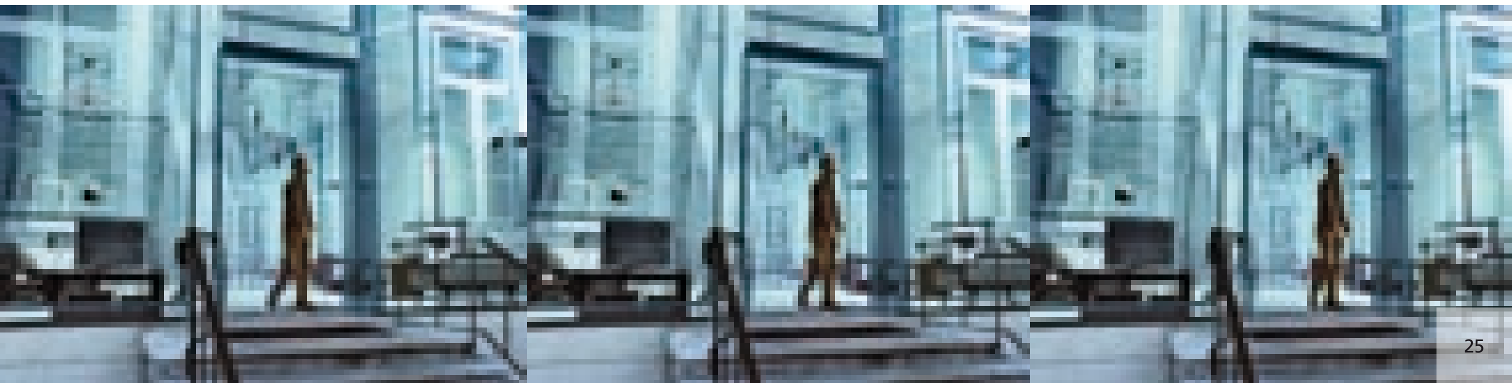
Asset management and other financial services

As of the end of 2006, the assets under management in the funds management market totalled € 970 billion (Prometeia estimates), with the growth rate of 4.1% for the year well below the 11.8% registered for 2005.

The mutual fund market is witnessing significant changes in terms of both production and distribution, particularly due to the sluggishness of demand in the final months of 2006. The year of 2006 represented the worst year on record for the mutual fund industry, with net redemptions of around € 13 billion incorporating some € 39 billion of redemptions from funds managed by Italian intermediaries.

As of year end, the mutual funds managed by Italian intermediaries had € 541.5 billion under management, with the balance some 4.2% lower year on year (the result compares with growth of 7.7% in 2005). With further reference to the mutual funds managed by Italian intermediaries, the Italian-law funds experienced net redemptions of around € 50 billion in 2006, with the balance as of 31 December down by 11.1% on an annual basis; by contrast, the foreign funds managed by Italian intermediaries ("roundtrip") grew by 10.3% (€ 11 billion), although the rate of growth was roughly 50% below that registered for 2005.

As shown by the data compiled by the industry association, ASSOGESTIONI, the performance of the foreign funds was also weaker, with the balances increasing by close to 42.8% versus 72.6% in 2005. Roundtrip and foreign funds have continued to account for an increasing portion of the total mutual fund market in Italy; as of the end of 2006, the combined weight of the two categories was 46.7% of net assets, thus reflecting a seven percentage-point increase with respect to the end of 2005.



The shifting of the investments into foreign funds tended to ease as of second quarter of 2006. As of the end of the year, the net new investment in the roundtrip funds was around € 10.9 billion, or roughly one-half of the total tapped in 2005. At the same time, the products managed by foreign intermediaries managed to attract an estimated € 26 billion during the year, though this was not sufficient to cover the redemptions from Italian funds.

The trend of net inflows by fund category remained unchanged, once again highlighting the market's preference for the more flexible products.

Demand for funds of funds remained strong, even though the momentum for the non-speculative harmonized instruments was weaker. From June to December 2006, the hedge funds of funds attracted investment of € 3.5 billion, which was almost double the total for the same period of 2005. Instead, for the non-speculative funds of funds, the market data indicate € 1.5 billion of redemptions for the products linked to Italian-law harmonized collective investment funds, and € 1.1 billion of new investment in non-linked products. The market for multi-manager products has also continued to open up further. As of the end of December 2006, the total value of the hedge market stood at roughly € 28 billion, rising by 43% for the year.

Finally, the distribution networks controlled by leading banks adapted their marketing tactics with respect to the different customer segments, promoting direct investments to the mass market as instruments to substitute the more costly money-market and bond funds whose risk profile is less consistent with the average for the segment. At the higher end of the market, the emphasis was placed on flexible funds and hedge funds, including through investments in multi-manager funds, whose assets under management grew by 9% in 2006.

Trend of Operations

In order to facilitate a better understanding of the Eurizon Group's accounting data in the consolidation area which includes Eurizon Capital Sgr and its subsidiaries as of 30 June 2006, the main accounts from the consolidated profit and loss statement and the consolidated balance sheet are presented in summary form below with respect to the years ending 31 December 2006 and 2005.

Given the date of the acquisition of Eurizon Capital Sgr, the notes to the consolidated financial statements presented in the second part of this annual report do not include the first-half results of acquired company.

The annual report contains proforma financial statements prepared using historical data, in order to present the earnings, financial position and capital that the Group would have reported if it were to have had its present configuration as from the start of the year. The proforma data have not been audited.

The consolidated financial statements presented with the notes to the consolidated financial statements incorporate the profit-and-loss accounts of the subsidiaries Banca Fideuram and EurizonVita for the entire year, while the contribution of Eurizon Capital Sgr is included for the second half only. The balance sheet accounts include the data for all of aforementioned companies as of 31 December 2006.

Analysis of Profit and Loss Statement Accounts

Reclassified profit and loss statement

(in € mn)	31/12/2006	31/12/2005	2006/2005 Change	
Net premiums	2,865.4	3,599.3	-733.9	-20%
- Life insurance	2,813.4	3,568.1	-754.7	-21%
- Property-casualty insurance	52.0	31.2	20.8	67%
Claims-related charges, net	-3,260.7	-4,282.3	1,021.6	-24%
Premiums and claims-related charges	**-395.3**	**-683.0**	**287.7**	**-42%**
Net commission income	737.5	758.5	-21.0	-3%
Net income from financial instruments and investments	952.7	773.6	179.1	23%
Net income from financial instruments stated at fair value, whose gains and losses accrue to the profit and loss statement	174.7	537.0	-362.3	-67%
Operating expenses	-680.3	-533.3	-147.0	28%
Other revenues and expenses	-41.2	-140.8	99.6	-71%
Profit before taxes and minority interests	**748.1**	**712.0**	**36.1**	**5%**
Income taxes	-150.7	-165.9	15.2	-9%
Earnings (losses) on discontinued operations	**-28.5**	**-35.9**	**7.4**	**-21%**
Consolidated net profit	**568.9**	**510.2**	**58.7**	**12%**
- Net of minority interests	516.8	457.3	59.5	13%
- Minority interests	52.1	52.9	-0.8	-2%

The Eurizon Financial Group's consolidated net profit for 2006 amounted to € 568.9 million, inclusive of the earnings accruing to minority interests. The net profit thus increased by 12% with respect to the € 510.2 million earned for the previous year.

The higher profit is due partially to the increase in the total assets under administration, and partially to the improved returns on financial assets, with the net earnings on financial instruments and investments rising by 23% to € 953 million. The bulk of the increase in financial income came from ordinary operations, partly as a result of changes in asset allocation.

The positive trend of the underwriting and financial results made it possible to absorb not only an increase in operating expenses due to an expansion of the work force and a slight reduction of net commission income, but also some of the negative impact of non-recurring events, such as the early adjustment of the mortality tables (€ 33 million), the expenditures for Eurizon's planned IPO and the Banca Fideuram public tender offer (€ 26 million), and the provisions related to Fideuram Wargny, Banca Fideuram's French subsidiary that is currently being divested (€ 29 million).

Net premiums

(in € mn)	31/12/2006	31/12/2005	2006/2005 Change	
Premiums earned on financial products with participation in profits	**2,247.2**	**3,028.1**	**-780.9**	**-26%**
- Recurring premiums	172.0	264.8	-92.8	-35%
- Single premiums	2,075.2	2,763.3	-688.1	-25%
Premiums earned on Life insurance products	**578.4**	**544.9**	**33.5**	**6%**
- Recurring premiums	442.9	352.7	90.2	26%
- Single premiums	135.5	192.2	-56.7	-29%
Gross funding of financial products without participation in profits	**3,278.0**	**4,544.8**	**-1,266.8**	**-28%**
- Recurring premiums	361.4	354.3	7.1	2%
- Single premiums	2,916.6	4,190.5	-1,273.9	-30%
Gross life premiums	**6,103.6**	**8,117.8**	**-2,014.2**	**-25%**
Gross Property-casualty premiums	**99.2**	**61.2**	**38.0**	**62%**
Change in premium reserve	-22.3	-12.7	-9.6	75%
Amount for account of reinsurers	**-37.2**	**-22.2**	**-15.0**	**67%**
Net premiums	**2,865.4**	**3,599.3**	**-733.9**	**-20%**

Gross production of Life insurance came to € 6,103.6 million, contracting by 25% compared with the € 8,117.8 million recorded in 2005.

The decrease in underwriting volume is due to major changes in the portfolios of products marketed by the bank branches and by the private-banker network, with production concentrated on the segments generating higher added value. In this regard, the Group terminated the marketing of capital-accumulation policies to private and institutional clients, and decreased the weight of index-linked products, so as to emphasize the new types of unit-linked policies and traditional policies.

The Property-casualty business generated underwriting volume of € 99.2 million.

Referring to insurance products only, the net premiums amounted to € 2,865.4 million and included € 2,247.2 million of premiums related to financial products with participation in profits, € 578.4 million of premiums related to insurance products, € 77 million of Property-casualty premiums net of changes in the reserves, and € 37.2 million of amounts for the account of reinsurers.

Net claims-related charges				
(in € mn)	31/12/2006	31/12/2005	2006/2005 Change	
Sums paid for:	**2,631.6**	**1,973.3**	**658.6**	**33%**
- Losses	232.4	232.8	-0.4	0%
- Annuities	20.9	17.9	3.0	17%
- Surrenders	1,452.2	923.0	529.2	57%
- Lapses	917.6	792.4	125.2	16%
- Settlement expenses	8.9	7.2	1.7	23%
Amount for account of reinsurers	**-1.3**	**-0.4**	**-0.9**	**228%**
Total	**2,630.6**	**1,972.9**	**657.7**	**33%**
Change in net technical reserves	**607.1**	**2,295.7**	**-1,688.6**	**-74%**
Net claims-related charges - Life insurance	**3,237.7**	**4,268.6**	**-1,030.9**	**-24%**
Net claims-related charges - Property-casualty insurance:	**23.0**	**13.7**	**9.3**	**68%**
Sums paid	15.2	12.2	3.0	25%
Change in technical reserves	7.8	1.5	6.3	420%
Net claims-related charges	**3,260.7**	**4,282.3**	**-1,021.6**	**-24%**

The sums paid to policyholders amounted to € 2,630.6 million, rising by 33% compared with the € 1.972.9 million reported for 2005. The increase was due to both a higher number of policies expiring, and a rise in the number of surrenders. The latter development is the result of customers cashing in policies after having achieved targeted returns, as well as market dynamics that made other short-term investments more attractive.

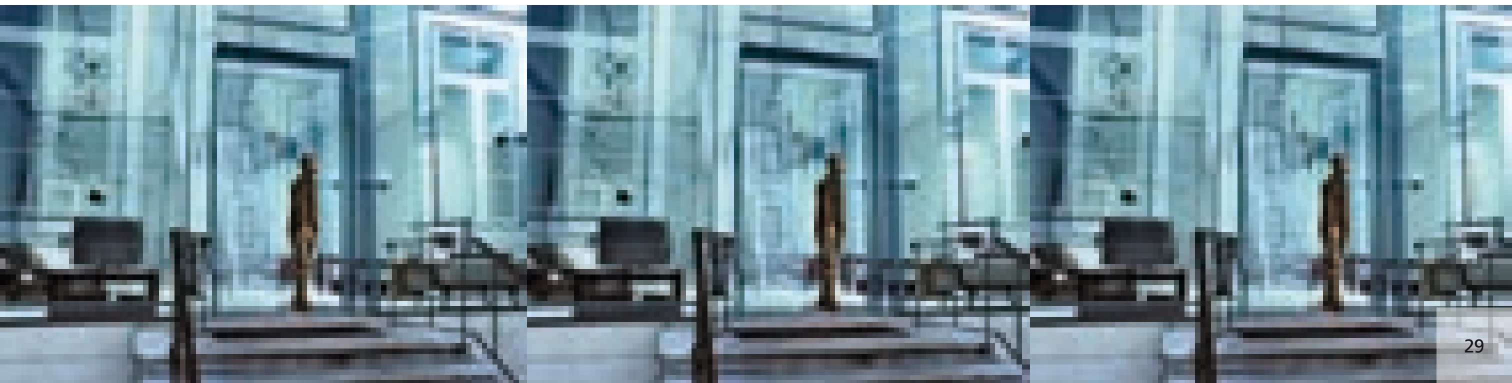
The change in technical reserves of € 607.1 million reflects a decrease of 74% in comparison with 2005, due for the most part to the reduced flow of net premiums, and to a lesser extent, to the trend of the financial markets.

Net commission income				
(in € mn)	31/12/2006	31/12/2005	2006/2005 Change	
Commission income	**2,172.4**	**2,098.3**	**74.1**	**4%**
Commission expense	**1,434.9**	**1,339.8**	**95.1**	**7%**
Net commission income	**737.5**	**758.5**	**-21.0**	**-3%**

Taking into account € 2,172.4 million of commission income and € 1,434.9 million of commission expense, the Group's net commissions came to € 737.5 million, thereby decreasing by 3% with respect to the € 758.5 million booked in 2005.

Net commissions earned on the individual portfolio management and financial services rendered by the subsidiaries Banca Fideuram and Eurizon Capital Sgr were higher year on year due to increases in recurring commissions (which benefited from the growth of the average assets under management and from the new product line), front-end fees (as a result of improvement in mutual-fund subscriptions and the positive performance of the securities business), and performance commissions on Italian funds. In the last case, the increased commissions partially reflect a reduction in commission expenses due to the revision of distribution agreements with the Sanpaolo branches, and the resulting favourable changes to the percentages paid by Banca Fideuram and Eurizon Capital Sgr to such branches.

Such results were countered by the negative trend of net commissions on unit- and index-linked products as a consequence of a lower level of new production of insurance, and to a lesser extent, due to the increase in the total fees paid to the Sanpaolo branches following the revision of the bancassurance agreements.



Net income from financial instruments

(in € mn)	31/12/2006	31/12/2005	2006/2005 Change	
Earnings on financial investments	**1,892.8**	**2,873.5**	**-980.7**	**-34%**
- Real estate investments	-1.0	-0.5	-0.5	-95%
- Financial assets available for sale	905.7	749.4	156.3	21%
- Financial assets held to maturity	0.1	0.1	0.0	0%
- Financial assets stated at fair value	639.3	2,129.9	-1,490.7	-70%
- Financial assets held for trading	150.7	-114.8	265.4	231%
- Financing and loans receivable	187.6	95.8	91.8	96%
- Other financial assets	10.4	13.5	-3.1	-23%
Results of financial liabilities	**-765.4**	**-1,562.9**	**797.5**	**-51%**
- Financial liabilities stated at fair value, whose gains and losses accrue to the profit and loss statement	-615.2	-1,478.2	863.0	-58%
- Other financial debt	-150.2	-84.7	-65.5	77%
Total	**1,127.4**	**1,310.6**	**-183.2**	**-14%**

Net financial income amounted to € 1,127.4 million in 2006, decreasing by 14% from the € 1,310.6 million posted for 2005. The 2006 figure includes € 174.7 million of net earnings from instruments stated at fair value, whose gains and losses are booked to the profit and loss statement, and € 952.7 million from other financial instruments and real estate investments.

The result does not appropriately reflect the quality of the financial management during 2006, as it was significantly influenced by the unfavourable trend of the financial instruments stated at fair value, which negatively affected the securities linked to unit- and index-linked policies.

The Group's investment management was actually more efficient in 2006, both in terms of asset allocation (via a focused policy of differentiating investments in various classes, and in equities and corporate bonds, in particular), and as a result of the hedging of interest-rate risk (with transactions specifically designed to protect investments from the adverse effects of higher rates). The benefits of such tactics can be seen in the earnings on financial assets available for sale, which rose to € 905.7 million, for a 21% increase over the € 749.4 million realized in 2005.

Operating expenses

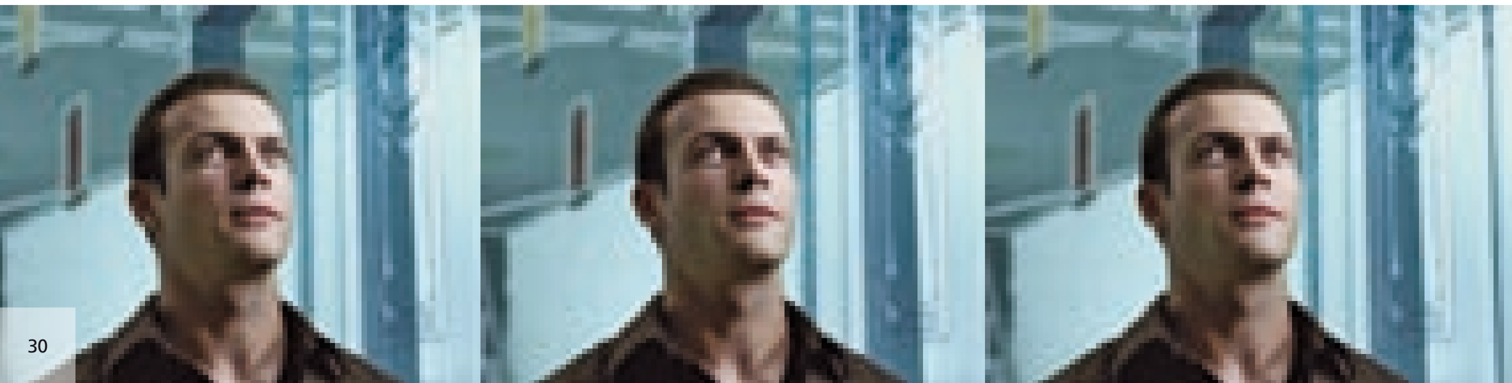
(in € mn)	31/12/2006	31/12/2005	2006/2005 Change	
Commissions and other acquisition expenses	160.0	120.5	39.5	33%
Investment management expenses	9.8	11.3	-1.5	-13%
Other administrative expenses	510.5	401.5	109.0	27%
Total	**680.3**	**533.3**	**147.0**	**28%**

Operating expenses climbed 28% to € 680.3 million, from the € 533.4 million posted for 2005. Commissions and other acquisition expenses rose by 33%, mainly due to higher maintenance fees paid to the Sanpaolo branches. Investment management expenses were instead 13% lower, mostly as a result of more efficient operations.

Other administrative expenses rose by € 109 million (27%) to € 510.5 million, inclusive of roughly € 40 million of incremental outlays for labour in relation to increased staffing in various areas of the companies of the Group. The remaining roughly € 70 million of the increase covers around € 30 million of non-recurring expenditures incurred by the holding company in 2006 in relation to the planned stock-market quotation, which was suspended upon the Banca Intesa-Sanpaolo IMI merger, and around € 40 million of expenditures related to new project initiatives, advertising, and the process of documenting and reinforcing the internal controls system as contemplated by the Sarbanes Oxley Act and Italian Law 262/2005.

Other revenues and expenses

Other revenues and expenses resulted in a net charge of € 41.2 million, compared with a net charge of € 140.8 million in 2005. The improvement with respect to 2005 is mainly attributable to a reduction in certain risk provisions, the completion of the depreciation and amortization of certain assets, and the change in the minority interests' share of earnings from holdings in mutual funds used for the investment of assets covered by unit-linked policies which are included as part of this account.



Loss from operating assets sold

The after-tax losses of non-current assets held for sale amounted to € 28.5 million (35.9 million in 2005), and refer to the French Fideuram Wargny Group, a business unit that is currently in the process of being sold. The tax loss carryforwards booked within the unit led to the recognition of fiscal benefits in the form of deferred tax assets of roughly € 15 million posted to the profit and loss statement.

Analysis of Balance Sheet Accounts

With reference to the Eurizon Financial Group's consolidated balance sheet, it is noted that investments, cash, and cash equivalents account for approximately 95% of total assets, while technical reserves and financial liabilities represent around 90% of total liabilities and shareholders' equity.

Investments, cash and cash equivalents

(in € mn)	31/12/2006	31/12/2005	2006/2005 Change	
Real estate investments	40.1	39.3	0.8	2%
Investments in subsidiaries, affiliates and joint ventures	0.6	0.1	0.5	ns
Investments held to maturity	3.5	4.7	-1.2	-26%
Financing and loans receivable	5,359.9	4,639.6	720.3	16%
Financial assets available for sale	22,733.4	19,282.7	3,450.7	18%
Financial assets stated at fair value, whose gains and losses accrue to the profit and loss statement	27,994.9	27,456.9	538.0	2%
Sub-total	**56,132.4**	**51,423.3**	**4,709.1**	**9%**
Cash and cash equivalents	**1,041.0**	**1,652.8**	**-611.8**	**-37%**
Total investments	**57,173.4**	**53,076.1**	**4,097.3**	**8%**

Total investments of € 57,173.4 million reflect an increase of € 4,097.3 million (+8%) over the prior year. The account balance incorporates an increase in financial assets, which also entailed changes in the mix of the securities portfolio and a higher investment in financial assets available for sale, as better described hereunder, and an increase in loans to the interbank market correlated to the growth of the direct funding tapped through current accounts and deposits.

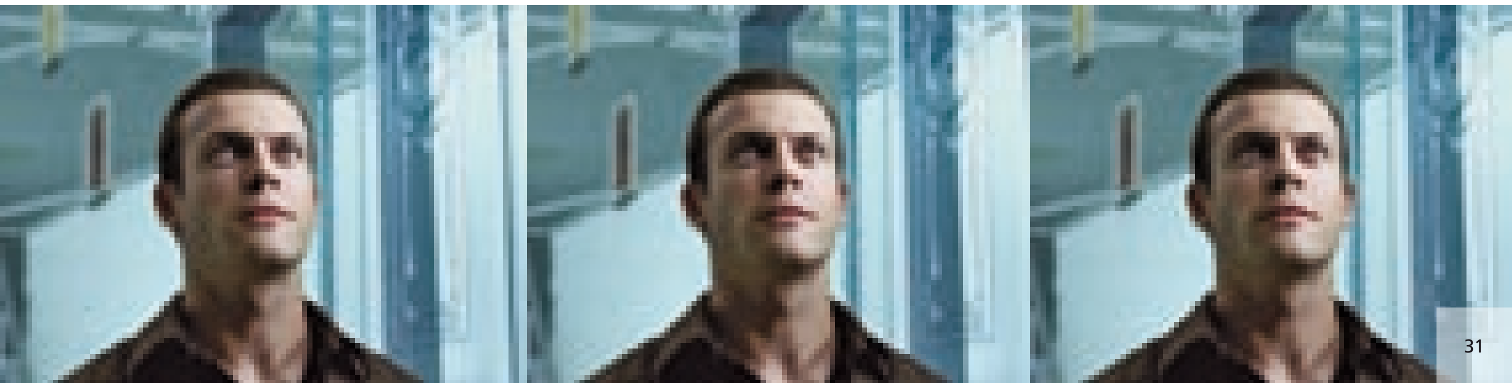
Most of the financial assets available for sale (almost € 20 billion, +3%) are carried on the books of the subsidiary, EurizonVita, with the remainder held by Banca Fideruram. Most of these assets are related to insurance and financial products managed through separate accounts. The assets held are predominantly bonds issued by the governments of the nations participating in EMU, whose quality is deemed to be particularly high. Investments in equities represent a limited percentage of the total, and mostly consist of holdings in companies resident in the Euro Area, and operating in the financial services, utilities, telecommunications and energy sectors.

The total value of the financial assets stated at fair value grew modestly to reach around € 28 billion, with most of the assets related to unit- and index-linked products purchased for insurance or investment purposes. The bulk of such assets - more than 90% - is invested in: mutual funds used for unit-linked policy investments (the funds are fully consolidated whenever EurizonVita holds the majority of shares or units outstanding); securities and derivatives used for the index-linked policy investments; and securities managed as part of open pension funds.

In consideration of the differences between market value and book value, the Group booked € 35.8 million to the shareholders' equity reserve for gains and losses on the valuation of securities available for sale. The comparable amount booked for 2005 was € 91.6 million.

Technical reserves

(in € mn)	31/12/2006	31/12/2005	2006/2005 Change	
Financial products with participation in profits	15,013.4	14,542.1	471.3	3%
Life insurance products	7,548.7	7,598.2	-49.5	-1%
Total	**22,562.1**	**22,140.3**	**421.8**	**2%**
- including: shadow accounting	235.6	636.6	-401.0	-63%



The technical reserves, which cover commitments to policyholders in relation to insurance products (almost all of which are life products) and the financial products with discretionary participation in profits, totalled € 22,561.1 million at the end of 2006. The 2.2% increase for the year is the result of (i) the effects of the favourable trend of the market (particularly in the second half), which are reflected in the returns to policyholders, and (ii) the positive balance between premiums and sums paid out in relation to such products.

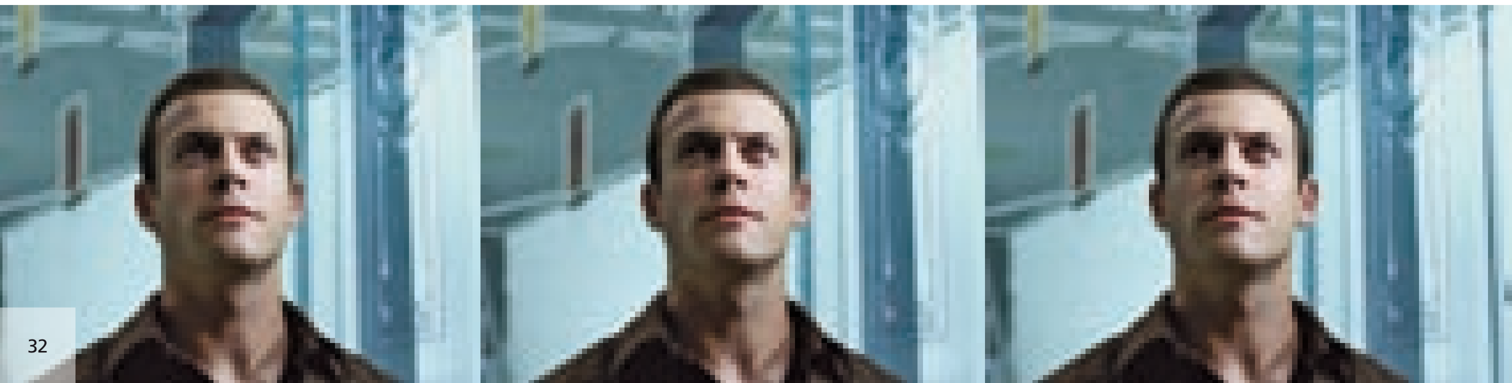
The technical reserves incorporate the effect of the application of shadow accounting to the financial assets under separate-account management, namely, the allocation to the policyholders of their portion of potential net capital gains on the investment portfolio. The application of the shadow accounting showed potential net capital gains of € 235.6 million accruing to policyholders, versus € 636.3 million for 2005 (-63%). The decline over the year was caused by increases in interest rates.

Financial liabilities

(in € mn)	31/12/2006	31/12/2005	2006/2005 Change	
Financial products without discretionary participation in profits	**23,113.4**	**22,515.8**	**597.6**	**3%**
- unit-linked products	11,863.3	11,485.5	377.8	3%
- index-linked products	10,934.8	10,784.7	150.1	1%
- products with specific assets	315.2	245.6	69.6	28%
Other financial debt	**7,533.4**	**5,396.5**	**2,136.9**	**40%**
Total	**30,646.8**	**27,912.3**	**2,734.5**	**10%**

The financial liabilities regarding financial products without discretionary participation in profits (mainly financial liabilities related to index- and unit-linked products) amounted to € 23,113.4 million, increasing by 3% with respect to the prior year. The growth reflects (i) the volumes of new production of index-linked products placed by the banking networks, and (ii) the increase in the value of the assets underlying the index- and unit-linked policies as a result of the favourable performance of the financial markets.

Other financial debt, which almost exclusively refers to the banking activity, amounted to € 7,533.4 million at year end, compared with € 5.369.5 million as of 31 December 2005. The 40% growth is due to a significant increase in funding tapped by the subsidiaries, Banca Fideuram and Fideuram Bank Luxembourg, via current accounts and repurchase agreements. The stable increase in liquidity resulting from the favourable trend of customer funding explains the incremental investment in the Group's own financial assets; as mentioned above, changes were made in the allocation of the assets within the Group's portfolio in accordance with the investment policies established, with the holdings of financial assets available for sale rising as a result.



Financial Reporting by Business Segment

The Eurizon Group has identified three business segments:

- Life insurance;
- Property-casualty insurance;
- Asset management and other financial services.

The data for the individual segments reflect the capital, financial position and earnings of the companies belonging to the segments, each of which is treated as a distinct and independent business unit with respect to the other segments. Accordingly, all assets, liabilities, revenues and expenses from transactions between companies belonging to the same segment or between companies belonging to different segments are eliminated. It is noted that a single company may contribute to the same account for more than one segment.

The tables which follow illustrate the balance sheet and the profit and loss statement by business segment with regard to 2006, and include the accounts of Eurizon Capital Sgr and its subsidiaries for the entire year.

Balance sheet

	(in € mn)	Life insurance	Property-casualty insurance	Asset management & other financial services	Intercompany eliminations	Total
1	Intangible assets	24,612	437	54,357	-	79,406
2	Fixed assets	32,479	32	56,795	-	79,440
3	Technical reserves for the account of reinsurers	11,537	34,798	-	-	46,335
4	Investments	48,183,208	121,932	8,319,769	492,496	56,142,279
5	Other receivables	277,757	19,862	473,919	68,617	702,921
6	Other assets	696,960	5,357	381,237	3,914	1,079,640
7	Cash and cash equivalents	140,623	12,987	1,118,749	231,310	1,041,049
	Total assets	**49,367,176**	**195,405**	**10,404,826**	**796,337**	**59,171,070**
1	Shareholders' equity					2,543,506
2	Provisions	9,305	-	232,128	-	241,433
3	Technical reserves	22,473,540	109,697	-	21,160	22,562,077
4	Financial liabilities	23,628,827	1,747	7,762,727	746,465	30,646,836
5	Payables	999,290	24,549	853,430	28,345	1,848,924
6	Other liabilities					1,328,294
	Total liabilities and shareholders' equity	**49,367,176**	**195,405**	**10,404,826**	**796,337**	**59,171,070**

Profit and loss statement

(with the inclusion of Eurizon Capital Sgr and subsidiaries for the entire period)

(in € mn)		Life insurance	Property-casualty insurance	Asset management & other financial services	Intercompany eliminations	Total
1.1	Net premiums	2,813,395	52,026	-	-	2,865,421
1.2	Commission income	350,437	-	1,848,114	26,174	2,172,377
1.3	Income and charges from financial instruments stated at fair value, whose gains and losses accrued to the profit and loss statement	174,876	-	-107	-	174,769
1.4	Income from equity investments in subsidiaries, affiliates and joint ventures	-	-	-	-	-
1.5	Income from other financial instruments and real estate investments	973,929	3,215	240,792	4,196	1,213,740
1.6	Other revenues	104,716	236	21,518	25,187	101,283
1	**Total revenues and income**	**4,417,353**	**55,477**	**2,110,317**	**55,557**	**6,527,590**
2.1	Claims related charges, net	3,238,916	22,980	-	1,212	3,260,684
2.2	Commission expense	238,878	-	1,196,046	-	1,434,924
2.3	Charges from equity investments in subsidiaries, affiliates and joint ventures	-	-	51	-	51
2.4	Charges from other financial instruments and real estate investments	132,913	138	128,320	345	261,026
2.5	Operating expenses	292,651	25,967	413,621	51,922	680,317
2.6	Other expenses	59,490	1,373	83,725	2,078	142,510
2	**Total expenses and charges**	**3,962,848**	**50,458**	**1,821,763**	**55,557**	**5,779,512**
	Profit (loss) before taxes	**454,505**	**5,019**	**288,554**	**-**	**748,078**

Business Development

The total assets under administration by the Eurizon Group at the end of 2006 amounted to € 192,563.4 million, with the balance thus increasing by 4% over the comparable figure at the end of 2005. The aggregate incorporates technical reserves and financial liabilities of the Life insurance and Property-casualty business segments, and the assets under management by the Asset management and other financial services business segment, net of duplications between the different business lines (mainly attributable to the assets managed in relation to the Life insurance products).

Assets under administration

(in € mn)	31/12/2006	31/12/2005
Life insurance - Technical reserves	45,565.6	44,580.3
Property-casualty insurance - Reserves	109.7	75.9
Asset management	158,922.6	156,142.6
Other financial services	21,199.1	17,723.7
Intercompany accounts	33,233.6	32,921.6
Assets under administration, net of intercompany accounts	**192,563.4**	**185,600.9**
Gross Life insurance premiums underwritten	6,103.6	8,117.8
Gross Property-casualty premiums underwritten	99.2	61.2
Total underwriting volume	**6,202.8**	**8,179.0**

The total technical reserves and financial liabilities of the Life insurance segment amounted to € 45,565.6 million (+2% with respect to 2005), inclusive of € 22,452.3 million of technical reserves and € 23,113.4 million of financial liabilities.

The technical reserves for the Property-casualty insurance segment amounted to € 109.7 million (+45% with respect to 2005).

The total assets under management came to € 158,922.6 million, with the 2% growth over 2005 due to both the positive trend of funding and the appreciation of asset values.

The other financial services segment witnessed a 20% increase in assets under administration, with the total of € 21,199.1 million reflecting an expansion of the portfolio of administered assets and sales of third-party products by Banca Fideuram's private bankers.

Gross volume written amounted to € 6,202.8 million, which included € 6,103.6 million of Life insurance and € 99.2 million of Property-casualty premiums. The Life insurance business included € 578.4 million of Life insurance premiums, € 2,247.2 million of premiums on financial products with participation in profits, and € 3.278 million of volumes on financial products without participation in profits.

Life Insurance

The Eurizon Financial Group is active in the Life insurance business through EurizonVita and the Ireland-based EurizonLife, which is mostly a service provider. Eurizon distributes its life products through Banca Fideuram's 4,216 Private bankers and the Sanpaolo banking facilities, as well as directly and through other banks that have signed special distribution agreements with the Group.

In January 2007, the Group inaugurated the EurizonVita consultant network, staffed by pension and retirement planning specialists who are selling pension and innovative investment products to the mass market. The EurizonVita team represents the first Group of consultants in Italy that has been specially recruited and trained for the purpose of analyzing customer needs in pension and retirement plans and assisting customers in choosing the plan most suited to their specific needs. The Group had recruited a total of 73 consultants as of the end of 2006 in anticipation of the network's operational start-up.

Life insurance: gross volume written and new production

(in € mn)	31/12/2006	31/12/2005	Change 2006/2005
Gross volume written	**6,103.6**	**8,117.8**	**-25%**
- Private bankers	1,392.8	1,430.4	-3%
- Sanpaolo branches	4,656.6	6,641.7	-30%
- Other channels (including the head office)	54.1	45.7	19%
New production	**5,296.5**	**7,345.9**	**-28%**
Private bankers	**901.9**	**969.8**	**-7%**
- Unit-linked policies - single premiums	790.4	866.8	-9%
- Traditional policies - single premiums	24.6	56.3	-56%
- Unit-linked policies - recurring premiums	67.0	46.7	43%
- Pension products - premiums	19.8	-	-
Sanpaolo branches	**4,344.3**	**6,334.6**	**-31%**
- Unit-linked policies - single premiums	673.7	643.5	5%
- Index-linked - single premiums	1,505.5	2,838.5	-47%
- Traditional policies - single premiums	2,073.0	2,751.1	-25%
- Unit-linked policies - recurring premiums	3.5	3.5	-
- Traditional policies - recurring premiums	59.2	61.8	-4%
- Pension products - premiums	29.5	36.2	-19%
Other channels	**50.3**	**41.5**	**21%**
- Unit-linked policies - single premiums	0.1	0.3	-78%
- Index-linked - single premiums	30.3	13.0	133%
- Traditional policies - single premiums	19.8	27.7	-29%
- Unit-linked policies - recurring premiums	-	-	-54%
- Traditional policies - recurring premiums	-	0.5	-89%
- Pension products - premiums	0.1	-	n.s.

Gross volume written of Life insurance came to € 6,103.6 million, contracting by 25% compared with the € 8,117.8 million recorded in 2005. New production totalledo € 5,296.5 million, decreasing by 28%.

The decreases in underwriting volume and new production during the year can be partially attributed to the negative trend of the market (-7.8%) and partly to the decision to interrupt the sale of capital-accumulation policies (which accounted for € 470.6 million of volume in 2005) to private and institutional clients. The decision was made in light of the negative impact of this type of product on the value of the portfolio. Furthermore, the concentration of production on policies with higher added value, which have a longer duration, more insurance contents, and more sophisticated financial drivers, caused a decrease in the volume of index-linked policies underwritten, with the related premiums declining from € 2,851.5 million in 2005 to € 1,535.7 million in 2006 (-46%).

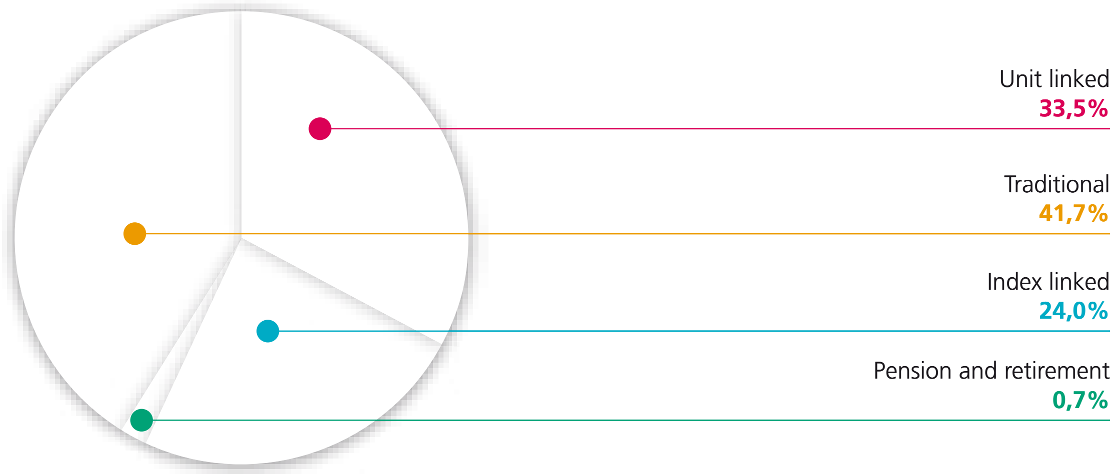
As of the end of 2006, Eurizon's market share of annualized new production (taking into account all products distributed in Italy) was 9.7 percent, which compares with 12.4% at the end of 2005 (source: ANIA).

IAS reserves

(in € mn)	31/12/2006	31/12/2005
Traditional products	19,017.5	18,404.6
Unit-linked products	15,284.1	15,166.7
Index-linked products	10,934.8	10,784.7
Pension and retirement plan products	329.2	224.2
Total	**45,565.6**	**44,580.2**

The technical reserves and financial liabilities of the Life insurance segment amounted to € 45,565.6 million at year end. The reserves by product type include: € 5,284.1 million related to unit-linked products, € 10,934.8 million related to index-linked products, € 19,017.5 million related to traditional products, and € 329.2 million related to pension and retirement plan products.

Technical reserves by product



The new production realized through the Sanpaolo network was equal to € 4,344.3 million, decreasing by 31%. The Group's market share of new production generated through banking facilities (inclusive of the facilities not belonging to Sanpaolo) was 10.3% as of December 2006 (source: ANIA). Sales through banking branches and the postal system suffered the most from the reduction in underwriting volumes for traditional policies and capital-accumulation policies, with the new production of the two distribution channels decreasing by 9.7%.

More specifically, the index-linked products sold through the Sanpaolo branches generated premiums of € 1,505.5 million (decreasing from 45% to 35% of total new premiums); traditional policies instead accounted for € 2,132.2 million of premiums (rising from 44% to 49% of new production). The sales of unit-linked policies were in line with the results for 2005, and were significantly concentrated in multi-manager products (more than 70% of the volume); such products have traditionally been marketed to the private clients, but with the introduction of "Sanpaolo All" in 2006, they are now also targeted to retail customers.

The banking channel is mostly concentrated on single-premium products, which again accounted for 98 percent of the production in 2006. The portfolio of products sold through banks was revised with respect to both traditional and unit-linked policies. New products introduced in 2006 produced volumes for € 2,211.6 million, thus accounting for 51% of total new production. Some of the more important new products launched in 2006 included "Sanpaolo Futura" (which generated volumes for € 378 million), a single-premium, cash-value policy incorporating performance incentives for the asset managers, and "Sanpaolo All" (new production of € 181.4 million), a multi-manager, unit-linked policy developed by the Irish-law company, EurizonLife, providing for the possibility of investing in 10 protected and non-protected insurance funds.

The new production realized through the Banca Fideuram private-banker channel totalled € 901.9 million (-7%) and was significantly concentrated in unit-linked products. The growth of production in unit-linked policies with recurring premiums (+43%) and retirement plans is also worth noting.

As part of the strong emphasis on product innovation, major changes were made to the Private bankers' product portfolio. The start of the year signalled the market introduction of "Fideuram Progetto Pensione" (€ 13.5 million of funding for the year), an individual retirement plan that is based on the use of different investment strategies over the customer's life cycle, with the shifting of assets into lower risk instruments as the individual approaches retirement, in relation to the customer's total portfolio and risk profile. In September, the Group unveiled "Fideuram Suite" (€ 152.5 million of volumes in three months), a unit-linked product structured on a multi-manager and total-return logic; the first two investment strategies of the Fideuram Suite - the "Suite Optima" strategies - are marked by different levels of investment risk and duration. In early 2007, the Fideuram Suite was further expanded to include the total-return and yield-capture strategies, with the addition of new solutions that can be personalized by customer segment. Altogether, the new products launched in 2006 accounted for € 185.7 million of funding and 21% of new production.

The new production generated through the other distribution channels, namely, distribution agreements with other banks (such as the Cariforlì and the Carifirenze), was 21% higher, climbing to € 50.3 million, and was mostly concentrated in index-linked products versus traditional products.

The regulatory changes to supplemental pensions made in 2006 created new marketing opportunities as of 1 January 2007. In attempting to capitalize on these opportunities, Eurizon has implemented a strategy based on product innovation and on the introduction of new models for its business. In this regard, the Group completely updated the range of retirement plans ("PIPs" and open pension funds) distributed by all of the networks, and brought it in line with prevailing regulations. In addition, the Group orchestrated the launch of the EurizonVita network of pension and retirement planning specialists, who are focused on marketing a new line of pension and investment products designed to meet consumer demand for long-term savings plans. Finally, in servicing the pension fund market, the Group has developed an integrated operational model that is capable of supplying asset-management services (through Eurizon Capital Sgr) and financial and insurance guarantees (through EurizonVita) to contractual pension funds.

Change in the number of life insurance contracts in force

(in € mn)	Contracts at 31/12/2005	New contracts	Other additions	Surrenders and lapses	Other decreases	Contracts at 31/12/2006
Unit-linked policies	465,133	26,761	45,092	44,105	45,589	447,292
Index-linked policies	692,644	105,751	174	130,204	5	668,360
Traditional policies	579,718	60,662	4,821	64,886	1,889	578,426
Capital-accumulation policies	520	-	3	79	-	444
Retirement plans	151,611	5,153	9,462	14,044	9,800	142,382
Individual retirement plans ("FIPs")	25,373	14,362	34	416	226	39,127
Term Life insurance	219,274	235,635	85	32,226	6,665	416,103
Open pension funds	-	3,711	14,978	168	331	18,190
Total	**2,134,273**	**452,035**	**74,649**	**286,128**	**64,505**	**2,.310,324**

At the end of 2006, EurizonVita had roughly 2.3 million customers, including 900,000 through co-insurance with the Italian postal system.

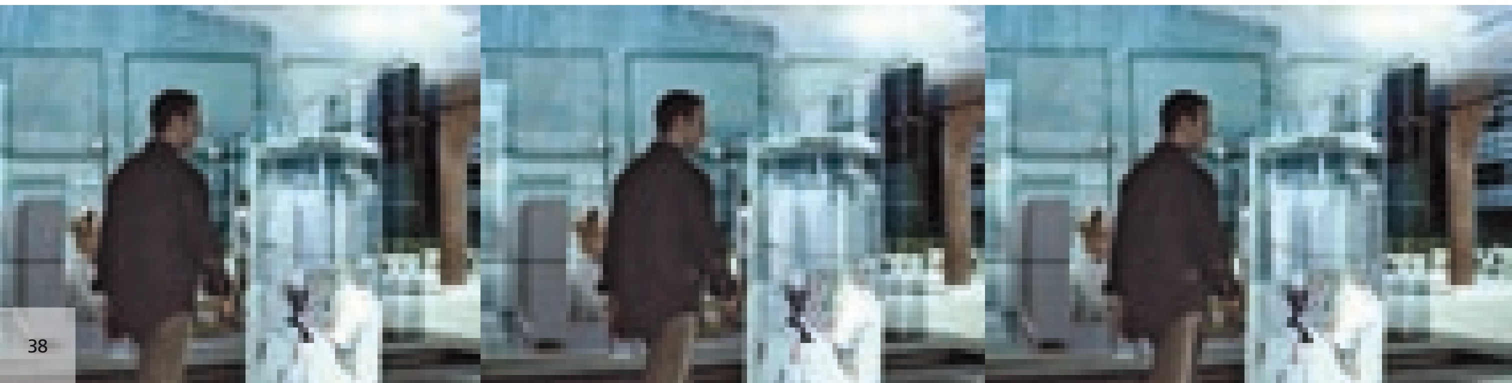
Property-Casualty Insurance

The Eurizon Group is active in the Property-casualty insurance business through EurizonTutela, a company set up on 1 September 2006 as a result of the Fideuram Assicurazioni merger-by-incorporation into Egida Assicurazioni. The Property-casualty products are distributed through Banca Fideuram's 4,216 Private bankers, the Sanpaolo banking facilities, and branches of the Italian postal system.

Property-casualty premiums

(in € mn)	31/12/2006	31/12/2005	Change 2006/2005
Gross premiums written	**99.2**	**61.2**	**62%**
Private bankers	**9.0**	**9.7**	**-8%**
- Accident insurance	3.1	3.3	-6%
- Health insurance	5.7	6.3	-9%
- Other	0.2	0.1	9%
Bancassurance	**90.2**	**51.5**	**75%**
- Bundled products	64.2	32.8	96%
- Stand-alone products	26.0	18.7	39%
Gross technical reserves	**109.7**	**75.9**	**45%**
Private bankers	18.2	19.6	-7%
Bancassurance	91.5	56.3	63%

During 2006, the total premiums underwritten amounted to € 99.2 million, thus increasing by 62% over the € 61.2 million reported for the prior year. A breakdown of the business by distribution channel shows that € 80 million, or 81% of the total, came from banks, € 9 million, or 9%, from the private-banker network, and € 10.2 million, or 10%, from the Italian postal system.



The so-called bundled products that are complementary to bank products and services and are sold at a branch level, accounted for € 64.2 million of premiums, with 78% of such volume concentrated in credit-protection insurance which is packaged and sold with mortgages and other types of loans.

Sales of stand-alone products, such as accident and homeowners policies, increased significantly, accounting for € 26 million of premiums.

Gross technical reserves at the end of 2006 amounted to € 109.7 million. The aggregate includes loss reserves of € 34.3 million and premium reserves of € 74.2 million, with the higher balance of the premium reserves basically reflecting the long-term nature of the credit-protection insurance associated with mortgages and other loans

Eurizon also overhauled the Property-casualty portfolio in 2006. In January, a new stand-alone policy was introduced to provide coverage of accidents, including minor accidents, occurring when the policyholder is at work, at home or engaging in leisure-time activity. June marked the launch of "Sanpaolo Business", an insurance package incorporating financing that is designed for professionals and small- and medium-sized businesses. In July, Neos Banca (Sanpaolo network) began the marketing and sale of three new products that are associated with personal loans, auto financing and other consumer credit facilities.

The combined ratio for 2006 stood at 93.3% compared with 80.2% for 2005. The change mainly reflects an increase in commissions in percentage terms, which is mainly related to the higher weighting in the total portfolio of the credit-protection business which typically commands higher commissions.

As of the end of 2006, some 460,000 customers were holding EurizonTutela Property-casualty insurance policies (versus around 265,000 as of December 2005). The total number of customers includes around 330,000 tapped through the banking network, 120,000 from the Italian postal network and around 13,000 serviced by the Banca Fideuram private-banker network.

Asset Management and Other Financial Services

The Eurizon Group operates in the Asset management business through Eurizon Capital Sgr and its subsidiaries and Banca Fideuram's funds management companies.

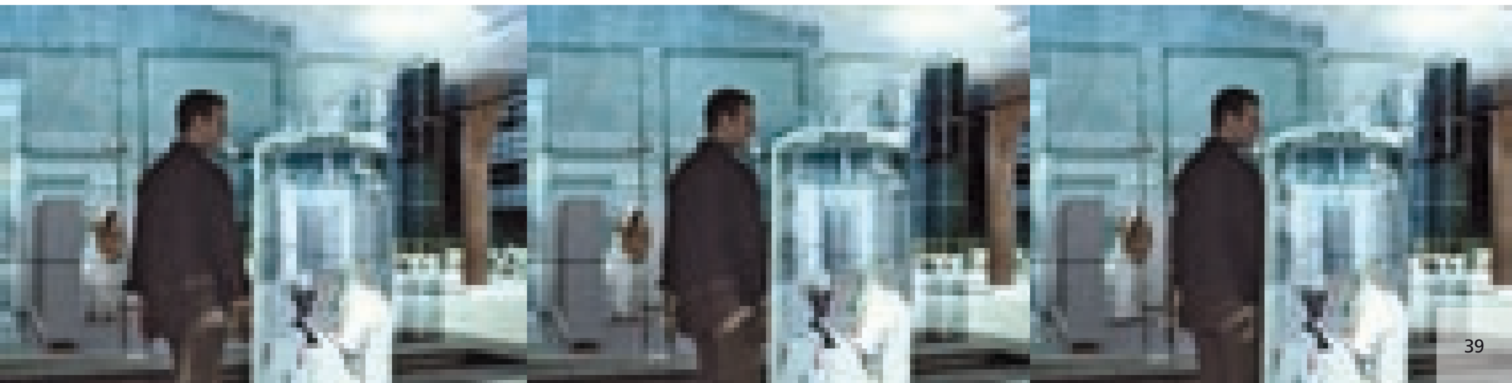
The Asset management product line includes mutual investment funds, individual portfolio management, institutional mandates, and hedge funds of funds. Such products are distributed through Banca Fideuram's 4,216 Private bankers, the Sanpaolo branches, and a unit dedicated to institutional clients.

The other financial services refer to third-party products (essentially, mutual funds) and traditional banking products that are marketed by the Banca Fideuram Private bankers as part of their financial advisory activity.

Assets under management and administration

(in € mn)	31/12/2006	31/12/2005	Change 2006/2005
Mutual funds (including those underlying other products)	77,538.6	79,440.6	-2%
Funds of funds	1,706.1	980.4	74%
Hedge funds	531.1	413.3	28%
Individual portfolio management	37,652.9	35,133.7	7%
Institutional management (including internal unit fund mandates and open pension funds)	31,810.6	30,870.2	3%
Mandates covering active funds and individual portfolios, and pension funds	9,683.4	9,304.5	4%
Total Asset management	**158,922.6**	**156,142.6**	**2%**
Third-party products	5,678.3	3,759.9	51%
Funds under administration	15,520.8	13,963.8	11%
Total other financial services	**21,199.1**	**17,723.7**	**20%**
Total Asset management and other financial services	**180,121.8**	**173,866.3**	**4%**

The assets under management and administration as of 31 December 2006 totalled € 180,121.8 million (rising by 4% with respect to the end of 2005), with other financial services accounting for the bulk of the growth. At year end, the assets managed and administered by the other financial services segment had risen by 20% to € 21,199.1 million, with the increase due to Banca Fideuram's decision to focus on expanding the offer of third-party products. The aggregates within the Asset management segment also increased, totalling € 158,922.6 million, and thus rising by 2%.



As of December 2006, the Eurizon Group held the lead position in the Italian Asset management market, accounting for a market share of 16.8% (source: ASSOGESTIONI).

Net flows			
(in € mn)	31/12/2006	31/12/2005	Variazione 2006/2005
Mutual funds (including those underlying other products)	-3,825.1	-2,047.1	n.s.
Funds of funds	669.1	83.0	n.s.
Alternative funds	100.7	-21.2	n.s.
Individual portfolio management	1,799.0	4,517.5	n.s.
Institutional management (including internal unit fund mandates and open pension funds)	229.0	5,058.3	n.s.
Mandates covering active funds and individual portfolios, and pension funds	245.3	1,470.3	n.s.
Total Asset management	**-782.0**	**9,060.8**	**n.s.**
Third-party products	1,752.7	1,407.5	25%
Funds under administration	1,141.0	292.0	291%
Total other financial services	**2,893.7**	**1,699.5**	**70%**
Total Asset management and other financial services	**2,111.8**	**10,760.3**	**-80%**

During 2006, the Asset management and other financial services segment tapped net new funding of € 2,111.8 million. The total incorporates the outflow of € 782 million in relation to assets under management, and an inflow of € 2,893.7 million in relation to third-party products and funds under administration sourced through the Banca Fideuram private-banker networks.

The year-on-year comparison is distorted by the effect of several non-recurring components included in the results for 2005, and specifically, the transfer to Eurizon Capital Sgr of mandates for the separate-account management of the former Fideuram Vita's traditional portfolio (roughly € 2,900 million), and the special incentive program in effect at the Sanpaolo network in northeastern Italy (after the integration of Cardine) in order to get customers to switch from third-party products to products instituted by Eurizon Capital Sgr (which contributed roughly € 2,000 million).

Mutual funds experienced net redemptions of € 3,825.1 million in 2006, in line with market trend (with net redemptions of around € 9.4 billion at an industry level). At the Eurizon Group companies, the net redemptions mostly referred to bond funds, with flexible funds reporting net new investment. Positive results were also reported for the individual portfolio management services, due to product innovations made during the year with respect to both distribution networks.

The performance of the other financial services was positive, and benefited from Banca Fideuram's marketing strategy to focus on an open architecture of third-party products. The percentage of funds under administration also increased due to the launch of new certificates.

Product innovation efforts in 2006 mainly focused on the themes driving the market trends. The portfolio of mutual investment funds available to the banking channel was rounded out in 2006 with the addition of total-return products (the absolute-return funds tapped net new investment of € 3,188.3 million). During the second half of the year, the Group introduced the "Sanpaolo Manager Selection", a series of multi-manager funds of funds (net inflows of € 304.2 million), and streamlined the range of alternative products. Altogether, the new products generated funding totalling € 5,096 million.

The portfolio of products available to the Private bankers was further enhanced through the execution of new agreements covering the distribution of mutual funds developed by third parties, and the launch of new "Gp Equipe" and "Gp Synthesis" portfolio management services. Gp Equipe, a multi-manager service, generated net inflows of € 881.1 million, while the multi-asset Gp Synthesis tapped € 504.8 million of net new investment. The positive trend of funding sourced by the private bankers in the last months of the year was supported by the launch of "Advanced Capital II" (a new private-equity fund for high net-worth customers that attracted € 132.9 million during its December placement) and a new range of Stars certificates. The latter products allow for automatically liquidating the investment upon the manifestation of a pre-set condition in relation to the underlying security (the Sprint certificate, that was launched in December and tapped € 81.2 million). Altogether, the volumes generated by the new Banca Fideuram products came to € 4,344 million.

Distribution Channels

Sanpaolo branches

When Eurizon Capital Sgr and its subsidiaries became part of Eurizon in mid-2006, the distribution contracts governing the relationships between Eurizon's product companies (Life insurance, Property-casualty insurance and Asset management) and the Sanpaolo network of branches (3,201 branches as of 31 December 2006) were reviewed and renegotiated.

In accordance with the master agreement that went into effect on 1 July 2006, the distribution contracts outline the fundamental aspects of the distribution relationships, providing for long-term continuity and compensation in line with market conditions.

Sanpaolo branches

(in € mn)	31/12/2006	31/12/2005	Change 2006/2005
Total assets under management	**103,997.0**	**101,548.7**	**2%**
- Life insurance reserves	30,058.0	29,539.9	1%
- Property-casualty insurance reserves	78.8	51.3	54%
- Asset management	73,860.2	71,957.5	3%
Net flows: Asset management	**262.4**	**3,518.3**	**-93%**
Life insurance: gross premiums	**4,656.6**	**6,641.7**	**-30%**
Property-casualty insurance: gross premiums	**71.5**	**43.3**	**65%**

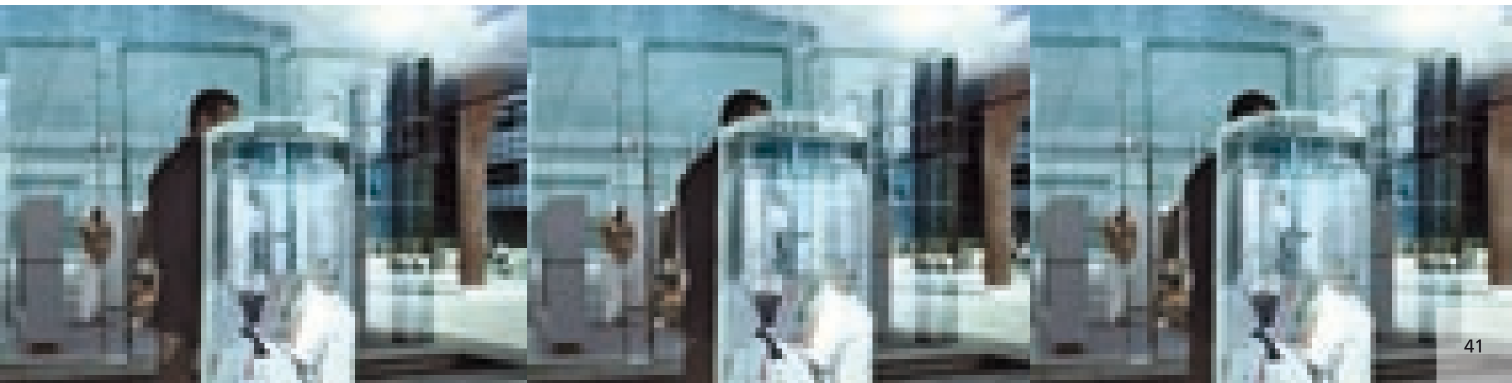
As of 31 December 2006, the assets under management with reference to the Sanpaolo network amounted to € 103,997 million, thus reflecting an increase of 2% with respect to the end of 2005.

New funding declined year on year, both with respect to Asset management and Life insurance. The Asset management activity was adversely impacted by the poor performance of the investments flowing into mutual funds, a trend, however, that was seen at an industry level (ASSOGESTIONI reported some € 9.4 billion of net redemptions of mutual fund shares for the year of 2006). The year-on-year comparison is negatively affected by roughly € 4,900 million of non-recurring inflows in 2005, as outlined in the discussion of the Asset management and other financial services segment. The 30% decrease in life volumes is mainly attributable to the decisions to discontinue the sale of capital-accumulation policies and to reduce the weight of index-linked products, as explained in the comments on the Life insurance segment; the latter strategy reflects Eurizon's increased emphasis on selling more products used for pure insurance purposes.

Private bankers

At the end of 2006, the private-banker network (Banca Fideuram and Sanpaolo Invest) had been expanded to include 4,216 professionals, with an increase of 66 over the end of 2005. The expansion reflects not only an increase in the personnel recruited (288 professionals in 2006), but also a lower rate of turnover, due partly to the introduction of new policies to build stronger ties between the private bankers and the organization. The number of private bankers who left the organization during 2006 thus decreased to 222, from 335 in 2005.

As of 31 December 2006, the assets managed by the private bankers had risen to € 67,449.2 million, for an increase of 5% with respect to the end of 2005.



Private bankers			
(in € mn)	31/12/2006	31/12/2005	Change 2006/2005
Total assets under administration	**67,449.2**	**63,955.5**	**5%**
- Life insurance reserves	13,286.9	12,990.8	2%
- Property-casualty insurance reserves	18.2	19.6	-7%
- Asset management	42,552.0	42,780.9	-1%
- Other financial services	21,199.1	17,723.7	20%
- Duplications	9,606.9	9,559.5	n.s.
Net flows	**1,808.6**	**869.3**	**108%**
- Life insurance	83.1	-14.7	-667%
- Asset management	-1,232.5	-674.7	83%
- Other financial services	2,893.7	1,699.5	70%
- Duplications	-64.3	140.8	-146%
Life insurance: gross volume written	**1,392.8**	**1,430.4**	**-3%**
Property-casualty insurance: gross premiums	**9.0**	**9.7**	**-8%**

The other financial services segment stood out for its 20% growth of assets under administration, which rose to € 21,199.1 million and mostly reflected the success of the policy to add third-party funds to the portfolio of products available to the customers. Assets under administration in the Asset management segment stood at € 42,552 million, while the Life insurance reserves totalled € 13,286.9 million.

As of 31 December 2006, the Banca Fideuram private-banker network once again ranked as the market leader, commanding a 29.4% share of assets under administration (source: ASSORETI).

The projects initiated by Banca Fideuram during the year included a series of initiatives aimed at rounding out the professional skills of the private bankers. A new marketing program based on the mapping of the customer's needs and risk/return profile was rolled out in order to identify the proposals most suited to the customer's specific needs, thereby building further on the private banker's advisory role with respect to the clientele. The bank also developed Key-Tv, a television network for the private bankers which is dedicated to the presentation of new products, training materials and market updates.

As of 31 December 2006, the private-banker network was servicing some 668,000 customers.

EurizonVita pension and retirement planning specialists

The Eurizon Group created its own network specializing in the sale of pension and retirement plans and long-term investment products in order to capitalize on the market opportunities arising from pension reform. The network has been developed at a time when the public is increasingly aware of the need to integrate government pensions with complementary investment solutions and when the market has only a limited supply of products that are both competitive and easy to understand.

The EurizonVita network became operational as of 8 January 2007, with a team of 73 pension and retirement planning specialists (which had grown to 127 at the end of February). The specialists analyze the retirement planning needs of the customers and identify the solution most suited to those needs, choosing from an array of products that are transparent and easy to understand, both from the standpoint of the cost structure and the general contract conditions. The business model contemplates that the specialist will mainly take care of the product marketing, while the post-sale activity will be centralized at EurizonVita. Supporting the team of specialists is a toll-free call centre (so-called "Servizio Amico") whose expert staff is available to respond to customer inquiries. The products and services offered with the start-up of the network include three multiple-line solutions marketed under the EurizonVita Progetto name: the Progetto Pensione, an individual retirement plan (so-called "PIP"); Progetto Flessibile, a whole life policy with recurring premiums; and Progetto Unico, a whole life policy with a single premium.

Other distribution channels

The Eurizon Group's other distribution channels include the Italian Postal network and other banks (with the Cariforlì and the Carifirenze being the largest) whose product placements are governed by commercial agreements. The segment also includes Eurizon's free capital that has been turned over to Eurizon Capital Sgr for management. Business with non-captive institutional clients is handled directly by Eurizon Capital Sgr.

Other distribution channels

(in € mn)	31/12/2006	31/12/2005	Change 2005/2006
Total assets under management	**21,117.2**	**20,096.8**	**5%**
- Life insurance reserves	2,220.7	2,049.6	8%
- Property-casualty insurance reserves	12.8	5.0	156%
- Asset management	18,343.5	17,578.6	4%
- Company's free capital	540.2	463.6	17%
Net flows: Asset management	**343.3**	**1,568.5**	**-78%**
Life insurance: gross volume written	**54.1**	**45.7**	**19%**
Property-casualty insurance: gross premiums	**18.7**	**8.2**	**128%**

The assets for the other distribution channels had increased by 5% at the end of 2006, to a total of € 21,117.2 million. The balance includes € 7,643.7 million of assts managed by Eurizon Capital Sgr for institutional clients; more than 50% of such amount regards management mandates for the pension plans, a market in which Eurizon Capital Sgr holds the leading position with a share of 20.1% (as reported for the first half of 2006).

Some € 9,365 million of the total regards white-labelling business, namely, products that are branded for the customer, but developed and managed by Eurizon Capital Sgr. In order to capitalize on the market opportunities arising from new business in the pension market and from the growing number of open-architecture distribution systems incorporating third-party products, Eurizon Capital Sgr has invested in researching and developing products specifically designed for institutional clients, setting up a specific unit dedicated to this customer segment.

In 2006, Eurizon Capital SA opened two offices abroad (Santiago, Chile and Singapore) in order to explore new opportunities, promote the placement of Luxembourg-law mutual funds, and develop business initiatives for the future.

During the year, a distribution agreement was signed with Banco Best (Banco Espirito Santo Group) for the marketing of Eurizon Capital SA's funds in Portugal. The Portuguese bank will distribute the sub-funds from the Sanpaolo International Fund umbrella fund to both retail and institutional customers.

Control and Management of Risks

Basic principles

The management and control of risks is a vital part of the Eurizon Financial Group's business, and is based on three fundamental principles:

- The development of a risk-awareness culture within the Group;
- Risk measurement and control systems that are in line with the best international practices;
- The organizational separation of the business areas responsible for operations and the areas responsible for control.

ALM and Risk Based Capital: Insurance Business

The insurance industry across Europe has placed an increasing emphasis on the issues of value, risk and capital in the past two years, as shown by various initiatives: from the publication of the guiding principles for the European Embedded Value (EEV) by the CFO Forum in May 2004, to the work Groups activated in various states of the EU for the definition and ratification of solvency regulations as part of the Solvency II project (officially launched in the spring of 2004), to the creation of an ad hoc organization by the Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS). Several countries, including the UK, have taken the lead in establishing regulatory provisions which already incorporate the spirit of the preceding initiatives. Other countries, including Italy, are defining the regulatory framework that will govern the risk management and control system for insurance companies.

During the first half of 2006, Eurizon successfully completed, within the allotted timetable, the Financial Analysis Program (FAP) Project initiated in the second half of 2005. The project's objective was to measure the European embedded value (EEV) and risk-based capital (RBC) in conformity with the respective principles of the CFO Forum and Solvency II. The project was structured in modules, with five sub-projects: two dedicated to the migration to a single platform of the model used for calculating traditional embedded value for the insurance and financial (unit-linked) products underwritten by the three companies transferred to EurizonVita(Sanpaolo Vita, Fideuram Vita and Noricum Vita); one for the construction of an efficient database for assets; and another two for the development of a dynamic stochastic model for ALM, EEV and RBC for the insurance and financial products underwritten by Eurizon and its subsidiaries, including EurizonLife.

The dynamic model for ALM, EEV and RBC now available to EurizonVita develops projections on randomly generated economic scenarios, simulating the trend of the value of the assets and liabilities on the basis of the technical characteristics of the products, the simulated performance of significant financial variables, and a standard for managing the direction of investments and divestitures. The ALM system allows for (i) calculating future cash flows "from" and "to" the shareholder for any scenario, and as a result, the average present value of such flows (i.e. the value of business in force, or "Value in Force" (VIF)), and (ii) extracting from such aggregate the portion derived from the minimum guarantee options sold to customers. The measurement of the time value of the Financial Options and Guarantees (FOG) is required by the CFO Forum principles, and represents essential information for the disclosure of European embedded value.

The ALM model is an essential tool for measuring RBC, defined as the change in value over an annual period, with a pre-defined confidence interval. The model measures the capital requirement by taking into account actuarial and financial risks. The former include risks arising from an extreme rate of policy surrenders, from shocks in terms of mortality and longevity, and from pressures on expenses; the latter include possible scenarios over one-year periods with regard to pressures on interest rates or credit spreads or the performance of the

equity markets. The two resulting components of risk capital are rounded out by another component computed by taking into account operating and reputational risks. The computation of the capital requirement is done with a univariate model, which is first based on the capital needed for each risk factor, and thereafter, on the aggregate capital needed as based on the correlations existing between the various risks.

The metrics adopted, namely, the change of value expressed in terms of VIF or EEV, reflect a mark-to-market valuation which differs from an analysis based on carrying values. The choice of the mark-to-market valuation not only has the advantage of accurately presenting the company's economic and solvency position and avoiding the underestimation of risks, but, more importantly, it is consistent with a risk management structure that admits the possibility of carrying out transactions on the market. The model developed allows for putting together investment portfolios that are consistent with the structure of the liabilities, and for making intelligent investment decisions, in particular for specially managed Life insurance products, thereby making it possible to control, on a continual basis, the risk profile of the individual portfolios, their expected profitability, and the absorption of capital resulting from the financial strategies chosen and from the actuarial dynamics underlying the business.

Financial Risks on Investment Portfolios

The companies of the Eurizon Group manage investment portfolios to cover commitments undertaken with respect to policyholders (life and Property-casualty business), and investment portfolios for the employment of their own capital as well as the liquidity generated by customer funding.

In both cases, the main tool for controlling and monitoring market and credit risks is the investment policy adopted by the Group's main companies (EurizonVita, for insurance, and Banca Fideuram, for financial services) which defines the purpose and operational limits of the investments, in terms of the types of assets in which investments can be made, the bases for asset allocation, the distribution by rating classes and credit risk, and the concentration by issuer, sector and market risk (which, in turn, are measures for their sensitivity to the movements of risk factors and value-at-risk).

Portfolio performance, investment selections, and compliance with the operational limits set for the different types of investments are topics reviewed on a monthly basis by special investments committees established by the companies and on a quarterly basis by the finance committee that has been set up for the Eurizon Financial Group and is responsible for the strategic direction of the activity of the Group companies.

Operational and Reputational Risks

In accordance with the new agreement on regulatory capital ("Basle II"), operational risk is defined as "the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events"; the regulatory definition includes legal risk. The Sanpaolo IMI Group (now, Intesa Sanpaolo) has expanded the area of interest to include reputational risks.

Considering the fact that compliance with the recent regulatory developments (Basle II for the banking industry, and Solvency II for the insurance industry) also represents a prime opportunity for improving risk-management capacity and for optimizing operational processes and control procedures, the Sanpaolo IMI Group embarked on the development of an internal model for the advanced measurement approach (AMA) to managing operational risk and for the estimation of the corresponding capital, operational and regulatory requirements. Group rules containing guidelines, regulations and organizational processes for measuring, managing and controlling operational risks were defined for this purpose, and were to be adopted by all of the Group's subsidiaries.

The internal model uses both a quantitative and qualitative approach. From a quantitative standpoint, the model involves two activities: loss data collection (LDC) and the quantitative analysis of the subjective estimates produced by a risk self-assessment (RSA), namely, a self-assessment of the operational risk profile of each organizational unit effected with special questionnaires structured on the basis of exposure indicators and carried out through a scenario analysis. The loss data collection is organized in accordance with the Group's guidelines, with the classification of event types and of losses based on a mapping of loss effects, all of which is correlated to a risk-factor grid. The Group's database used for the registration of the data is able to ensure the completeness and uniformity of the data gathered, and the subsequent possibility for using the data for the computation of capital requirements and the processing of reports.

From a qualitative standpoint, the model consists of an evaluation of the operational framework which is aimed at assessing the controls over risks and identifying possible factors at an organizational, operational, technical or legal level which may cause events that could lead to losses. Finally, the Group's model also makes use of historical loss data coming from consortiums. The same database and model for managing operational risks are used by all of the Group companies.

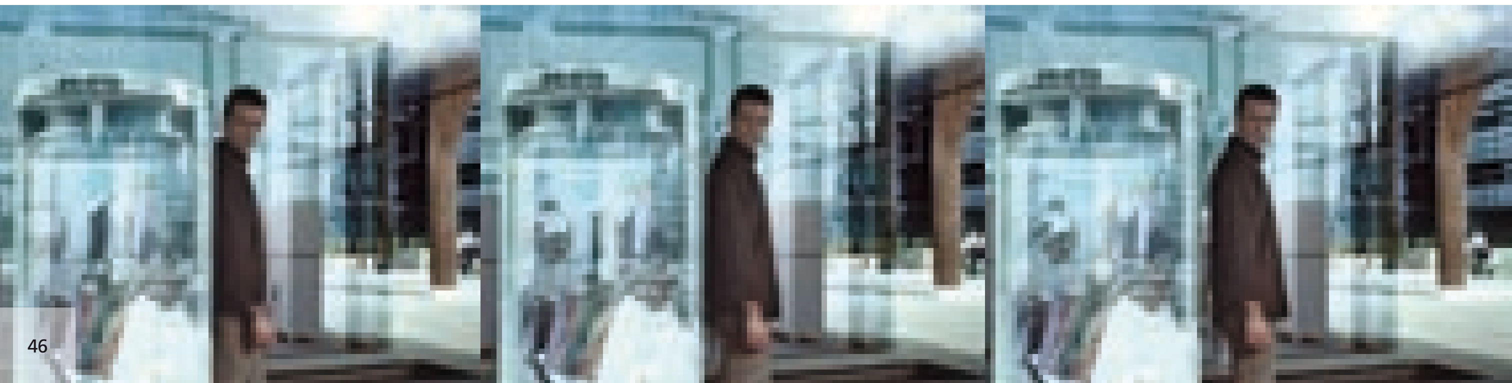
The system for managing and controlling operational risks adopted with the aforementioned rules reflects a pyramid governance structure between the Group's Operational Risk Management (ORM) units, the decentralized companies and units, and the reporting units, thereby guaranteeing complete coverage and a uniform approach.

The restructuring of the Eurizon Group which led to its current configuration was completed in 2006, with the various business activities (financial services, Asset management, insurance, pension and services) each having its own distinct characteristics in terms of operational risk.

As part of an effort to streamline the organization, the Eurizon Group set up an ORM unit in mid-2006, making it responsible not only for the ordinary activities carried out (including through outsourcing) but also for coordinating the areas of the subsidiary companies accountable for managing operational risks. The LDC and RSA activities have now been fully taken over by the individual Group companies. It is expected that the evaluation of the operational framework will be done in 2007. The ORM staff has participated in training sessions.

Along with the activity described above, the Eurizon Group is implementing a standard and structured internal reporting system which called for the institution of an operational risks committee. The committee meets periodically, including for the purpose of contributing to decision-making with regard to the management, mitigation or transfer of the risks.

Reputational risks are identified upon the introduction of new products, and monitored over time through the updating of the risk indicators and the profitability indicators in relation to the risk. The two main distribution networks (Sanpaolo IMI and Banca Fideuram) have also developed models and tools used in analyzing the adequacy of the products and the effectiveness of each new investment, both from the standpoint of the investor's specific profile in terms of risk propensity, time horizon, and other specific needs, and in relation to the overall pre-existing portfolio and its level of diversification and degree of risk.



Other Information

Shareholder Base

Eurizon Financial Group is part of the Intesa Sanpaolo Banking Group, and is a subsidiary of the parent company, Intesa Sanpaolo, which directly owns 100 percent of Eurizon's capital.

Until 1 January 2007, the effective date of Sanpaolo IMI's merger by incorporation into Banca Intesa, the Eurizon Financial Group was part of the Sanpaolo IMI Banking Group and was a subsidiary of the parent company, Sanpaolo IMI, which directly owned 100 percent of Eurizon's capital.

Co-ordination and Direction Activity

Eurizon Financial Group exercises the management and coordination activity (as defined by Article 2497 and the articles thereafter of the Italian Civil Code) with respect to its direct and indirect subsidiaries, and is subject to the management and coordination activity (as defined by Article 2497 and the articles thereafter of the Italian Civil Code) exercised by Intesa Sanpaolo.

Transactions with Related Parties

The Eurizon Financial Group's board of directors ratified the procedures adopted by the Sanpaolo IMI Group for the approval of transactions with related parties; such procedures are designed to establish specific action and responsibilities with respect to the approval of such transactions.

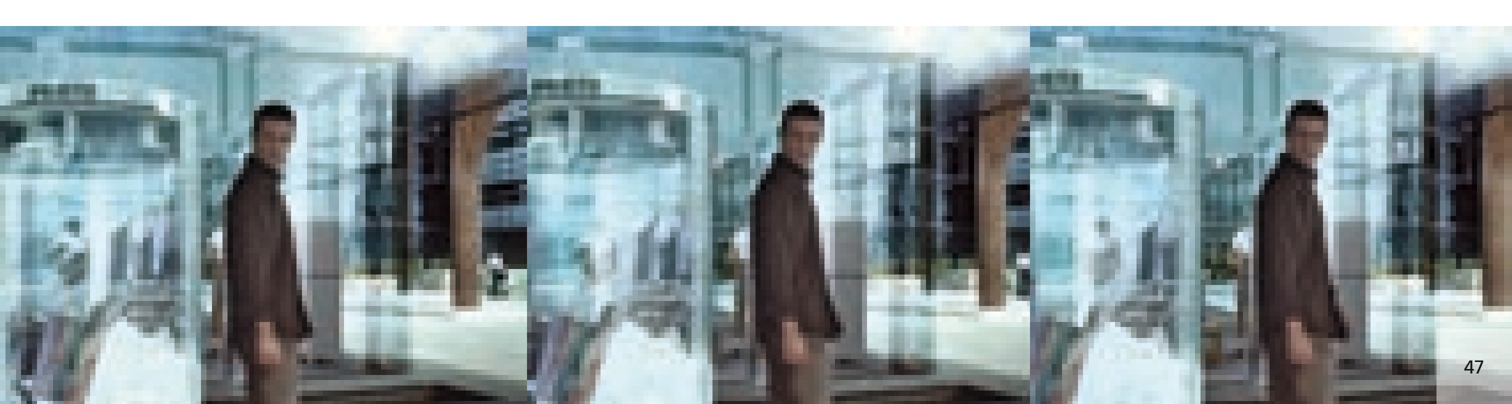
During 2006, the Eurizon Financial Group was not a party to any atypical and/or unusual transactions with other companies of the Sanpaolo IMI Group (now, the Intesa Sanpaolo Group), related parties, or third parties.

Transactions of an ordinary nature (i.e. not atypical or unusual) were carried out with related parties in accordance with the regulations defined and governed by CONSOB and by the parent company. Such transactions, which were effected on the basis of assessments of reciprocal business benefit, in accordance with the provisions of the law and of internal procedures contemplated therefore, were settled at market conditions. Details about the relationships maintained between the Eurizon Financial Group with its own subsidiaries and the companies of the Sanpaolo IMI Group (now, the Intesa Sanpaolo Group) are provided in the section hereunder entitled "Relationships with Group companies".

Significant transactions with other companies of the Sanpaolo IMI Group were carried out during 2006, as part of the overall project to develop the Eurizon Financial Group.

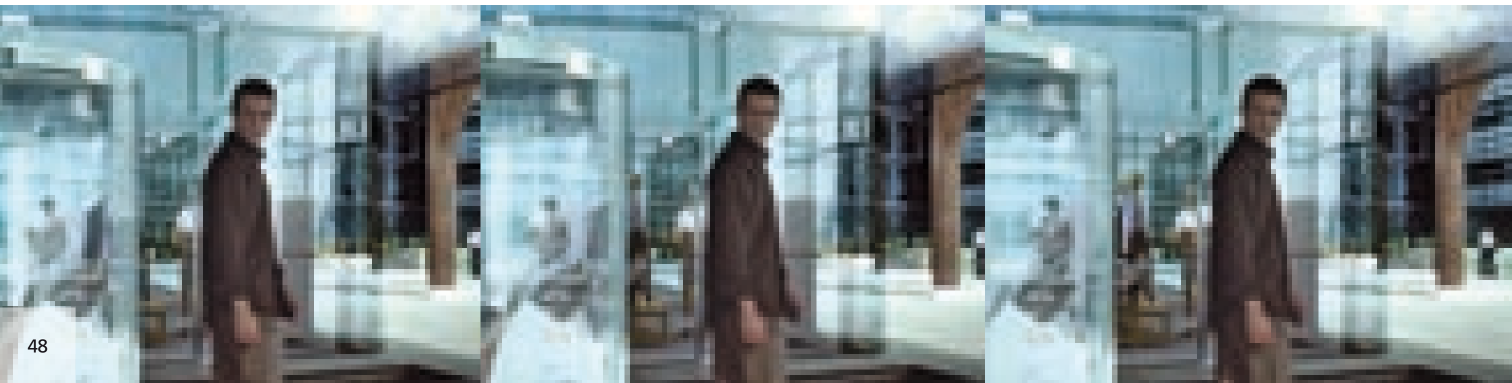
In particular:

- In line with the objective of centralizing all support activities and resources in a single operating company (Universo Servizi, a company indirectly controlled by Eurizon), on 16 February 2006, the board of directors of Banca Fideuram approved the transfer to Universo Servizi of a business unit incorporating the bank's IT and back-office processing activity, call center, general services, and Property management services. At an ordinary meeting



of the shareholders of Universo Servizi held on 7 April 2006, the shareholders passed resolution approved a capital increase in order to service the aforementioned transfer. As a result, the company's capital was increased from € 18,000,000 to € 18,947,370, with the issue of 947,370 new ordinary shares with a par value of € 1 each, all with regular rights of enjoyment, to be subscribed at an aggregate price of € 1.380 million (par value of € 947,370, and share premium of € 432,630). The transfer agreement between the two parties was signed on 27 April 2006, and became effective on 1 May 2006.

- With the aim of concentrating all of the Sanpaolo IMI Group's Asset management activity in the Eurizon Group, the boards of directors of Sanpaolo IMI and Eurizon Financial Group, at separate meetings held on 24 January 2006 and 13 February 2006, respectively, passed resolutions approving the transfer to Eurizon of Sanpaolo IMI's holding in Eurizon Capital Sgr (f/k/a Sanpaolo IMI Asset management Sgr). The transfer took place through the sale of Eurizon Capital Sgr shares for a price totalling € 1.9 billion. Given the existence of the premises outlined in Article 2343 bis of the Italian Civil Code, the acquisition was also authorized at the ordinary meeting of the Eurizon Financial Group shareholders held on 8 June 2006. The sale was preceded by a paid capital increase in the amount of € 15 million, which increased the Eurizon Financial Group's share capital from € 101 million to € 116 million. The capital increase, which was funded in its entirety by the sole shareholder, Sanpaolo IMI, also entailed the payment of a share premium totalling € 1.885 billion.
- With the objective of creating a single company active in the Property-casualty insurance business, the boards of directors of Eurizon and EurizonVita, at separate meetings held on 22 March 2006 and 17 March 2006, respectively, passed resolutions approving the merger by incorporation of Fideuram Assicurazioni into EurizonTutela (f/k/a Egida).The merger of the two companies was authorized by the Italian insurance regulators (so-called "ISVAP") on 21 July 2006. The merger became effective on 1 September 2006, with the accounting and fiscal effects thereof made retroactive to 1 January 2006. At an extraordinary shareholders' meeting held on 20 November 2006, the sole shareholder, EurizonVita, approved a paid capital increase of € 20 million as an initial step in a EurizonTutela capital-injection program to be carried out over the 2006-2008 period.
- In implementing the provisions of a board resolution approved on 12 May 2006, Eurizon and Sanpaolo IMI executed a master agreement on 25 July 2006, with an effective date of 1 July 2006, which covers the following: (i) the principles, the economic aspects and guidelines that govern the Sanpaolo branches' distribution and referral of the insurance products (life and Property-casualty), retirement plans and Asset management products supplied or managed by the Eurizon Group; (ii) the specific conditions to be applied to the distribution of the Eurizon products and the services related to such distribution; and (iii) the guidelines and general principles to serve as the basis of the activities through which the Eurizon Group will supply its products and services to the Sanpaolo IMI branch network. The master agreement has a term of nine years, and is tacitly renewable for periods of three years. Following the signing of the agreement, the individual product companies of the Eurizon Group acknowledged the commitments made by the holding company, finalizing new distribution contracts with each network of the Sanpaolo IMI Banking Group, whose contents are consistent with the content of the master agreement; the new contracts supersede those in effect previously.
- On 24 July 2006, Banca IMI made financing available to the Eurizon Financial Group in the form of a line of credit for a maximum amount of € 1,320 million, priced in line with market conditions for similar transactions. The credit line was provided in order to cover financing needs arising on the execution of the voluntary public tender offer for 100% of the Banca Fideuram shares launched by Eurizon pursuant to Article 102 and the articles thereafter of Legislative Decree n. 58/98. As of the same date, Banca IMI finalized a guarantee at market conditions for the account of Eurizon and in favour of any Banca Fideuram shareholders planning to tender their shares in response to the public offer; the guarantee was put in place in order to ensure that Eurizon, upon the termination of the offer, would fulfill the obligations it had assumed.
- In 2006, Banca Fideuram approved an extension to a € 9.5 million line of credit made available to Eurizon in 2005, so as to support Eurizon's funding needs through the end of 2006. At a meeting on 16 October 2006, the Eurizon board of directors approved a request for an increase in the line to a maximum of € 25 million. At another meeting held on 25 January 2007, the Eurizon board of directors approved a request to increase the line further, up to € 50 million, partly in consideration of the outlays being made in relation to the stock-market listing. The credit line has been granted at standard conditions.
- As of 16 November 2006, Eurizon's sole shareholder, Sanpaolo IMI (now, Intesa Sanpaolo), made a € 1,250 million payment toward a future capital increase in order to ensure an adequate level of regulatory capital, in accordance with prevailing regulations, following the pubic tender offer made for the shares of Banca Fideuram. The sole shareholder made it known to Eurizon that the payment was to be considered subordinated to Eurizon's execution of a capital increase on or before 31 December 2007 and as part of the planned stock-market listing. Should such condition be satisfied, Eurizon shall be required to return the sum paid, to the extent of the amount of the capital increase. Should no capital increase be effected in relation to the stock-market listing on or before the deadline set, the payment shall definitively become part of Eurizon's capital, through a conversion into capital. Intesa Sanpaolo has, however, the option of converting the payment into capital prior to the established deadline should certain conditions be manifested.
- On 5 December 2006, Banca IMI finalized a guarantee at market conditions for the account of Eurizon and in favour of Banca Fideuram shareholders planning to tender their shares in response to a residual public offer pursuant to Article 108 of the Legislative Decree n. 58/98; the guarantee was put in place in order to ensure that Eurizon, upon the termination of the offer, would fulfill the obligations it had assumed.



Relationships with Group Companies

The companies belonging to the Eurizon Financial Group executed the business and financial transactions summarized below with the companies of the Sanpaolo IMI Group (as of 1 January 2007, the Intesa Sanpaolo Group), in normal course of business.

The balance-sheet relationships basically refer to the following:

- The ownership of bond securities issued by the parent company, Sanpaolo IMI, or by its subsidiaries.
- Receivables and payables related to personnel on assignment or the charging back of expenses for the use of office and other space made available to the Eurizon Group companies.
- Amounts on deposit in current accounts maintained with the banks of the Sanpaolo IMI Group.
- Reserves against insurance policies taken out by the companies of the Sanpaolo IMI Group.
- Payables for subordinated loans.
- Payables for commissions due to the Sanpaolo IMI networks, accrued by the networks upon the placement of the Eurizon Financial Group's insurance products.
- Payables due to the parent company, Sanpaolo IMI, reported in relation to the consolidated tax return, represented by corporate taxes payable ("IRES").

The profit-and-loss relationships mainly refer to:

- Net earnings on the financial instruments issued by the companies of the Sanpaolo IMI Group.
- Amounts accrued in relation to the current accounts opened at banks.
- Expenses and revenues from service agreements in effect and covering the assignment of personnel, the supply of office and other space, and the outsourcing of operational and strategic/coordination activity.
- Net charges arising from the payment of insurance benefits to the companies of the Sanpaolo IMI Group and from the change in technical reserves.
- Interest expense on the aforementioned subordinated loans.
- Fees and commissions paid to the network for the placement of insurance and investment products.
- Management commissions paid to the Sanpaolo IMI Group companies managing the securities portfolios.

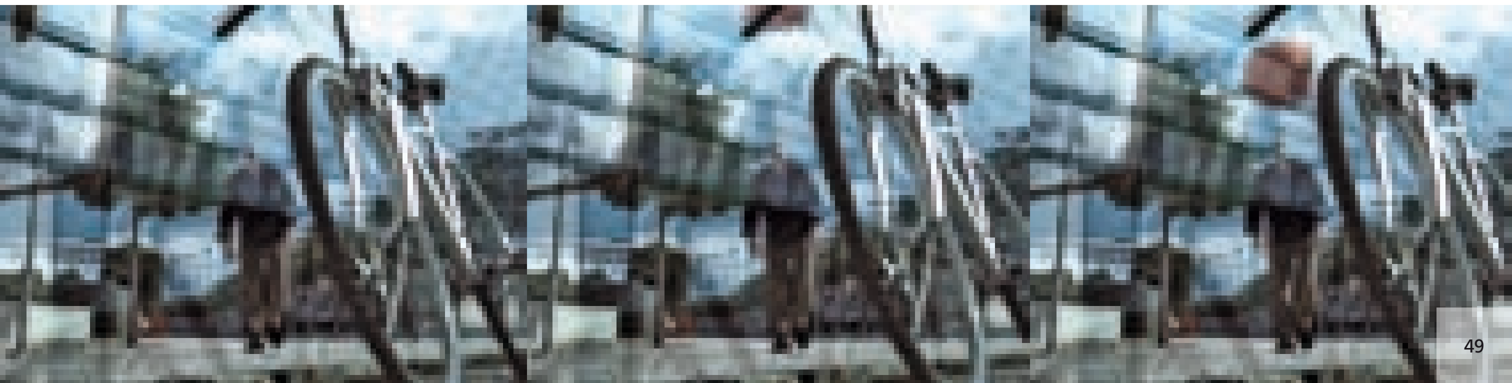
The following amounts figured among the relationships with the parent company, Sanpaolo IMI, and the companies controlled by the parent company, as of 31 December 2006:

- Assets of roughly € 9,500 million.
- Liabilities of roughly € 1,200 million.
- Revenues of roughly € 700 million.
- Expenses of roughly € 950 million.
- Guarantees roughly in the amount of € 900 million.

During the second half of 2006, Eurizon launched a voluntary public tender offer to purchase the shares of Banca Fideuram held by minority shareholders, at a price of € 5 per share. As a result of the offer, Eurizon held 92.5% of Banca Fideuram's share capital as of 25 October 2006, inclusive of the shares held by the bank itself. Considering Eurizon's interest in not reinstating Banca Fideuram's market float, Eurizon launched a residual public tender offer with respect to the shares still outstanding; the residual offer became effective on 12 December 2006 and expired on 18 January 2007. At the expiration of the residual offer, Eurizon held 98.7% of Banca Fideuram's share capital, inclusive of the shares held by the bank itself. Pursuant to the disclosures made in the offering memorandum and prevailing regulations, Eurizon was planning to exercise its right to squeeze out the remaining Banca Fideuram shares within four months of the expiration of the residual offer. The purchase price was to be established by KPMG, the expert appointed by the Civil Court of Rome, after having taken into account the price of the residual offer, and the market value of the ordinary shares of Banca Fideuram for the most recent six-month period.

During 2006, the companies of the Eurizon Financial Group did not purchase, either directly or through a fiduciary company or other intermediary, any shares of Banca Fideuram or shares of the parent company, Sanpaolo IMI, except for the purchases made by Eurizon as part of the public tender offer made for the Banca Fideuram shares.

Banca Fideuram owns 12,655,273 of its own shares which have been set aside to service the 2005-2009 stock option plan.



Compensation to Directors and Statutory Auditors

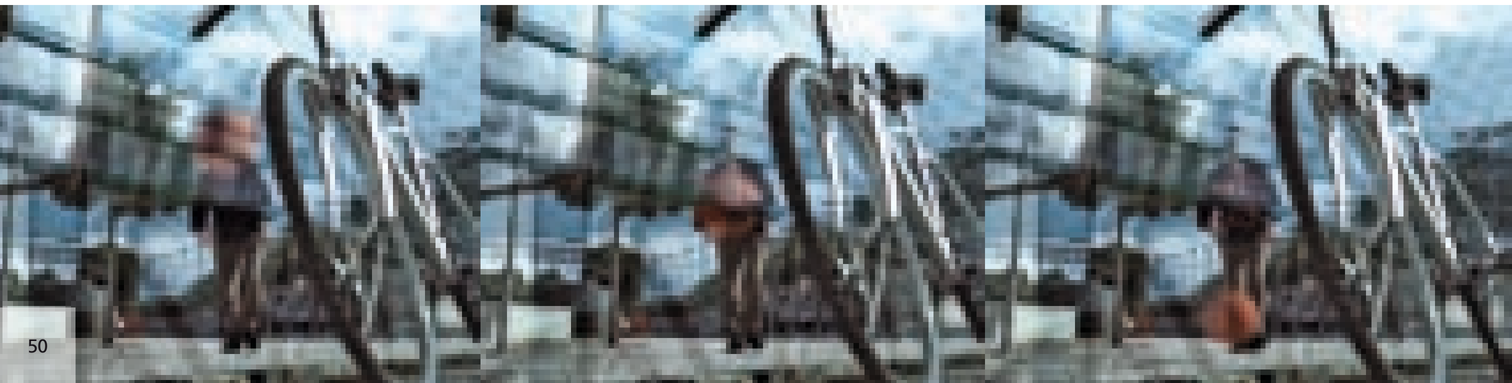
In 2006, a total of 206 directors and statutory auditors served on the various boards of the companies belonging to the Eurizon Financial Group. The aggregate amounts of compensation received by such persons in relation to such positions amounted to € 5.5 million.

Compensation to directors and statutory auditors

	Number	(in € 000's)
Directors	165	4.791
Statutory auditors	41	733
Total	**206**	**5,524**

Ownership of Own Shares and Shares of Controlling Shareholder

The Eurizon Financial Group did not own any of its own shares or shares of its parent company, Sanpaolo IMI (now, Intesa Sanpaolo), as of 31 December 2006.



Human Resources

Eurizon's current organizational structure is the by-product of a series of restructuring initiatives and business combinations that took place in 2006. The most significant transactions in terms of the management of human resources (HR) include:

- The creation of Eurizon Financial Group's organizational structure.
- The centralization of all IT operations and back-office processing at Universo Servizi.
- The transfer of Eurizon Capital Sgr and its subsidiaries to the Eurizon Financial Group.
- The planning and structuring of EurizonVita's network of pension and retirement planning specialists, and the related coordination staff.

The creation and consolidation of the Eurizon Group's organization has been supported by personnel management and organizational efforts aimed at two objectives. First, a more efficient allocation of the existing resources, in accordance with the union guidelines incorporated into the collective bargaining contracts in effect with respect to the personnel. This entailed the transfer of 650 people employed by the holding company to Universo Servizi. The second objective was to integrate the organization through the addition of new skills and expertise tapped from the market. The recruiting activity was especially aimed at setting up the EurizonVita network of pension and retirement planning specialists; the network was inaugurated on 8 January 2007, with 104 professionals recruited in 2006 who have been assigned to operations and to the commercial network. Contracts and incentive plans for sales personnel were also prepared, as was a training program regarding specific issues in relation to supplemental pension plans.

Structure of the work force

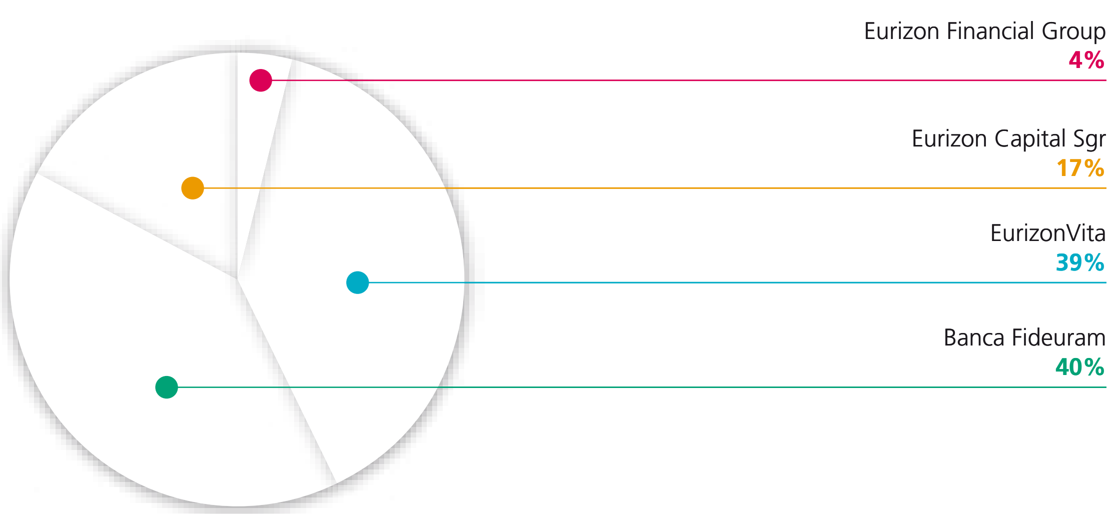
As of 31 December 2006, the Group's work force consisted of 2,851 employees, an increase of 226 (8.5%) over the prior year. The increase mainly reflects the recruitment of personnel to staff the Group's governance and control areas, as well as the professionals hired for EurizonVita's new sales network that became operational as of January 2007.

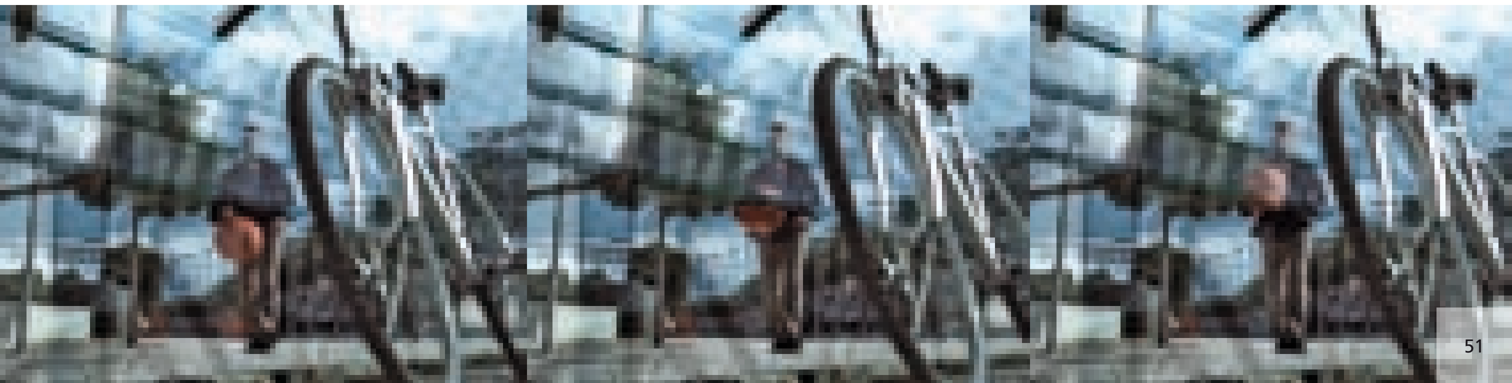
Group work force

	31/12/2006	31/12/2005
Eurizon Financial Group	125	-
EurizonVita and subsidiaries	1,117 (*)	479
Banca Fideuram and subsidiaries	1,132 (*)	1,681
Eurizon Capital Sgr and subsidiaries	477	465
Total	**2,851**	**2,625**

(*) The data take into account the re-assignment of 550 Banca Fideuram employees of to Universo Servizi (a EurizonVita subsidiary) as of 1 May 2006; the employees were re-assigned as part of a transfer of a business unit.

Breakdown of the resources by company





Age range

Though the work force includes various employees with decades of experience, the average age of the personnel is around 38 years old. The average age of the senior managers is 47 years old, versus the average of 42 years old for middle managers/officers and 33 years old for the clerical employees.

Types of contracts

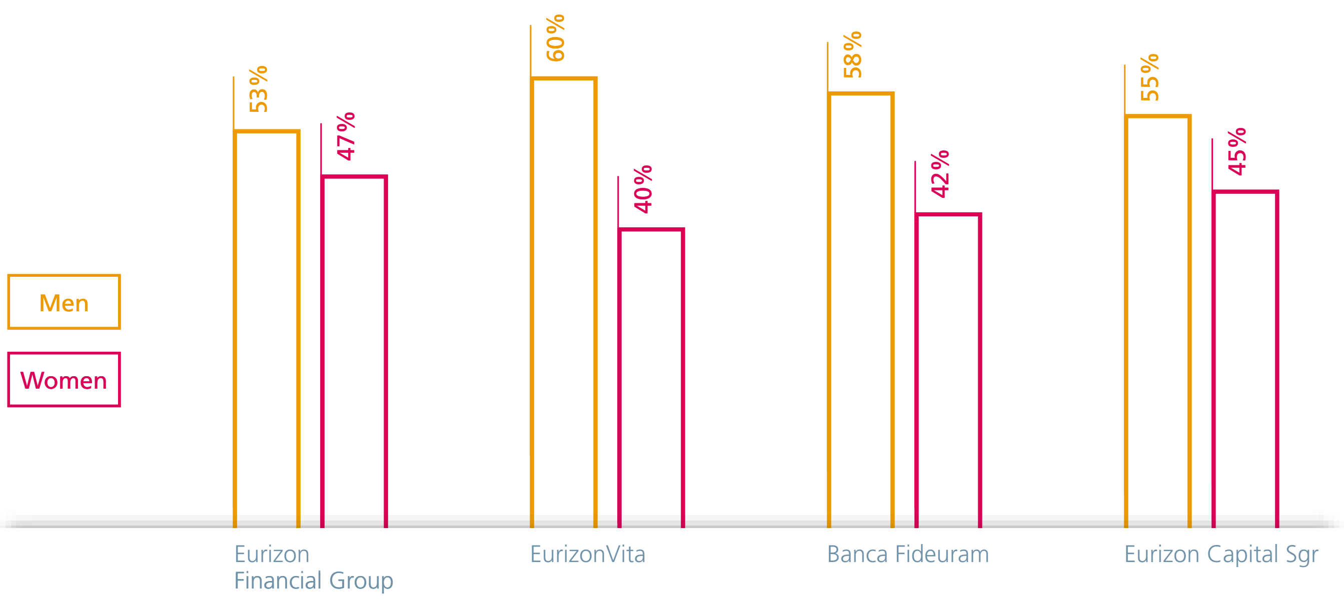
Some 94% of the work force is directly employed by the companies of the Group; another 2% is represented by employees on assignment from the Intesa Sanpaolo Group, while the remaining 4% consists of employees who have non-standard employment relationships (for example, employees on project contracts or temporary employees). Of the 2,447 full-time employees working in Italy, 562 were hired under the national collective bargaining contract for the insurance industry, while the remaining 1,885 were hired under the national collective bargaining contract for the banking industry.

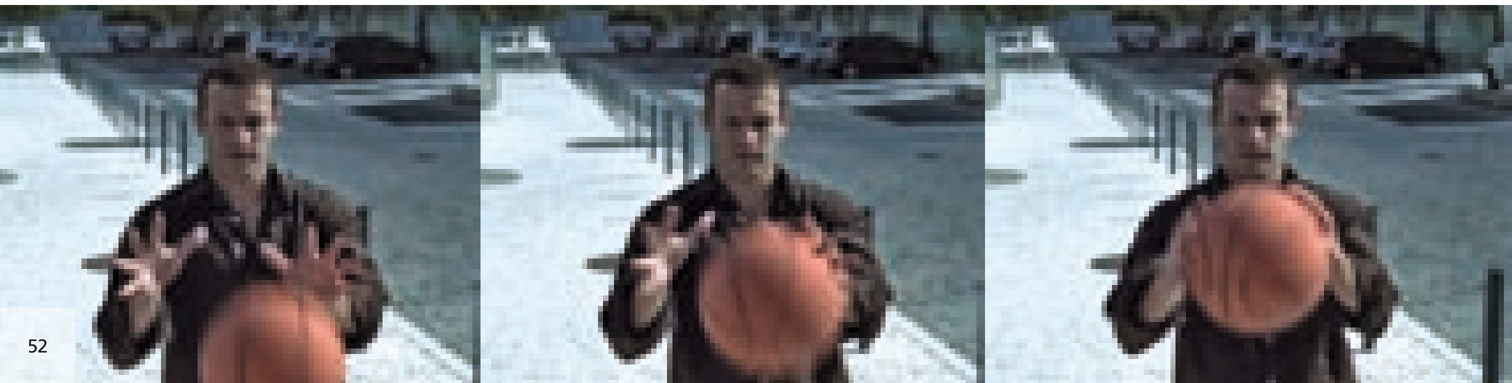
Various initiatives were undertaken during the year in order to integrate and standardize the policies and procedures for managing all of the Group's personnel. Such initiatives included the adoption of a standard management incentive system, and the inauguration of a program to align compensation, the first step of which was the adoption of specific rules for all insurance managers with regard to their bonus compensation. Specific projects were also initiated for the purpose of adopting single organizational models and tools for HR management.

Equal opportunity

The work force is fairly evenly divided between female employees (42% of total full-time employees) and male employees (58%). At year end, roughly 38% of the female employees held management positions (senior manager or middle manager/officer), while the comparable ratio for male employees was 63%. At the holding company, Eurizon Financial Group, the number of female and male employees was almost equal (47% of the work force versus 53%): women held 6 of 19 senior management positions, and 27 of 63 middle management/officer positions.

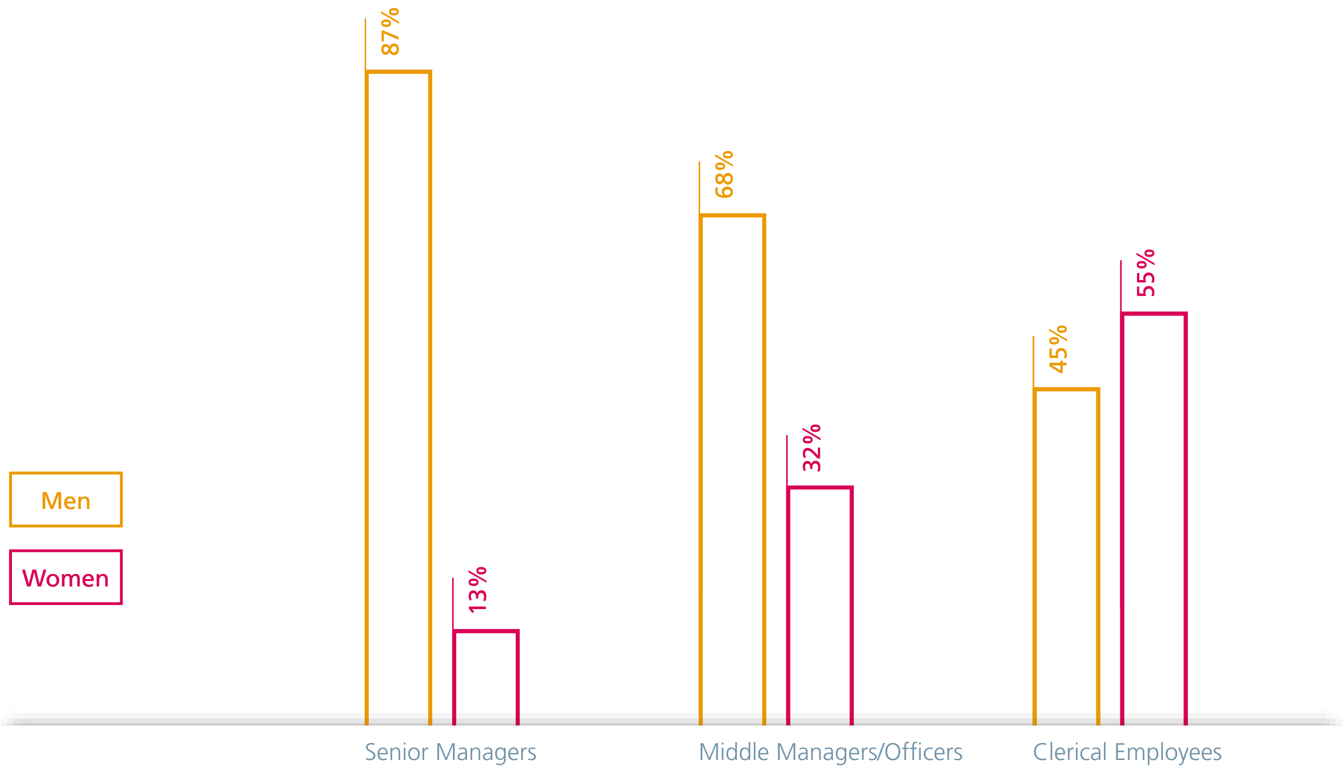
"Men" e "Women"





At a Group level, the distribution of the work force between male and female employees is as follows:

Distribution of work force by job category - % of men / % of women

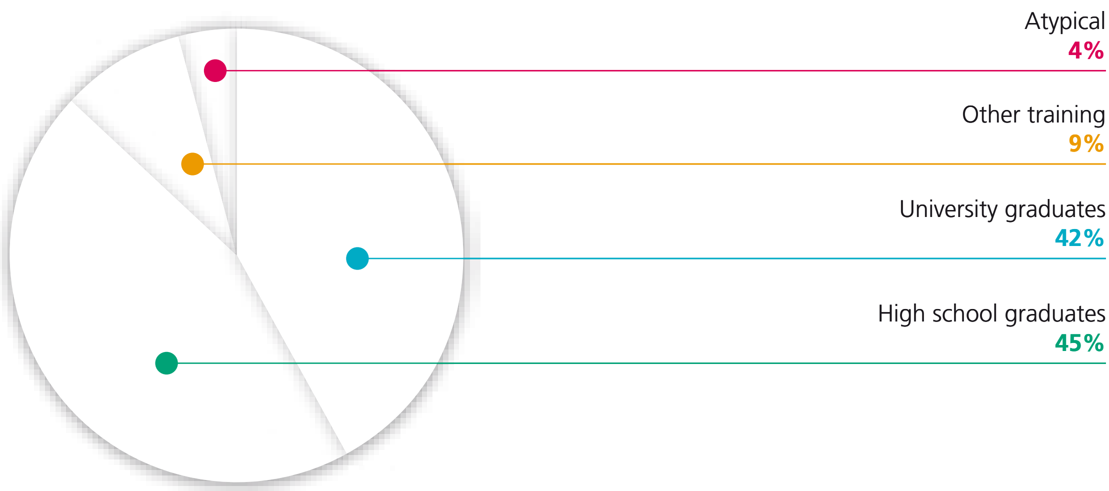


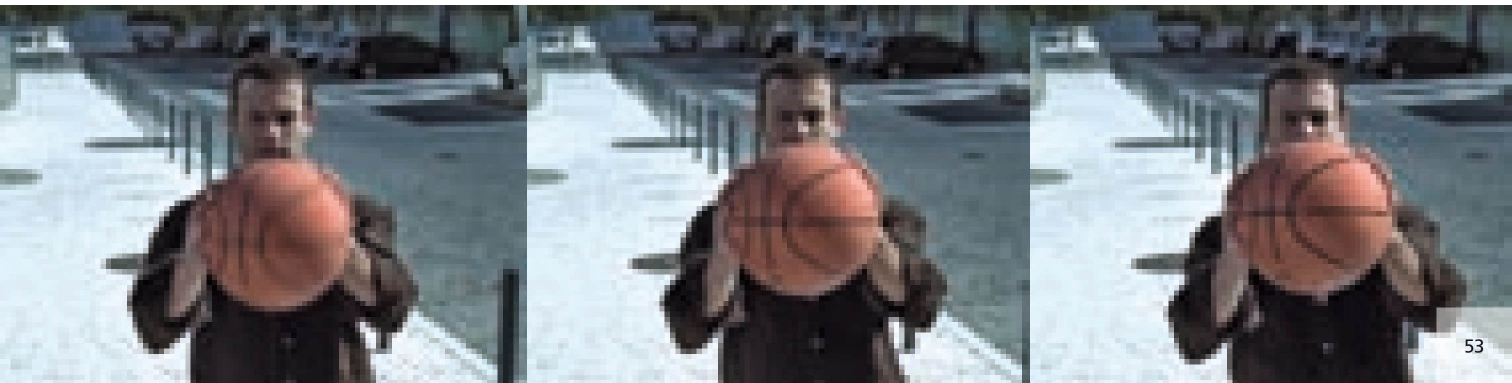
Professional credentials and skills

New recruits in 2006 were mostly university graduates, who were assigned to holding company. Instead, with regard to the network of pension and retirement planning specialists, the accent was on the hiring of individuals with specific technical knowledge, who were then put through a special internal training program.

At a Group level, university graduates account for roughly 42% of the total.

Distribution of work force by level of education



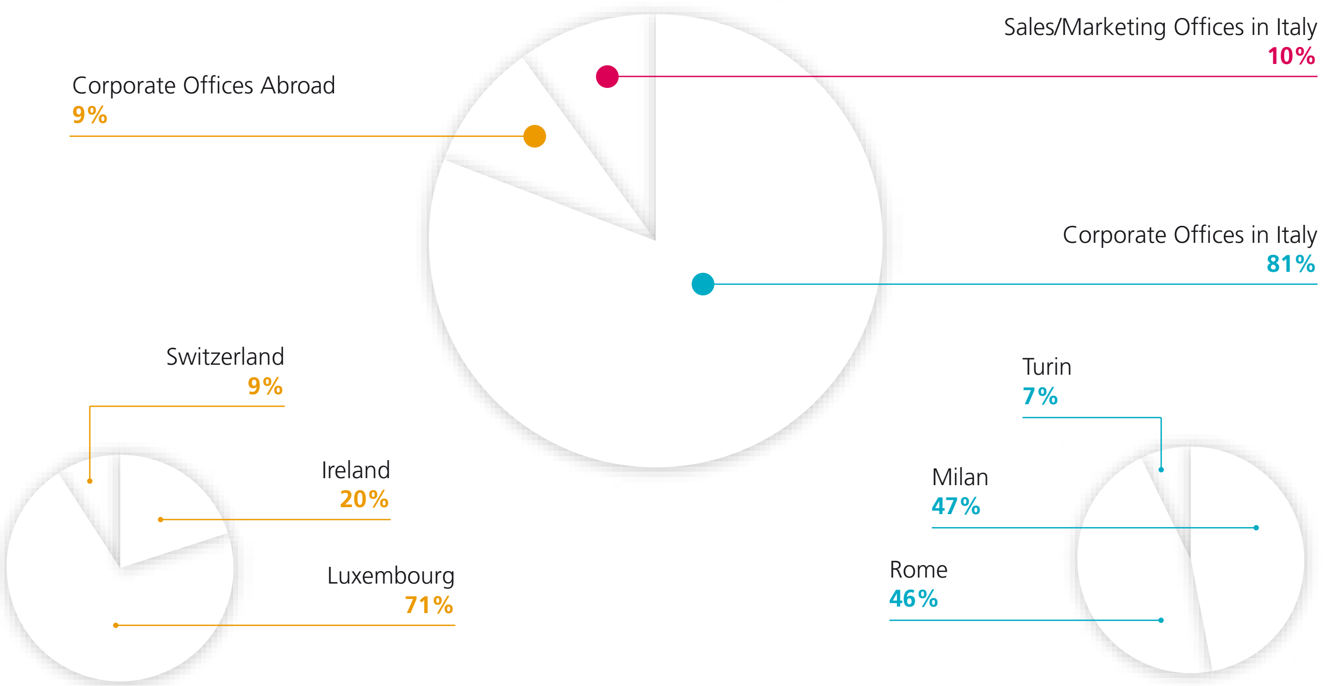


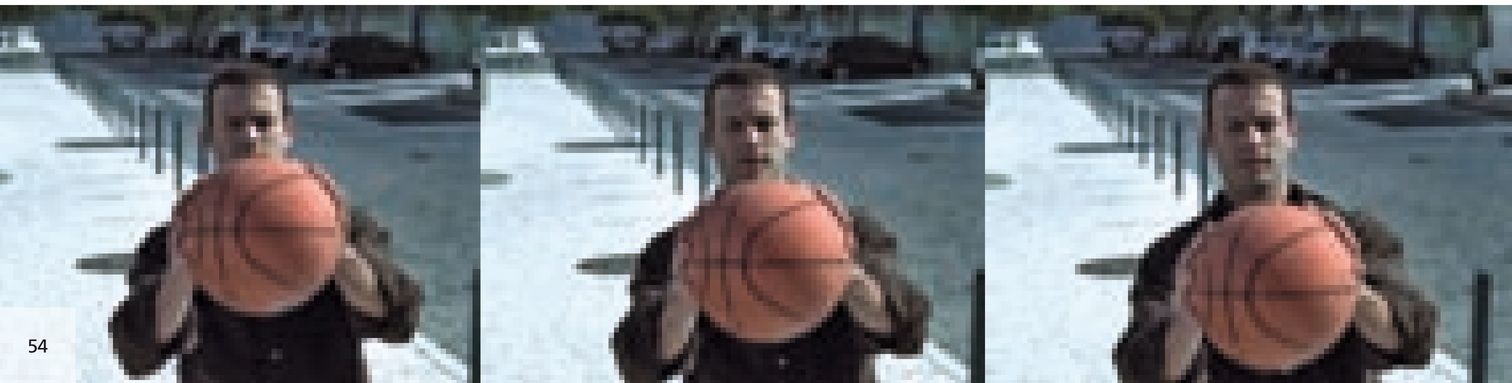
In line with its present business strategies, Eurizon began the professional re-training of existing resources in 2006. During the final part of the year, investments were made in specialized technical training in relation to the business of the individual operating companies; alongside this effort, the Group developed a new employee orientation program, and a specific training program for the pension and retirement planning specialists requiring classroom attendance of roughly 20 business days.

Geographical distribution of the work force

The Group operates in Italy and abroad. The holding company's offices in Italy are located in Milan, Rome and Turin, while the Banca Fideuram branches and the EurizonVita consultant network's offices are spread throughout the country. The Group companies also have operational offices in Ireland, Luxembourg and Switzerland. During 2006, Eurizon Capital Sgr inaugurated branches in Chile and Singapore.

Resources by geographic area



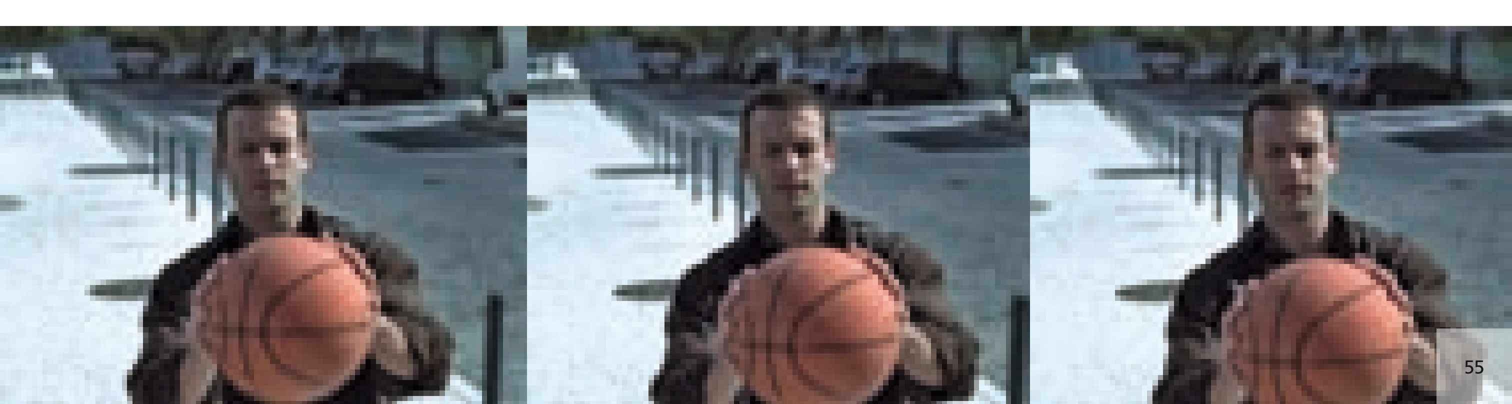


Material Events after Year End

Following are comments on material events occurring subsequent to 31 December 2006:

- The Sanpaolo IMI merger-by-incorporation into Banca Intesa became effective on 1 January 2007, pursuant to the merger agreement executed on 28 December 2006. The incorporating company took on the name of Intesa Sanpaolo S.p.A., and as of the effective date of the merger, assumed all rights and obligations of the incorporated company, taking the place of the incorporated company in all of the incorporated company's relationships, including legal proceedings, that were in place prior to the merger.
- As part of the effort to concentrate all of the Eurizon Group's activities and resources dedicated to support services within Universo Servizi and in light of the May 2006 transfer to Universo Servizi of the units supporting the banking and insurance activities (as described in the discussion of Transactions with Related Parties), on 9 November 2006, the Eurizon board of directors approved the streamlining and transfer of the IT and back-office operations of the Group's Asset management companies (Fideuram Investimenti Sgr and Eurizon Capital Sgr) to Universo Servizi. The transfer was structured as follows: in the case of Fideuram Investimenti Sgr, through the assignment to Universo Servizi of the resources currently involved in the activities to be centralized; and in the case of Eurizon Capital Sgr, through the transfer to Universo Servizi of a business unit incorporating the IT, back-office processing and product administration areas. The Eurizon Capital Sgr board of directors approved the transaction at a meeting on 29 November 2006. An extraordinary meeting of the shareholders of Universo Servizi held on 21 February 2007 approved a resolution to service the transfer by increasing the share capital from € 18,947,370 to € 19,894,740 through the issue of 947,370 new ordinary shares with a par value of € 1.00 each, with regular rights of enjoyment to be subscribed for a total price of € 1,246,971, inclusive of € 947,370 as par value and € 299,601 as paid-in capital. The transfer agreement was executed by Eurizon Capital Sgr and Universo Servizi on 28 February 2007, with effects as of 1 March 2007.
- Eurizon has recently addressed its external growth objectives to the search for potential targets in geographic areas with strong development prospects, including in the Far East, where an investment opportunity in the Chinese Life insurance market was identified. In view thereof, on 16 November 2006, Eurizon entered into an agreement with the Chinese company, Union Life insurance Co. Ltd., and its shareholders, which provides for Eurizon's subscription of newly issued shares for a total investment of around € 90 million. Once the transaction is perfected, Eurizon will hold 19.9% of the Chinese company. Specializing in the Life insurance business, Union Life is one of the fastest growing companies in the Chinese insurance sector: set up in 2005 by six Chinese investors, the company enjoyed growth of 160% in 2006 and now has more than 2,000 full-time employees and 130 branches. The company, which has a license to operate nationwide (including through bancassurance), has an extensive and rapidly growing distribution network; in 2006, the number of agents almost quadrupled, going from around 5,000 to more than 20,000. The transaction, which has already been approved by the China Insurance Regulatory Commission, is pending the authorization of the Bank of Italy.

Milan, 19 March 2007
The Board of Directors



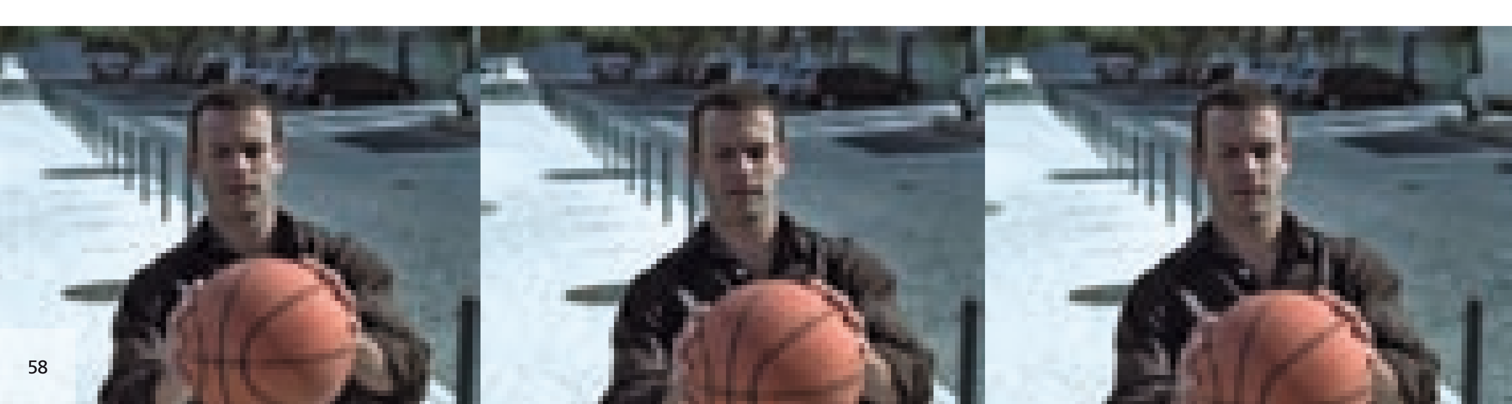
Consolidated Financial Statements

Consolidated Financial Statements

Balance Sheet

Balance sheet - Assets

		31/12/2006	31/12/2005
1	**Intangible assets**	**79,407**	**54,335**
1.1	Goodwill	32,261	24,170
1.2	Other intangible assets	47,146	30,165
2	**Fixed assets**	**89,303**	**85,595**
2.1	Buildings	69,061	72,373
2.2	Other fixed assets	20,242	13,222
3	**Technical reserves for the account of reinsurers**	**46,335**	**29,012**
4	**Investments**	**56,132,417**	**51,167,375**
4.1	Real estate investments	40,086	39,303
4.2	Equity investments in subsidiaries, affiliates and joint ventures	564	51
4.3	Investments held to maturity	3,541	4,662
4.4	Financing and loans receivable	5,359,891	3,782,395
4.5	Financial assets available for sale	22,733,429	19,216,160
4.6	Financial assets stated at fair value, whose gains and losses accrue to the profit and loss statement	27,994,906	28,124,804
5	**Other receivables**	**702,921**	**579,338**
5.1	Receivables on direct insurance transactions	38,364	38,571
5.2	Receivables on reinsurance transactions	1,007	1,152
5.3	Miscellaneous receivables	663,550	539,615
6	**Other assets**	**1,083,307**	**1,188,000**
6.1	Non-current assets or assets of a group held for sale	134,200	170,568
6.2	Deferred acquisition costs	1,093	2,400
6.3	Deferred tax assets	261,113	400,279
6.4	Current tax assets	360,720	306,436
6.5	Other assets	326,181	308,317
7	**Cash and cash equivalents**	**1,041,049**	**1,604,573**
	Total assets	**59,174,739**	**54,708,228**



Balance sheet - Liabilities and shareholders' equity

		31/12/2006	31/12/2005
1	**Shareholders' equity**	**2,543,506**	**1,998,483**
1.1	**Shareholders' equity net of minority interests**	**2,458,374**	**1,810,221**
1.1.1	Capital	116,000	101,000
1.1.2	Other capital instruments	-	-
1.1.3	Capital reserves	1,942,760	574,617
1.1.4	Retained earnings and other reserves	-137,829	677,820
1.1.5	(Own shares)	-	-
1.1.6	Reserve for foreign-exchange differences, net	48,346	-
1.1.7	Gains (losses) on financial assets available for sale	35,833	90,930
1.1.8	Other gains (losses) booked directly to shareholders' equity	543	-
1.1.9	Net profit (loss) for the period	452,721	365,854
1.2	**Minority interests**	**85,132**	**188,262**
1.2.1	Capital and reserves	32,961	135,352
1.2.2	Gains (losses) booked directly to shareholders' equity	90	-
1.2.3	Net profit (loss) for the period	52,081	52,910
2	**Provisions**	**241,433**	**211,707**
3	**Technical reserves**	**22,562,077**	**22,140,273**
4	**Financial liabilities**	**30,646,837**	**27,912,275**
4.1	Financial liabilities stated at fair value, whose gains and losses accrue to the profit and loss statement	22,965,244	22,323,344
4.2	Other financial debt	7,681,593	5,588,931
5	**Payables**	**1,848,925**	**1,249,515**
5.1	Payables on direct insurance transactions	95,161	77,720
5.2	Payables on reinsurance transactions	10,599	3,941
5.3	Miscellaneous payables	1,743,165	1,167,854
6	**Other liabilities**	**1,331,961**	**1,195,975**
6.1	Liabilities of a group held for sale	161,987	164,009
6.2	Deferred tax liabilities	217,977	379,704
6.3	Current tax liabilities	140,891	140,038
6.4	Miscellaneous liabilities	811,106	512,224
	Total liabilities and shareholders' equity	**59,174,739**	**54,708,228**

Profit and Loss Statement

		31/12/2006	31/12/2005
1.1	**Net premiums**	**2,865,421**	**3,599,302**
1.1.1	Gross premiums earned	2,902,577	3,621,461
1.1.2	Premiums ceded to reinsurers	-37,156	-22,159
1.2	**Commission income**	**1,613,436**	**1,146,078**
1.3	**Income and charges from financial instruments stated at fair value, whose gains and losses accrue to the profit and loss statement**	**174,770**	**434,367**
1.4	**Income from equity investments in subsidiaries, affiliates and joint ventures**	**-**	**-**
1.5	**Income from other financial instruments and real estate investments**	**1,210,520**	**891,746**
1.5.1	Interest income	908,337	699,035
1.5.2	Other income	65,097	26,164
1.5.3	Realized gains	231,954	161,489
1.5.4	Valuation gains	5,132	5,058
1.6	**Other revenues**	**87,156**	**23,024**
1	**Total revenues and income**	**5,951,303**	**6,094,517**
2.1	**Claims related charges, net**	**-3,260,684**	**-4,282,300**
2.1.1	Sums paid and change in the technical reserves	-3,276,185	-4,289,488
2.1.2	Portion for the account of reinsurers	15,501	7,188
2.2	**Commission expense**	**-999,365**	**-407,886**
2.3	**Charges from equity investments in subsidiaries, affiliates and joint ventures**	**-51**	**-**
2.4	**Charges from other financial instruments and real estate investments**	**-261,012**	**-122,253**
2.4.1	Interest expense	-150,154	-84,760
2.4.2	Other charges	-1,940	-1,351
2.4.3	Realized losses	-101,493	-32,109
2.4.4	Valuation losses	-7,425	-4,033
2.5	**Operating expenses**	**-636,862**	**-516,218**
2.5.1	Commissions and other acquisition expenses	-160,045	-160,681
2.5.2	Investment management expenses	-9,771	-36,876
2.5.3	Other administrative expenses	-467,046	-318,661
2.6	**Other expenses**	**-119,334**	**-164,086**
2	**Total expenses and charges**	**-5,277,308**	**-5,492,743**
	Profit (loss) before taxes, discontinued operations and minority interests	**673,995**	**601,774**
3	Income taxes	-139,332	-147,190
	Profit (loss) before discontinued operations and minority interests	**534,663**	**454,584**
4	Profit (loss) of discontinued operations	-29,861	-35,820
	Consolidated profit (loss)	**504,802**	**418,764**
	Consolidated net profit - Eurizon Financial Group	452,721	365,854
	Minority interests	52,081	52,910

Statement of Changes in Financial Position

	31/12/2006	31/12/2005
Profit (loss) before taxes	**673,995**	**601,774**
Change in non-monetary items	**893,188**	**1,532,525**
Change in Property-casualty premium reserve	22,249	12,458
Change in Property-casualty loss reserve and other technical reserves	11,583	2,478
Change in life actuarial reserves and other technical reserves	532,225	2,292,699
Change in deferred acquisition costs	1,307	-2,400
Change in provisions	67,057	67,563
Non-monetary income and charges from financial instruments, real estate investments and equity investments	408,782	-871,315
Other changes	-150,015	31,042
Change in receivables and payables generated by operations	**291,975**	**281,437**
Change in receivables and payables on direct insurance and reinsurance transactions	24,451	-5,335
Change in miscellaneous receivables and payables	451,376	414,606
Income taxes paid	-183,852	-127,834
Net liquidity generated/absorbed by monetary items regarding investment and financing activity	**856,258**	**1,197,857**
Liabilities on financial contracts issued by insurance companies	-430,706	3,284,580
Payables - banking customers and counterparties in the interbank market	2,092,662	1,579,422
Financing and loans receivable - banking customers and counterparties in the interbank market	-1,577,496	-907,405
Other financial instruments stated at fair value, whose gains and losses accrue to the profit and loss statement	771,798	-2,758,740
Total net liquidity derived from operations	**2,715,416**	**3,613,593**
Net liquidity generated/absorbed by real estate investments	-783	-
Net liquidity generated/absorbed by equity investments in subsidiaries, affiliates and joint ventures	862,300	-12
Net liquidity generated/absorbed by financing and loans receivable	-1,577,496	-35,773
Net liquidity generated/absorbed by investments held to maturity	1,121	6
Net liquidity generated/absorbed by financial assets available for sale	-3,517,269	-2,883,644
Net liquidity generated/absorbed by fixed and intangible assets	-18,918	1,351
Other liquidity generated/absorbed by investment activity	35,933	10,011
Total net liquidity derived from investment activity	**-4,215,112**	**-2,908,061**
Net liquidity generated/absorbed by Group's capital instruments	1,113,806	1,275
Net liquidity generated/absorbed by own shares	-	10,073
Distribution of dividends by the Group	-249,470	-204,566
Net liquidity generated/absorbed by minority interests' capital and reserves	-103,130	-1,157
Net liquidity generated/absorbed by subordinated liabilities and participative financial instruments	-	124,102
Net liquidity generated/absorbed by other financial liabilities	174,966	-2,924
Total net liquidity derived from financing activity	**936,172**	**-73,197**
Effect of foreign-exchange differences on cash and cash equivalents	**-**	**-**
Opening balance of cash and cash equivalents	1,604,573	972,239
Increase (decrease) of cash and cash equivalents	**-563,524**	**632,334**
Closing balance of cash and cash equivalents	1,041,049	1,604,573

Statement of Changes in Shareholders' Equity

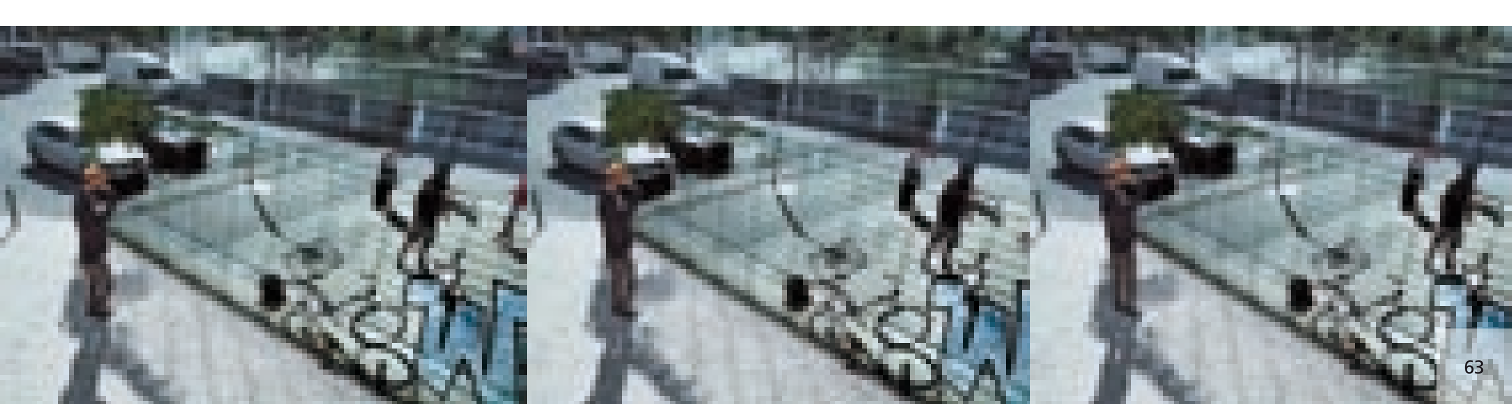
			Opening balances as of December 2005	Change in closing balances	Allocations
Group net equity	Share capital		481,078	-	-380,078
	Other capital instruments		-	-	-
	Capital reserves		165,358	-	409,259
	Retained earnings and other reserves		734,466	-54,042	-2,604
	(Own shares)		-	-64,512	64,512
	Reserve for foreign-exchange differences, net		-	-	-
	Gains (losses) on financial instruments available for sale (*)		-	94,444	-3,514
	Other earnings (losses) accrued directly to shareholders' equity	Gains (losses) on instruments to hedge financial flows	-	-	-
		Gains (losses) on instruments to hedge a net investment in a foreign operation	-	-	-
		Reserve for changes in shareholders' equity in companies in which investments are held	-	-	-
		Valuation reserve - intangible assets	-	-	-
		Valuation reserve - fixed assets	-	-	-
		Income (losses) related to non-current assets or a Group of assets held for sale	-	-	-
		Other reserves	-	-	-
	Profit (loss) for the period		388,790	-	-22,936
	Total Group		**1,769,692**	**-24,110**	**64,639**
Minority interests	Capital and reserves		7,575	-	127,777
	Gains (losses) accrued directly to shareholders' equity		-	-	-
	Profit (loss) for the period		567	-	52,343
	Totale minority interests		**8,142**	**-**	**180,120**
Total			**1,777,834**	**-24,110**	**244,759**

(*) The changes in the reserve for assets available for sale are stated net of the fiscal effect and of the entries for the shadow accounting (through which the portions of the reserve due to the shareholders are accrued).

Transfers to profit and loss statement	Other transfers	Closing balances as of December 2005	Opening balances as of December 2006	Changes to closing balances	Allocations	Transfers to profit and loss statement	Other transfers	Closing balances as of December 2006
-	-	101,000	101,000	-	15,000	-	-	116,000
-	-	-	-	-	-	-	-	-
-	-	574,617	574,617	-	1,247,337	-	120,806	1,942,760
-	-	677,820	677,820	-	908,605	-	-1,724,254	-137,829
-	-	-	-	-	-	-	-	-
-	-	-	-	-	48,346	-	-	48,346
-	-	90,930	90,930	-	-	1,827	-56,924	35,833
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	543	-	-	543
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	365,854	365,854	-	336,337	-	-249,470	452,721
-	**-**	**1,810,221**	**1,810,221**	**-**	**2,556,168**	**1,827**	**-1,909,842**	**2,458,374**

-	-	135,352	135,352	-	52,910	-	-155,301	32,961
-	-	-	-	-	29	1	60	90
-	-	52,910	52,910	-	- 829	-	-	52,081
-	**-**	**188,262**	**188,262**	**-**	**52,110**	**1**	**-155,241**	**85,132**

-	**-**	**1,998,483**	**1,998,483**	**-**	**2,608,278**	**1,828**	**-2,065,083**	**2,543,506**



Notes to the Financial Statements

Consolidation Criteria

Regulatory framework of reference

Eurizon Financial Group is a company holding investments in the insurance business as defined by Legislative Decree n. 209/05, and is accordingly subject to the regulations for the insurance industry.

Legislative Decree n. 38/05 requires companies falling within the framework of application outlined by Legislative Decree n. 173/97, as ratified by Legislative Decree n. 209/05 approving the Private Insurance Code, to prepare their consolidated financial statements as of 2005 in accordance with the international accounting principles issued by the International Accounting Standards board (IASB) and ratified by the European Union.

The consolidated financial statements have been prepared by applying the international accounting principles (International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)), ratified by the European Commission as of 31 December 2006, on the basis of the procedures provided by Legislative Decree n. 1606/02.

Although not ratified by the European Commission, the following documents were consulted for guidance on the application of the new accounting principles:

- Framework for the Preparation and Presentation of Financial Statements, published by the International Accounting Standards board (IASB);
- Implementation Guidance, Basis for Conclusions and other documents prepared by the IASB or the International Financial Reporting Interpretation Committee (IFRIC) to supplement the accounting principles issued.

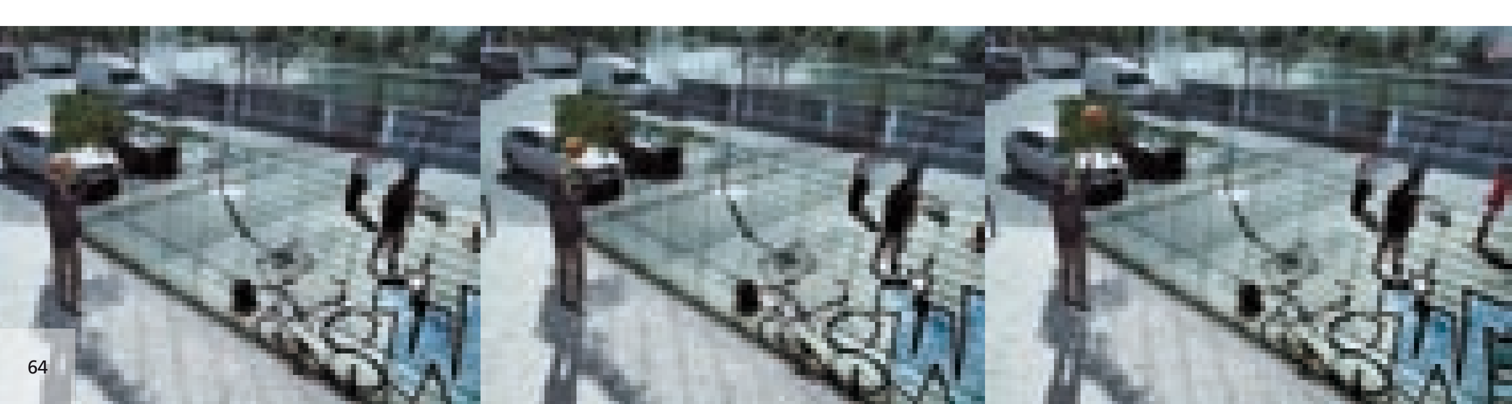
Documents on the application of the IAS/IFRS prepared by the Italian Accounting Organization ("OIC"), the National Association of Insurance Companies ("ANIA") and the Italian Banking Association ("ABI") were also considered for the purposes of the proper interpretation of the new principles.

Structure of the consolidated financial statements

Eurizon Financial Group has prepared 2006 consolidated financial statements consisting of the statements required under IAS 1 (namely, the balance sheet, the profit and loss statement, the statement of changes in shareholders' equity and the statement of change in financial position) and these notes to the consolidated financial statements. The consolidated financial statements are supplemented by the report on operating performance prepared by the board of directors.

The financial statement formats have been prepared on the basis of directives issued on the subject by the Italian insurance regulators ("ISVAP") with Order n. 2404 of 22 December 2005. In addition to the formats required by the regulatory authorities, the notes to the consolidated financial statements supply additional information required by international accounting principles, and other, supplemental information needed to provide a true and fair representation of the Group's financial position and earnings.

In view of the fact that EurizonVita, Banca Fideuram and Eurizon Capital Sgr were acquired or transferred from the parent company, Sanpaolo IMI (now, Intesa Sanpaolo), with the exception of the shares in Banca Fideuram acquired through a public tender offer, and that both before and after the transfer, the shareholdings were ultimately controlled by the same company (Intesa Sanpaolo), such transactions have been booked to the Eurizon Group consolidated financial statements by using the values evidenced in the financial statements of the ultimate parent.



More specifically, the consolidated financial statements of Eurizon Financial Group reflect the values reported in the Sanpaolo IMI consolidated financial statements with reference to EurizonVita, Banca Fideuram and Eurizon Capital Sgr and the related subsidiaries.

The 100% holding in Eurizon Capital Sgr acquired through the transfer of the interest held by Sanpaolo IMI has been included in the Eurizon Group since 30 June 2006. Considering the date of the acquisition, the financial statements as of 31 December 2006 consolidate the balance-sheet accounts of Eurizon Capital Sgr as of 31 December 2006, and the profit-and-loss accounts for the second half of the year only.

The consolidated financial statements of the Eurizon Financial Group have been independently audited by PriceWaterhouseCoopers S.p.A., pursuant to a shareholder resolution dated 7 November 2005, which provided a mandate to the aforementioned independent audit firm for the 2005-2006 two-year period.

The financial statements have been prepared by using the euro as the currency of account; unless otherwise specified, the amounts in the financial statements are reported in thousands of euros.

The 2005 financial statements provided for the purpose of comparison are not comparable, mainly because they do not contain the accounts of Eurizon Capital Sgr and subsidiaries.

Basis for preparation

As of 31 December 2006, the area of consolidation included Eurizon Financial Group and the insurance, banking and financial companies directly or indirectly controlled by Eurizon Financial Group as well as all of the entities or companies for which the Group sustains most of the risks, obtaining from them, in return, most of the benefits.

In accordance with the international accounting principles, all of the holdings in controlled companies, including companies operating in sectors of activity other than that of the controlling company's, have been consolidated on a line-by-line basis. This method provides that the carrying values of the investments in the controlled companies are offset against the corresponding percentage of net equity held, with the assets and liabilities of the controlled companies consolidated on a line-by-line basis. The offsetting between the investments and the net equity is done with reference to the date on which the controlled companies were consolidated for the first time. Any positive differences arising therefrom are initially attributed, if applicable, to the assets and liabilities of the controlled companies, and thereafter, booked as goodwill; any negative differences are reported in the profit and loss statement.

Goodwill is subject to a periodic test to verify the adequacy of its carrying value. Should the recoverable value of goodwill be less than the carrying value, the difference is booked to the profit and loss statement.

Assets and liabilities, off-balance-sheet transactions, income and expenses, and gains and losses on any material transactions between the companies included in the area of consolidation have been eliminated.

The investment in Isyde has been valued with the net equity method, as described hereunder:

- The book value of the investment is aligned with the net equity, adjusted, if necessary, in order to reflect the application of the IFRS and include any goodwill arising as of the acquisition of the investment.
- The Group's share of earnings (losses) is reported in the profit and loss statement as of the date on which the significant influence commences and until the date on which the significant influence ceases. The changes in the net equity of companies valued with the net equity method not represented by the results reported in the profit and loss statement are booked directly as an adjustment of the shareholders' equity reserves.

The financial statements used for the preparation of the consolidated financial statements are those drawn up by the boards of directors of the controlled companies as of 31 December 2006, reclassified, if necessary, in order to ensure alignment with the accounting policies adopted by the Group.

The financial statements denominated in currencies other than the euro have been translated into euros on the basis of exchange rates prevailing at year end. Any differences arising from converting the balances of shareholders' equity of the companies included in the consolidation at the aforementioned exchange rates are booked to the consolidated reserves.

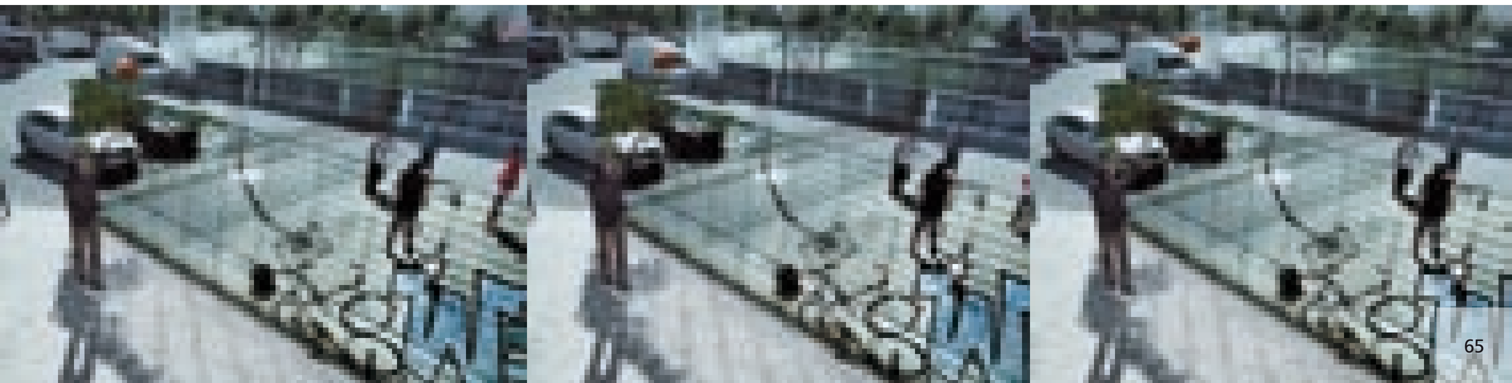
The exchange rates used are disclosed in the table below:

	Exchange rate at year end	Average exchange rate for the year
Swiss franc (CHF/EUR)	1.6069	1.5750

Consolidation area

The holdings in controlled companies, including companies operating in sectors of activity unrelated to the controlling company's, have been consolidated on a line-by-line basis in accordance with accounting principle IAS 27.

Following is a list of the companies consolidated on a line-by-line basis as of 31 December 2006, it being noted that the Eurizon Group also includes two French companies, Banque Priveé Fideuram Wargny and Fideuram Wargny Gestions, controlled indirectly through Banca Fideuram and consolidated pursuant to IFRS 5 (inasmuch as the assets are in the process of being sold) and an affiliate company, Consorzio Studi e Ricerche Fiscali, over which the Group exercises significant influence (inasmuch as the investment in the affiliate is in excess of 20%).



(in € 000's) Company Name	Country	Method (*)	% Consolidated (**)	Shareholders' Equity	Inclusive of Earnings
EurizonVita	Italy	F	99.96	1,227,174	233,896
EurizonLife Ltd	Ireland	F	99.96	160,727	74,706
EurizonTutela	Italy	F	99.96	52,474	3,039
Universo Servizi	Italy	F	100.00	21,665	1,629
Banca Fideuram (1)	Italy	F	95.12	545,495	207,100
Fideuram Bank (Luxembourg) SA	Luxembourg	F	95.09	60,214	14,324
Fideuram Fiduciaria	Italy	F	95.12	2,642	537
Fideuram Investimenti Sgr	Italy	F	94.64	41,646	11,974
Fideuram Gestions SA	Luxembourg	F	94.49	17,259	995
Fideuram Bank (Suisse) AG (2)	Switzerland	F	94.62	30,224	6,591
Fideuram Asset management (Ireland) Ltd	Ireland	F	95.12	232,378	218,068
Sanpaolo Invest Sim	Italy	F	95.12	26,816	3,380
Sanpaolo Invest Ireland Ltd	Ireland	F	95.12	9,281	8,449
Eurizon Capital Sgr	Italy	F	100.00	213,195	119,364
Eurizon Capital SA	Luxembourg	F	100.00	18,815	79,601
Eurizon Alternative Investments Sgr	Italy	F	100.00	7,439	940
Euro-Tresorerie SA	France	F	95.04	200,976	759
Financiere Fideuram SA	France	F	95.11	227,378	7,249
Fideuram Wargny Gestion Sam	France	F	94.97	5,551	166
Isyde	Italy	E	100.00	330	-123

(*) Consolidation method: Full consolidation = F, Proportional = P, Net equity method = E

(**) It is the product of the investment relationships relative to all companies which, in being part of the chain of investments, may be positioned between the company preparing the consolidated financial statements and the company in which the investment is held. Should the latter be directly held by two or more subsidiary companies, the interests of such subsidiaries must be summed.

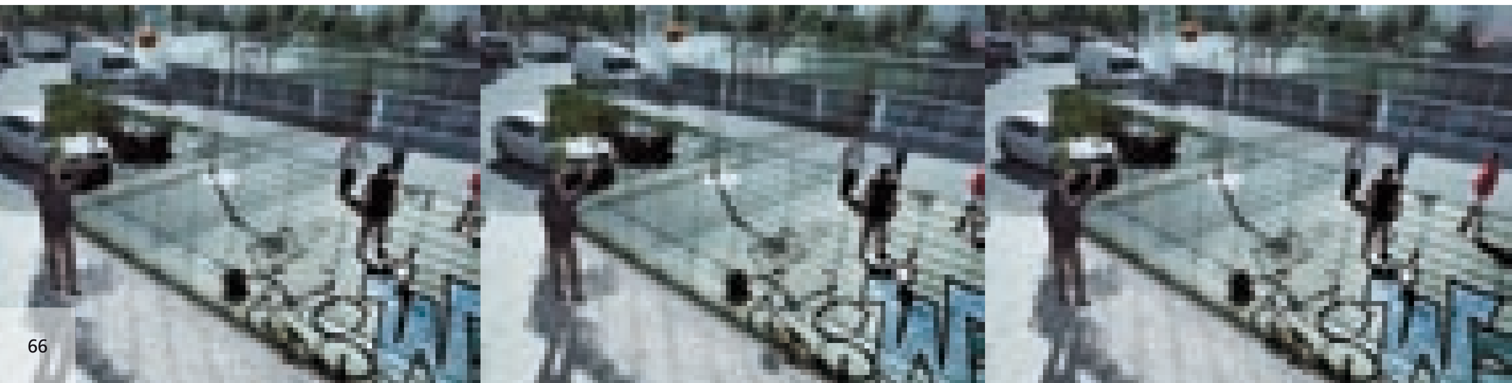
(1) Banca Fideuram has been consolidated on the basis of a 95.12% holding, which takes into account the bank's own shares held by the bank to service the stock option plans

(2) The data are denominated in Swiss francs (CHF).

Mutual investment funds in which the internal funds of unit-linked products have been invested, are consolidated on a line-by-line basis whenever the Eurizon Financial Group holds the majority of a fund's shares outstanding. Companies issuing bond securities as the underlying assets for some index-linked policies are consolidated whenever the Eurizon Financial Group holds the majority of the securities issued. Accordingly, with reference to the portions of the mutual investment funds consolidated that do not belong to the Group, the following are reported:

- A liability with respect to the minority shareholders which corresponds to the portions held by such shareholders (Account 5.3 - Miscellaneous payables).
- The minority shareholders' share of profits (Account 1.6 - Other revenues) or losses (Account 2.6 - Other expenses).

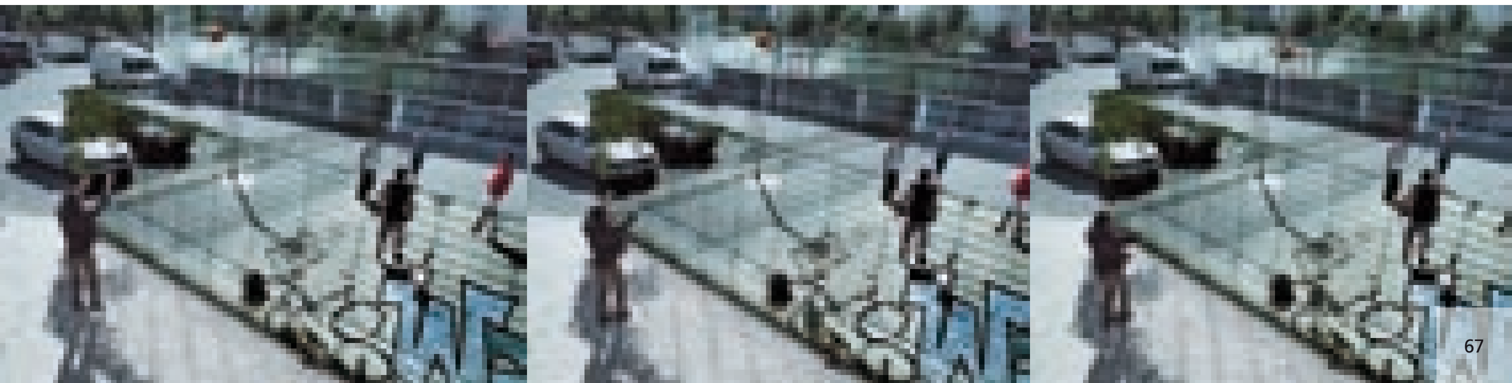
Fund Name	Country	Method (*)	% Consolidated (**)
Fideuram fund euro short term	Luxembourg	F	55.84
Fideuram fund euro bond low risk	Luxembourg	F	61.57
Fideuram fund euro bond medium risk	Luxembourg	F	67.33
Fideuram fund euro bond long risk	Luxembourg	F	82.20
Fideuram fund bond global high yield	Luxembourg	F	67.31
Fideuram fund equity Italy	Luxembourg	F	88.04
Fideuram fund equity Europe	Luxembourg	F	91.33
Fideuram fund euro corporate bond	Luxembourg	F	71.41
Fideuram fund equity Usa	Luxembourg	F	90.61
Fideuram fund equity Japan	Luxembourg	F	91.80
Fideuram fund bond global emerging markets	Luxembourg	F	61.52
Fideuram fund equity pacific ex Japan	Luxembourg	F	88.56
Fideuram fund equity global emerging markets	Luxembourg	F	89.21
Fideuram fund zero coupon 2007	Luxembourg	F	99.96
Fideuram fund zero coupon 2008	Luxembourg	F	99.96
Fideuram fund zero coupon 2009	Luxembourg	F	99.96



Fund Name	Country	Method (*)	% Consolidated (**)
Fideuram fund zero coupon 2010	Luxembourg	F	99.96
Fideuram fund zero coupon 2011	Luxembourg	F	99.96
Fideuram fund zero coupon 2012	Luxembourg	F	99.96
Fideuram fund zero coupon 2013	Luxembourg	F	99.96
Fideuram fund zero coupon 2014	Luxembourg	F	99.96
Fideuram fund zero coupon 2015	Luxembourg	F	99.96
Fideuram fund zero coupon 2016	Luxembourg	F	99.96
Fideuram fund zero coupon 2017	Luxembourg	F	99.96
Fideuram fund zero coupon 2018	Luxembourg	F	99.96
Fideuram fund zero coupon 2019	Luxembourg	F	99.96
Fideuram fund zero coupon 2020	Luxembourg	F	99.96
Fideuram fund zero coupon 2021	Luxembourg	F	99.96
Fideuram fund zero coupon 2022	Luxembourg	F	99.96
Fideuram fund zero coupon 2023	Luxembourg	F	99.96
Fideuram fund zero coupon 2024	Luxembourg	F	99.96
Fideuram fund zero coupon 2025	Luxembourg	F	99.96
Fideuram fund zero coupon 2026	Luxembourg	F	99.96
Fideuram fund zero coupon 2027	Luxembourg	F	99.96
Fideuram fund zero coupon 2028	Luxembourg	F	99.96
Fideuram fund zero coupon 2029	Luxembourg	F	99.96
Fideuram fund zero coupon 2030	Luxembourg	F	99.96
Fideuram fund Usa listed t.t. equity	Luxembourg	F	91.99
Fideuram fund Usa listed consumer staples equity	Luxembourg	F	91.32
Fideuram fund Usa listed financials equity	Luxembourg	F	92.33
Fideuram fund Europe listed t.t. equity	Luxembourg	F	80.75
Fideuram fund Europe listed financials equity	Luxembourg	F	84.97
Fideuram fund zero coupon 2031	Luxembourg	F	99.96
Fideuram fund zero coupon 2032	Luxembourg	F	99.96
Fideuram fund zero coupon 2033	Luxembourg	F	99.96
Fideuram fund zero coupon 2034	Luxembourg	F	99.96
Fideuram fund Europe listed consumer discretionary equity	Luxembourg	F	90.27
Fideuram fund Europe listed consumer staples equity	Luxembourg	F	86.04
Fideuram fund Usa listed consumer discretionary equity	Luxembourg	F	92.35
Fideuram fund zero coupon 2035	Luxembourg	F	99.96
Caravaggio	Luxembourg	F	99.96
Doppia opportunità	Luxembourg	F	99.96
Fideuram fund Usa listed energy-materials-utilities equity	Luxembourg	F	91.63
Fideuram fund euro defensive bond	Luxembourg	F	65.47
Fideuram fund inflation linked	Luxembourg	F	59.07
Fideuram fund Usa listed health care equity	Luxembourg	F	91.79
Fideuram fund Europe listed health care equity	Luxembourg	F	83.93
Fideuram fund Europe listed energy-materials-utilities equity	Luxembourg	F	85.02
Fideuram fund Europe listed industrials equity	Luxembourg	F	88.56
Fideuram fund Usa listed industrials equity	Luxembourg	F	91.76
Fideuram fund zero coupon 2036	Luxembourg	F	99.96
Eolo	Luxembourg	F	99.96
Sirens	Luxembourg	F	99.96
Sp lux sicav ii	Luxembourg	F	99.96
Tiepolo sicav	Luxembourg	F	99.96
Cimabue sicav	Luxembourg	F	99.96

(*) Consolidation method: Full consolidation = F.

(**) It is the product of the investment relationships relative to all companies which, in being part of the chain of investments, may be positioned between the company preparing the consolidated financial statements and the company in which the investment is held. Should the latter be directly held by two or more subsidiary companies, the interests of such subsidiaries must be summed.



Insurance products

Pursuant to the provisions of IFRS 4, the policies in the Group's portfolio have been classified as insurance contracts and investment contracts, with or without potential participation in profits, on the basis of the significance of the underlying insurance risk, namely, the risk related to the fact that at least one of the following aspects of an event leading to a claim is uncertain as of the date of the execution of the policy: the manifestation of the event, the moment in which the event will occur, or the economic impact of the event on the insurer.

The insurance contracts are those contracts that transfer significant insurance risks. The investment contracts are those contracts that transfer financial risks, without significant insurance risks.

Once the insurance risk transferred from the insured to the insurer is identified, the Group makes an evaluation to the extent of the significance of the risk, ranking the quantitative level of reference in a range of 5% to 10%, discriminating by classification. Should, over a certain period of time, the benefits payable in the case of the occurrence of the event be more than 10% of the benefits payable in the case in which the insured event does not occur, the contract is classified as an insurance contract. Instead, should the aforementioned ratio be maintained at less than 5%, the contract is classified as a service contract or an investment contract, with or without discretionary participation in profits. In the 5%-10% range, the significance of the benefits is evaluated on a case-by-case basis, in relation to the specific aspects of the individual contracts. Such evaluation is made by considering every possible scenario, excluding those without any commercial substance, namely, those that do not have any significant economic impact on the transaction.

Contracts that provide service characteristics only (IAS 18), namely, contracts that do not transfer significant insurance risk and that provide for the delivery of a service without creating financial assets or liabilities, have not been identified. Service characteristics are reported solely with reference to products classified as investments without discretionary participation in profits.

The parameters for the classification of the products have been defined so as to identify the essential nature of the contract, with the prevalence of substance over form. The Group has thus reported the significance of the insurance risk upon the issuance of the contract, thereby operating in principle on a contract-by-contract basis. However, where deemed possible, the Group has considered significant aggregates: rate by rate, or by product, or by guarantee. Where it was noted that there were insurance and investment contracts with the same rate category, inasmuch as the rate was not standard with respect to the insurance risk, the Group classified the products as follows:

- If only a small portion of the contracts within a single rate category did not contain sufficient insurance risk, the products for the entire rate category were still considered as insurance products, and similarly, in the case in which the portion of insurance contracts within a rate category was not significant, the products for the entire rate category were considered as investments.
- If a significant portion of the contracts did not qualify as insurance contracts, the contracts were subdivided into two sub-Groups, one which included the investment contracts and another which included the insurance contracts.

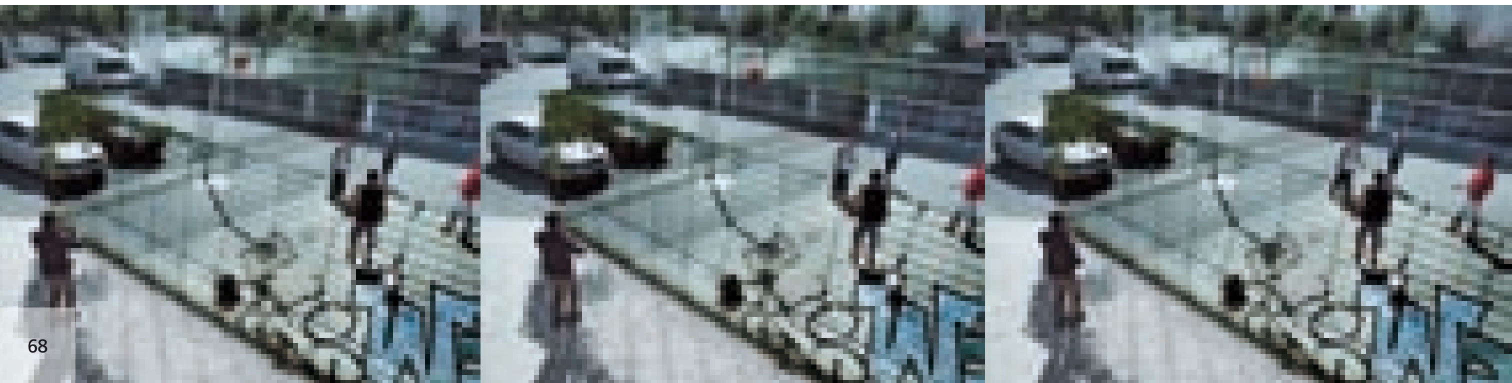
For some products, such as term Life insurance and life annuities, there is no need to measure the insurance risk because it is objectively significant by virtue of the structure of the product.

The Group has also analyzed all elements of the contracts, including the existence and nature of any options. The presence of specific options which, per se, qualify as insurance, is sufficient to qualify the entire contract as an insurance policy, in anticipation of verifying the significance of the risk.

Insurance policies

The products for which the insurance risk is deemed significant include: term life policies, annuity policies and variable-universal policies with annuity conversion coefficients guaranteed as of the date of issue, open pension funds, several types of unit-linked policies, and Property-casualty policies. For these products, IFRS 4 basically confirms the applicability of the national accounting principles for the insurance industry with regard to the booking of the premiums, the amounts paid, and the change of the technical reserves. Premiums are recorded as income in the profit and loss statement, and include all amounts accrued for the period with regard to policies executed, net of any cancellations. Similarly, premiums ceded to reinsurers are recorded as operating expenses for the year. Commissions and other acquisition expenses are charged to the profit and loss statement as incurred. Provisions to the actuarial reserves are made against gross premiums in order to cover the amount of the commitments to policyholders, which are systematically calculated for each contract with the prospective method, on the basis of the demographic/financial assumptions currently used by the market.

In the case of insurance contracts with discretionary participation in profits, shadow accounting is used for adjusting the technical reserves. As provided by IFRS 4, the Group has elected not to separate the guaranteed income on such contracts from the profits accrued through discretionary participation, and therefore, has subjected the contracts as a whole to the liability adequacy test.



Financial products with discretionary participation

Financial products which are under separate-account management, even though their insurance risk is not significant, and which thus allow for discretionary participation in profits, include mostly whole life policies, variable-universal policies (Class I), and capital-accumulation policies (Class V).

As provided by IFRS 4, the Group has elected not to separate the guaranteed income on such contracts from the profits accrued through discretionary participation, and therefore, has subjected the contracts as a whole to the liability adequacy test.

The accounting treatment of these products is dictated by IFRS 4, the principles of which are summarized hereunder:

- The products are reported in the financial statements basically in accordance with the provisions of local accounting principles on the subject, and thus with the premiums, payments, and changes in technical reserves booked to the profit and loss statement. Commissions and other acquisition expenses are charged to the profit and loss statement as incurred.
- The products have been valued by applying shadow accounting, namely, by allocating unrealized capital gains/losses related to securities available for sale to the technical reserves, for the portion thereof accruing to the policyholders, and to shareholders' equity, for the portion thereof accruing to the insurance companies. Instead, in the case of securities stated at fair value whose gains and losses accrue to the profit and loss statement, the difference between the carrying value and the market value is booked to the profit and loss statement, causing a change in the technical reserves for the portion thereof accruing to the policyholders.

Financial products

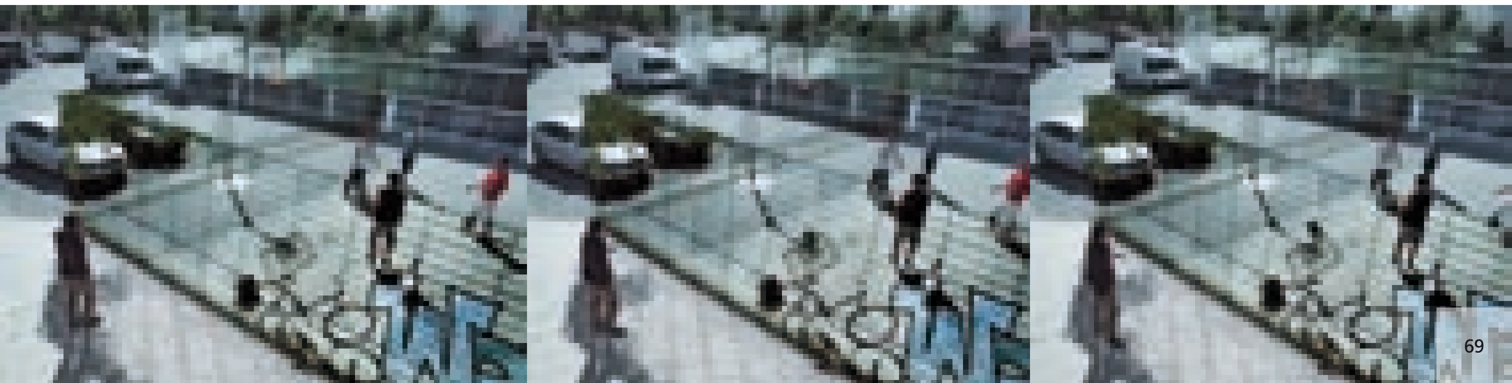
Financial products which do not have significant insurance risk and are not included in the separately managed accounts, and which thus do not allow for discretionary participation in profits are essentially the index-linked policies and some of the unit-linked policies, as well as policies with specific assets not included in separately managed accounts and severance pay policies without cash value. These products are reported in accordance with the principles dictated by IAS 39, which are summarized below

- The products are reported in the financial statements as financial liabilities and are stated at fair value, on the basis of the fair value option, or at amortized cost. In particular, the index- and unit-linked policies considered as investment contracts are stated at fair value, with the related gains or losses accrued to the profit and loss statement, while the products with specific assets not included in separately managed accounts are valued at amortized cost.
- Any insurance component embedded in the index- and unit-linked products that can be unbundled is to be valued separately.
- The profit and loss statement thus does not reflect the premiums, sums paid or changes in reserves in relation to these products, but only the revenue and expense components. The revenues include load charges, management commissions, and earnings from surrenders. Expenses cover commissions and other charges, including the acquisition costs in relation to the investment contracts. Changes in the value of the financial liabilities related to unit- and index-linked policies valued at fair value are booked to the profit and loss statement as income and charges from financial instruments stated at fair value, whose gains and losses accrue to the profit and loss statement. Changes in the value of the financial liabilities valued at amortized cost are booked to the profit and loss statement as interest income and expense. Pursuant to the international accounting principles set forth in IAS 39 and 18, the revenues and costs related to these products are separated into two components: (i) origination, to be booked to the profit and loss statement as of the date of the policy/product issue, and (ii) investment management service, to be spread over the life of the product, in relation to how the service is provided. In the case of products with specific assets not included in separately managed accounts, the revenues and costs are taken into account in the computation of amortized cost.

In the case of financial products without discretionary participation in profits, the revenues and expenses are in relation to investment management services only. The costs to be capitalized, deferred acquisition costs (DAC), are identified for all index- and unit-linked financial products with single premiums and some unit-linked products with a single, recurring premium with a commission booked in advance that will be adequately covered by future load charges. Initial load charges have been identified only for single-premium products having an explicit load charge as part of the premium; such charges are part of a deferred income reserve (DIR) booked as a liability. Both the deferred acquisition costs and the deferred income reserve are amortized on a straight-line basis, assuming with close approximation that the management activity will be supplied on a steady basis over time.

Given the type of pricing applied to unit-linked products with recurring premiums, the charges for acquisition expenses continue to be accrued to the profit and loss statement, given the corresponding accrual of the load charges included in the recurring premiums. Such treatment complies with local accounting practices.

In the case of products with specific assets not included in separately managed accounts, the revenues and costs are taken into account in the computation of amortized cost. The DAC for such products are not stated separately among the assets, while the DIR is not shown separately among the liabilities, and the reserve for management expenses has thus been reversed. The Group decided it could approximate the net effect of the DIR and DAC through the maintenance of the reserve for management expenses, calculated in accordance with national accounting principles.



Financial assets and transactions in derivatives

Financial assets stated at fair value

The fair value is the amount at which an asset could be exchanged or a liability could be extinguished, in an arm's length transaction between informed, independent, and expert parties not subject to any compulsion.

The valuation of the fair value is based on the following elements, in decreasing order of priority: prices reported in active markets, prices supplied by market participants, and internal valuation models generally used in financial practice. Should it not be possible to determine the fair value in a reliable manner, the value of the financial asset is maintained at cost.

More specifically:

- In the case of instruments listed on active markets, the fair value is, as a rule, the market value reported at the end of the trading as of the date of the close of the accounting period (mark to market), the determination of which may be made with the use of information supplied from market makers or other persons whenever the financial asset is not traded on the final trading day of the period. In any event, the value used is tested in order to verify that it is representative of the fair value of the financial instrument.
- In the case of unlisted financial instruments, or instruments for which there is no market valuation (a limited portion of the investment portfolio), the fair value is determined on the basis of suitable valuation techniques, with the input of independent counterparties (mark to model). In the event of use of fair values determined by independent counterparties, such values are verified through internal valuation models.

Financial assets stated at fair value, whose gains and losses accrue to the profit and loss statement

The financial assets stated at fair value, whose gains and losses accrue to the profit and loss statement, include assets held for trading and fair-value-designated assets.

The financial assets held for trading include:

- Debt or equity securities acquired mainly for the purpose of obtaining a profit thereon in the near term.
- Derivatives contracts, except those designated at hedging instruments.

The fair-value-designated assets are mainly financial assets related to index- and unit-linked investment-type contracts, assets connected with the management of pension funds, and hedging derivatives.

The financial assets stated at fair value, whose gains and losses accrue to the profit and loss statement, are initially recorded in the balance sheet at their fair value, which generally corresponds to the price paid. The valuation thereafter is based on the trend of fair value, with any changes reported in the profit and loss statement.

Market prices are used for the determination of the fair value of financial instruments traded in active markets. If no active market exists, the fair value is determined by taking into account prices supplied by external dealers, the use of valuation models which are primarily based on objective financial variables, and by taking into account the prices published for recent transactions and quoted prices for similar financial instruments.

Securities and related derivatives contracts whose fair value cannot be determined in a reliable manner are carried in the balance sheet at cost, which is adjusted to reflect losses for impairment of value. Any impairment losses recognized with respect to such assets may not be reversed.

Derivatives are booked as assets if the fair value is positive, and as liabilities, if the fair value is negative, with the exception of derivatives related to index- or unit-linked products (in such case, the net assets used for hedging the commitments toward the policyholders are reported in "Account 4.6 - Financial assets stated at fair value, whose gains and losses accrue to the profit and loss statement". The Group offsets the positive and negative present values on transactions in effect with the same counterparty, whenever such offsetting is contractually admissible.

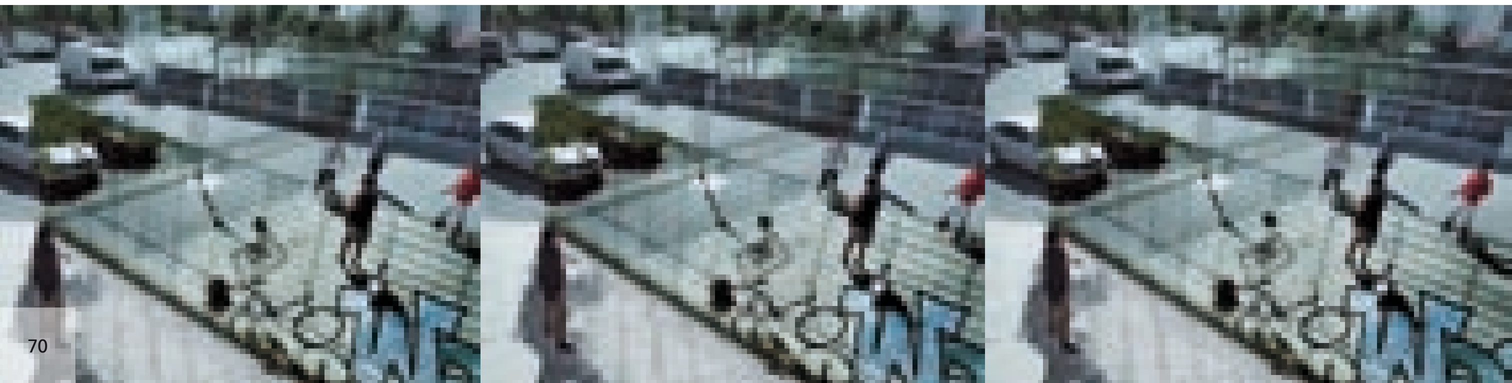
Investments held to maturity

Investments held to maturity are non-derivative financial instruments, with fixed or determinable payments and fixed maturity, which, in accordance with the Group's intentions and capacity, are to be held to maturity.

The investments are initially recorded in the balance sheet at their fair value, which generally corresponds to the price paid, plus any transaction costs directly imputable thereto, if material and determinable.

Thereafter, the investments are stated at amortized cost, on the basis of the effective interest-rate method. The earnings and losses related to investments held to maturity are reported in the profit and loss statement when the assets are eliminated from the balance sheet or when the value of the assets has been impaired, as well as through the financial amortization process.

The carrying value of the investments is periodically subject to testing in order to verify the existence of any impairment of value. Applying its experience in the area of valuation, the Group uses all information at its disposal in order to ascertain situations involving an impairment loss and the computation of the amount thereof; such information is based on events that have already occurred and on data observable as of the valuation date. Impairment losses are equal to the difference between the carrying value of the assets and the present value of



the estimated future financial flows discounted at the original effective interest rate. Recoveries of value, if any, are recorded in the profit and loss statement up to the amount of the amortized cost that the investments held to maturity would have had if they had not been written down.

Financing and loans receivable

Financing and loans receivable consist of non-derivative financial assets, including debt securities, with fixed or determinable payments, that are not traded in an active market and that were not classified upon their acquisition as financial assets available for sale. Amounts due from banks and customer receivables are classified in this account. The account also includes reinsurance transactions (and thus, the cash deposits with third parties to guarantee the Group's future obligations), amounts due from customers for loans against policies, and repurchase agreements.

Financing and loans receivable are booked at their disbursement dates. The assets are initially recorded in the balance sheet at their fair value, which generally corresponds to the sum disbursed, plus any transaction costs directly imputable thereto, if material and determinable.

Thereafter, financing and loans receivable are valued at amortized cost, using the effective interest-rate method.

The carrying value of the financing and loans receivable is periodically subject to testing in order to verify the existence of any losses in value that could cause the impairment of their estimated realizable value. The testing is conducted by taking into consideration: the specific status of the solvency of the debtors with payment difficulties; possible debt-servicing difficulty on the part of individual sectors or countries of residence of the debtors; guarantees in effect; and any negative business trends regarding standard loan categories.

The classification criteria adopted for the account are set out below:

- Non-performing positions: receivables due from persons in a state of insolvency or in substantially equivalent situations.
- Watchlist positions: receivables due from persons in situations of objective, temporary difficulty that foreseeably can be remedied over an adequate period of time.
- Restructured positions: receivables for which a pool of banks (or a single lending bank) grants a debt repayment moratorium and renegotiates the debt at below-market rates.
- Past-due positions: receivables which are past due or over the approved credit limit by more than 180 days as of the date of the financial statements.
- Country risk: unsecured receivables to persons who are resident in countries which are having difficulty in servicing debt.
- Performing positions: receivables which, in their current state, present no specific insolvency risks.

The classification of the doubtful positions is done by the operational units, with the coordination of the head-office areas responsible for credit controls.

The loss provisions on performing and past-due receivables are computed on a lump-sum basis by using an historical/statistical method to estimate the deterioration of the value of the receivables reasonably believed to have occurred as of the date of reference (incurred), but whose actual amount as of the date of valuation is not yet known.

The estimated realizable value of doubtful positions is computed on the basis of the present value of the expected flows of principal and interest, and is formally approved by means of resolutions passed by the Group's governing bodies and by other organizational levels delegated with specific authority therefor.

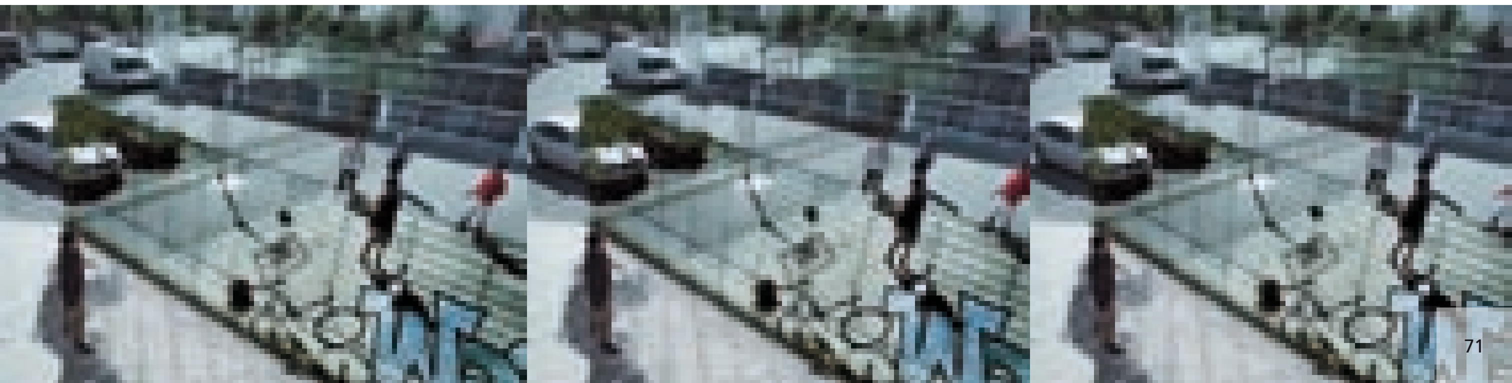
The estimated collections (expected financial flows), the relative due dates, and the discount rate to be applied are the main variables considered in the computation of the present value of the flows.

The estimated collections and relative due dates incorporated into the repayment plans for the doubtful positions are determined by detailed analyses and assumptions prepared by the departments responsible for the valuation of the receivables, or in absence thereof, by estimated, lump-sum amounts taken from internal historical series and sector studies. The discounting of the estimated collections included in the repayment plans is predominantly done with the use of the interest rates in effect at the time a position is transferred from "performing" to "doubtful" status.

The writedowns, whether with regard to specific positions or on a lump-sum basis, are effected with an adjustment to the balance-sheet carrying value on the basis of the criteria set out above, and are reversed through a writeback booked to the profit and loss statement whenever the reasons for the writedown no longer apply or whenever the amounts recovered exceed writedowns originally booked.

Considering the method used for the computation of the estimated realizable value of the doubtful positions, the simple passing of time, with the consequent approach of the due dates provided for the recovery, implies an automatic reduction of the implicit financial charges previously accrued as a reduction of the receivables.

Certain types of insurance policies issued by the Group give the policyholder the option of borrowing against the policy, for an amount up to the surrender value of the policy and at the conditions indicated upon taking out the policy. The loans against policies are valued at amortized cost which normally coincides with the nominal value.



Financial assets available for sale

The financial assets available for sale are those financial assets which are not qualifiable as financing and loans receivable, financial assets held to maturity, or financial assets stated at fair value, whose gains and losses accrue to the profit and loss statement. Financial assets available for sale include debt and equity securities not qualifiable as controlling interests, related interests, interests under joint control or shares in mutual funds.

Financial assets available for sale are initially recorded in the balance sheet at their fair value, which generally corresponds to the price paid, plus any transaction costs directly imputable thereto, if material and determinable.

Thereafter, the assets are valued at fair value, with any changes recorded in a specific reserve in shareholders' equity.

Unlisted equity securities whose fair value cannot be computed in a reliable or verifiable manner, including in consideration of the significance of the range of values obtained from the application of the valuation models generally adopted by the market, are booked at cost.

Valuation losses are recognized upon any permanent impairment of value, whereas other changes in valuation are booked to the profit and loss statement when the assets are sold.

With reference to debt securities classified as financial assets available for sale, the related earnings, which are accrued on the basis of amortized cost, are recorded in the balance sheet, with an offsetting entry to the profit and loss statement; the effects of exchange-rate fluctuations are recognized in a similar manner. Foreign-exchange differences in relation to equity securities available for sale are instead reported in a specific reserve in shareholders' equity.

Applying its experience in the area of valuation, the Group uses all information at its disposal in order to ascertain situations involving an impairment loss and the computation of the amount thereof; such information is based on events that have already occurred and on data observable as of the valuation date. A significant and/or continuing decrease of the fair value of an instrument representative of capital that would cause the fair value to fall below cost can be considered objective evidence of an impairment of value.

Impairment losses recognized on equity securities classified as financial assets available for sale may not be reversed through the profit and loss statement. Instead, any recovery of value on such securities is booked to the specific shareholders' equity reserve. Recoveries of value on debt securities, if any, are recorded in the profit and loss statement up to the amount of the amortized cost of the assets.

Derivatives instruments

Financial derivatives are initially recorded at the purchase cost representative of the fair value, and thereafter, at fair value. The determination of the fair value of the derivatives is based on: prices taken from regulated markets or supplied by dealers; transaction valuation models; or discounted cash-flow models.

Financial derivatives may be classified as "hedging derivatives" or "trading derivatives". Hedging transactions are designed to neutralize the potential losses attributable to specific types of risk via the earnings realizable on the hedging instruments.

With the application of hedge accounting in accordance with the accounting principles of reference, special documentation is drawn up for the purpose of formally reporting the relationship between the hedging instrument and the purpose of the hedging, including risk-management objectives, the strategy for effecting the hedging, and the methods for testing the effectiveness of the hedging. Pursuant to the IAS, the testing of the effectiveness of each hedge is contemplated both at the time the hedging transaction is initially booked and over the life of the transaction. In general, a hedge is considered highly effective if, at its inception or over the term in which it remains in effect, the changes in the fair value or in the changes in the expected future cash flows of the hedged asset or liability are substantially offset by changes in the fair value or cash flows of the hedging instrument, and namely, within an interval of 80% and 125%.

The hedging relationships cease to exist if the hedging effected through the derivative is no longer highly effective or ceases, the derivative expires or is sold or annulled or exercised, the asset or liability hedged is sold or expires or is reimbursed, or the future hedged transaction is no longer highly probable.

Real estate investments and fixed assets

Real estate investments consist of properties directly owned by the Group or held by the Group under financial leases, which are held for the purpose of earning rental income and/or capital appreciation.

The fixed assets include buildings instrumental to the Group's business, land, works of art, technical systems, furnishings, machinery and equipment.

The buildings instrumental to the Group's business are owned directly or held under financial lease, are used in the production and supply of services or for administrative purposes, and have a useful life in excess of one year.

The fixed assets are initially booked at cost, inclusive of any ancillary charges directly attributable to the purchase of the assets and their placement in service. Thereafter, the assets are stated net of accumulated depreciation (except in the case of land and works of art) and any writedowns effected to reflect impairment of value. The assets are tested for impairment at each balance sheet date.

Expenditures after the purchase increase the carrying value of the asset or are reported as separate assets only if they result in an increase in the future economic benefits to be derived from the use of the assets. All other expenses sustained after the purchase are charged to the profit and loss statement as incurred.

The cost of the assets is depreciated on a straight-line basis in relation to the residual possibility of the use of each asset. The useful life of the fixed assets subject to depreciation is periodically assessed, and in the event of any adjustment to the initial estimates, the relative rate of depreciation is modified accordingly.

The table below shows the annual depreciation rates used.

Real Property	
Buildings	3%-4%
Personal Property and systems	
Furnishings	12%-15%
Computer systems	15%-40%

In the case of buildings, the land and the building structures constitute separate assets for accounting purposes, and are to be reported separately as of the acquisition date. Land has an indefinite life, and is thus not depreciated.

Works of art are also not depreciated seeing as it is not possible to estimate their useful life and their value is normally not susceptible to declining over time.

Fixed assets are eliminated from the balance sheet at the time of their disposal or when they are permanently retired, and when there are no longer any future economic benefits expected from the assets.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of the acquisition of assets and liabilities making up companies or business units over the net fair value of the same as of the date of purchase. Goodwill is not amortized, but rather subject to a periodic impairment test to determine the adequacy of its relative carrying value. This test is effected with reference to the cash-generating organizational unit to which the goodwill is attributed. Any reduction in the value of goodwill is to be recognized whenever the recoverable value of the goodwill is less than its carrying value. The recoverable value is defined as the greater of the fair value of the cash-generating unit, net of selling expenses, and the value in use, which is the present value of the estimated future financial flows generated by (i) the use of the asset in future periods, and (ii) the disposal of the asset as of the end of its useful life.

Other intangible assets

Other intangible assets are mainly expenditures for software acquired from third parties or developed internally.

The costs for the internal development of software are booked as intangible assets subject to the verification of (i) the technical feasibility of completing the projects in relation thereto, and (ii) the capacity of the assets to generate future economic benefits. During the development phase, such assets are valued at cost, inclusive of any ancillary charges directly imputable thereto (including expenditures, if any, for internal staff employed to develop the software). Should it not be possible to verify the elements indicated above, the costs are expensed to the profit and loss statement.

The intangible assets resulting from internally developed software or software acquired from third parties are amortized on a straight-line basis over an estimated useful life of three years, starting from the date on which the applications are completed and placed into service. Should the recoverable value of such assets fall below the carrying value, the difference is recorded in the profit and loss statement

An intangible asset is eliminated whenever, by virtue of its disposal or permanent impairment of value, it is no longer able to generate future utility.

Financial liabilities

Financial liabilities stated at fair value, whose gains and losses accrue to the profit and loss statement

Financial liabilities stated at fair value, whose gains and losses accrue to the profit and loss statement, mainly include the liabilities related to index- and unit-linked policies taken out for investment purposes without any significant insurance risk, and which thus do not fall within the framework of application of IFRS 4. The Group has elected to value such contracts at fair value. The decision stems from the fact that local accounting principles, from the standpoint of valuation of the assets and liabilities, are able to approximate closely the amounts required by IAS 39. The booking of the changes in fair value to the profit and loss statement allows for the correlation with the valuation of the assets underlying the contracts, and this is consistent with European Commission's findings with

regard to the correlation between the valuation of assets and the valuation of liabilities (explanatory memo of 19 November 2004), the version of IAS 39 updated during the month of November 2005, and the indications supplied by ISVAP in its Order n. 2404 of 2005.

The value of the unit-linked and index-linked contracts as of the valuation date (expressed respectively as the countervalue of the units and the price of the structured instrument) reflects the market value of the assets underlying the contracts. In addition, the amounts to which the contracting party is entitled upon surrender or the benefits payable upon death are determined starting from the aforementioned value of the contract (market price). Taking into account that the value of the units of the funds available and the value of the structured security are periodically quoted, it is reasonable to assume that a quoted price in an active market exists at least for the deposit component. Considering the foregoing, the reserve set aside with reference to the deposit component on the basis of national accounting principles is deemed to be a close approximation of the fair value.

The insurance component of these products has been unbundled whenever an additional mortality reserve is established under national accounting principles (Article 30, Paragraph 4 of Legislative Decree n. 174/95), and booked as part of the actuarial reserves.

The financial liabilities also include the reserve needed for the settlement of the bonus provided by some types of unit-linked policies or the settlement of the guarantee at maturity, if necessary.

The financial liabilities stated at fair value, whose gains and losses accrue to the profit and loss statement, also include the derivatives contracts which present negative values as of the close of the accounting period

Other financial liabilities

Other financial liabilities include amounts due to customers, deposits received from reinsurers, any financial liabilities incorporated into reinsurance contracts, and the implicit liabilities in leasing contracts. The liabilities are stated at amortized cost.

The account also covers the contracts with specific funding of the assets, as provided by Article 23, Paragraph 5 of Legislative Decree n. 174/95 (referenced by Legislative Decree n. 209/05) and Articles 5 and 7 of ISVAP's Order n. 1036G of 1998, which are valued at amortized cost. The internal rate of return is determined for such contracts so that when the contracts are issued, the premium net of load charges and management charges is equal to the present value of the future cash flows.

For most of the products involved there were no redemptions assumed in the computation of the internal rate of return, inasmuch as the magnitude of the rate of return on the underlying asset increases as the period of time considered decreases. Coupon redemptions for one specific product were appropriately considered in the computation of the internal rate of return.

The reserve at amortized cost is determined on the basis of the aforementioned internal rate of return, with the consequent reversal of the reserve based on the pure premiums which was calculated on the basis of national accounting principles.

Technical reserves

Life insurance reserves

The technical reserves are related to basic insurance policies and to financial contracts that allow for discretionary participation in profits and whose assets are managed in separate accounts. In accordance with IFRS 4, such reserves are computed in accordance with local accounting criteria. Any insurance component of the index- and unit-linked financial products that can be unbundled is to be valued separately, and is computed in accordance with local accounting criteria.

Reserves for sums to be paid

The reserve for sums to be paid includes the sums which the Group has settled for policy expirations, policy claims, policy redemptions, periodic amounts due, and annuity payments, but which the company has not yet paid as of the valuation date, with the parties to whom such sums are due having accrued the right thereto on or before the end of the accounting period.

Actuarial reserves

Actuarial reserves refer to: reserves based on pure premiums; reserves for additional medical, professional and sporting premiums; amounts to be carried over to premiums; and reserves for additional death benefits on index-linked policies.

The reserves for additional medical, professional and sporting premiums are greater than the total amount of additional premiums earned during the year.

Technical reserves where investment risk is borne by the policyholders and reserves related to pension fund management

The account refers to reserves related to insurance contracts whose benefits are linked to investment funds and market indices. Pursuant to the provisions of Article 38 of Legislative Decree 173/97, the technical reserves set up to cover commitments on insurance contracts whose returns are based on investments or indices for which the policyholder sustains the risk, are calculated with reference to the commitments provided by the contracts and are represented with the maximum approximation possible by the assets of reference, pursuant to the provisions of Article 30 of Legislative Decree n. 174/95, as further referenced in Article 41 of Legislative Decree n. 209/05.

Other technical reserves

The other technical reserves include:

- Reserves for management expenses to cover the charges which the Group has to sustain for the management of the policies; the reserve balance is determined in accordance with the provisions of Article 25, Paragraph 1, letter d and Paragraph 8 of Legislative Decree n. 174/95 (referenced in Article 36 of Legislative Decree 209/05).
- Reserves provided pursuant to Article 36 of Legislative Decree 209/05, calculated on the basis of the projected returns resulting from the application of the criteria set out in ISVAP Order n. 1801 of 21 February 2001, in accordance with the indications contained in the note prepared by the actuarial profession in Italy.
- A reserve for premium rebates in relation to Group policies executed in single-year form which pay a death benefit and which contractually provide for the return of a portion of the net premium paid (calculated on the basis of the trend of mortality in relation to the Group of persons insured by the policy).
- Supplemental insurance reserves to cover the risk of death or of permanent disability following an accident, the risk of serious illness, and the risk of the loss of self-sufficiency in carrying out tasks in normal daily life; the supplemental insurance reserve has been calculated with the pro rata temporis criterion.
- Deferred liabilities to the policyholders, namely, the provision for discretionary participation in profits on the contracts of a financial nature linked to separate-account management; the reporting of the deferred liabilities occurs through the application of shadow accounting which consists of allocating to the policyholders a portion of the unrealized capital gains/losses, relative to the financial assets available for sale and the financial assets stated at fair value, whose gains and losses accrue to the profit and loss statement, which make up the separately managed accounts.
- Additional reserves resulting from EurizonVita's adoption of new demographic tables ("IPS55"), which entailed the booking of incremental after-tax charges of € 25 million and incremental technical reserves of € 41 million.

Liability adequacy test

In accordance with the provisions of IFRS 4, a liability adequacy test (LAT) is conducted to verify the adequacy of the reserves. This test is conducted by comparing the technical reserves, net of deferred acquisition costs, with the present value of the future cash flows (obtained by projecting the expected cash flow generated by the actual portfolio as of the valuation date), on the basis of realistic assumptions about the fundamental reasons for the reversal of the reserves (i.e. mortality and redemptions) and about the trend of expenses.

The LAT is effected with the use of the information and methodological supports which are used consistently by the Group for the purpose of computing embedded value. In particular, deterministic models are used which are based on the projection of all future cash flows.

The development of the portfolio's liabilities was effected by distinguishing each rate type in the case of the separately managed accounts, and by projecting the closed portfolio as of the end of the accounting period on the basis of the characteristic elements of each rate (e.g. the extent and structure of the financial commitment, the minimum interest rate committed, the frequency and type of premium, the sales network, and technical bases). The testing was effected on the basis of model points that are representative of virtually the entire portfolio of separately managed accounts. The criterion for the aggregation of the model points is such that a high level of disclosure of the liabilities is maintained.

The assumptions used are established on the basis of the best-estimate valuation, which is derived from a detailed analysis of the information (if existing) about the portfolio of assets and liabilities.

The testing involved the definition of (i) financial assumptions about the prospective rates of return which are used for the determination of premiums and future benefits and (ii) demographic/actuarial assumptions needed to take into account variables such as the run-off of the portfolio, the causes and the stability/interruption of premium payments.

The prospective return for the main separate accounts was computed on the basis of the mix of the assets and by attributing to each asset class the return on the business as of the valuation date. Such return, net of expenses, is adjusted over a defined period on the basis of the average duration of the liabilities so as to take into account any unrealized capital gains (losses) and the period of time involved in extinguishing the liabilities.

The liabilities were discounted using a rate of 6.25%, with a sensitivity analysis being effected thereafter with respect to the same.

A comparison between the technical reserves, net of deferred acquisition costs, and the present value of the future cash flows was made for each separately managed account.

The testing did not point to any shortfall to be reported in the profit and loss statement (whether through the reversal of the acquisition costs to be amortized or through the recognition and booking of a liability).

Property-casualty reserves

The technical reserves for the Property-casualty products have been determined on the basis of local accounting principles, as provided by IFRS 4, with the exception of the equalization reserves and the catastrophic reserves which have not been considered inasmuch as they are not admitted by the international accounting principles.

The Property-casualty reserves include the premium reserve, the loss reserve and the senescence reserve, which are commented upon hereunder:

- The premium reserve for the Property-casualty lines consists of the premium-portion reserve and the reserve for risks outstanding. The premium-portion reserve consists of the amounts of gross premiums booked during the accounting period which are related to future periods. The calculation is effected specifically line by line, using the pro rata temporis method, with the deduction of the directly imputable policy acquisition costs. The reserve for risks outstanding consists of the amount to be set aside to cover the insurance company's risks after the end of the accounting period, so as to cover all indemnities and expenses on the insurance policies executed prior to such date, to the extent to which such amount exceeds the premium-portion reserve and the premiums which are collectible under such contracts; the calculation is made by each line of business reported in the financial statements, on the basis of the loss ratio for the current period and by evaluating it also in relation to the loss ratio for prior periods. The premium reserves for business ceded are computed by adopting the same criteria used for direct business.
- The loss reserve is analytically computed based on a prudent valuation of the damages which is developed using objective criteria and a final-cost logic, and is designed to cover the Group's commitments for the payment of loss claims and the direct and indirect settlement expenses. The reserve is not discounted. The reserve is also updated in accordance with the continuous reserve principle: therefore, any additional information regarding losses requires a review of the amount set aside to the reserve. The valuation of the individual losses is followed by the analysis and actuarial verification of the inventory data through the examination of the results of the settlement of past-generation claims over time, and the consequent provisional verification of the adequacy of the reserve for future loss claims. The amounts to be set aside to the reserve for auto liability insurance are computed on the basis of the provisions of the Presidential Decree n. 973/1970 and the Presidential Decree n. 45/1981, on the basis of which the loss reserve plus the amount of losses paid and the related settlement expenses at the end of each year may not be less than 75% of the premiums earned attributable to the year of occurrence for each of the last five generations. The reserve also includes the estimation of the losses incurred but not yet reported, as determined in accordance with the criteria supplied by the ISVAP Circular n. 360/99.
- The senescence reserve is set up specifically for the health insurance line, in accordance with the provisions of Article 25 of Legislative Decree 175/95, as ratified by Legislative Decree 209/05 Code of Private Insurance.

The criteria for establishing the reserves also take into account those factors that could have an impact on future cash flows (such as losses incurred but not reported and possible inconsistencies between different geographic areas in the valuation of physical injury for the general liability and auto liability lines).

The criteria for setting aside provisions to the technical reserves are based on local accounting principles, with particular reference to the final cost for the loss reserve and the reserve for risks outstanding. These criteria are consistent with those defined by the liability adequacy test, thereby satisfying the requisites provided by IFRS 4.

Payables

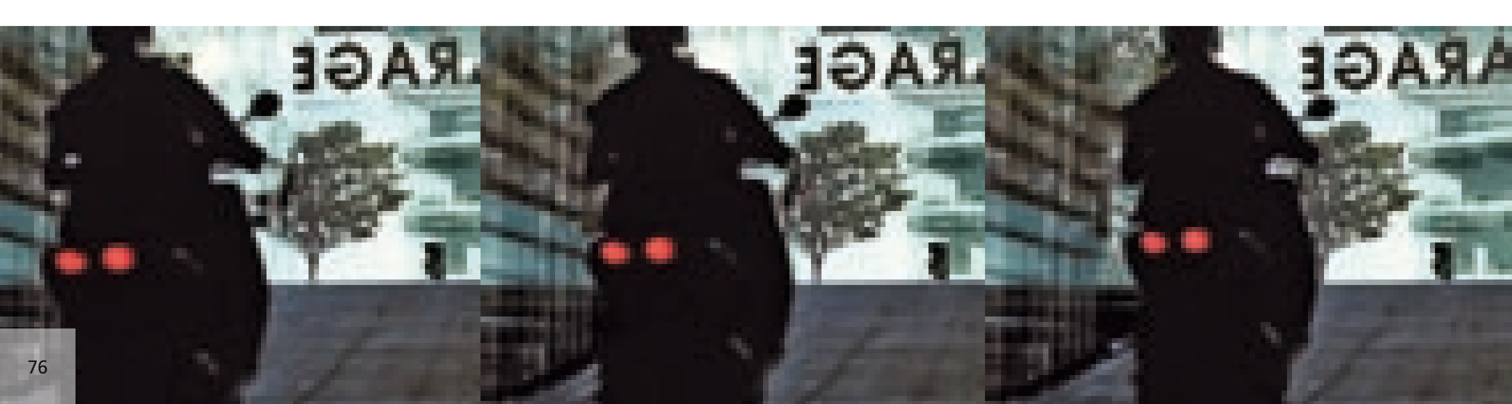
Payables arising from direct and indirect insurance transactions

Trade payables arising from direct and indirect insurance transactions are stated at amortized cost which corresponds to the nominal value.

Employee severance-indemnity reserve

The liabilities relative to employee severance indemnities (so called "TFR") are reported in the financial statements at their actuarial value, inasmuch as they are qualified as an employee benefit due under a defined benefit plan, pursuant to the provisions of IAS 19.

The reporting of the defined-benefit plans in the financial statements requires an actuarial estimate of the amount of the future benefits that the employees have earned in return for their services in current and prior



periods, and the discounting of such benefits in order to compute the present value of the Group's obligations.

The present value of the Group's obligations is computed by an external expert with the projected unit credit method. As part of the general techniques used for determining accrued benefits, this method considers each period of service rendered by employees at the company as one additional benefit unit: the actuarial liability must then be quantified on the basis of the periods of service accrued as of the valuation date; accordingly, the total liability is normally reproportioned on the basis of the relationship between (i) the years of service accrued as of the date of reference of the valuations, and (ii) the length of service achieved overall as of the date contemplated for the payment of the benefit. Furthermore, the aforementioned method provides for considering future wage increases, regardless of the reason therefor (inflation, promotions, contract renewals, etc.), through the date of the termination of the employment relationship.

The annual cost of the employee severance-indemnity reserve recorded in the profit and loss statement as part of personnel expense is equal to the sum of (i) the average present value of the benefits earned by the employees for their services during the year, and (ii) the annual interest accrued on the present value of the Group's obligations as of the start of the year, computed by using the discount rate applied to future disbursements adopted for the estimation of the liability as of the end of the preceding year

Actuarial gains and losses, defined as the difference between the carrying value of the liabilities and the present value of the Group's obligations as of the end of the accounting period, are recorded in the financial statements on the basis of the corridor method, and namely, only when they exceed 10% of the present value of the Group's obligations as of the end of the period. In such case, the excess is booked to the profit and loss statement as of the subsequent accounting period, in line with the average working life of the employees.

Seniority bonuses

The liabilities relative to employee seniority bonuses are recorded in the financial statements, pursuant to IAS 19, on the basis of their actuarial value, inasmuch as they are qualified as an employee benefit due under a defined benefit plan. The liabilities are booked based on the criteria described for the employee severance-indemnity reserve.

Post-employment healthcare benefits

Post-employment healthcare benefits are provided to executives and their immediate family members by virtue of a healthcare fund managed through special agreements. The liabilities in relation to such benefits are booked to the financial statements on the basis of the actuarial value of the same, inasmuch as they qualify as post-employment benefits under IAS 19.

The computation of the present value of the Group's commitments is effected by an independent appraisal expert with the use of the projected unit credit method, which considers every period of participation in the healthcare fund as an additional benefit unit.

The annual discount rate adopted was 4.3%, which is the market interest rate at year end on zero coupon bonds having a final maturity equal to the average residual term of the liabilities.

Other accounts and other information

Equity investments

The investments held in companies that have not been fully or proportionally consolidated are those over which the holding company exercises significant influence. Such investments are valued with the net equity method. Companies are subject to significant influence when the holding company guides their administrative, financial and operational strategies by virtue of legal ties and actual existing situations. Significant influence is presumed when the holding company has 20% or more of the voting rights.

Cash and cash equivalents

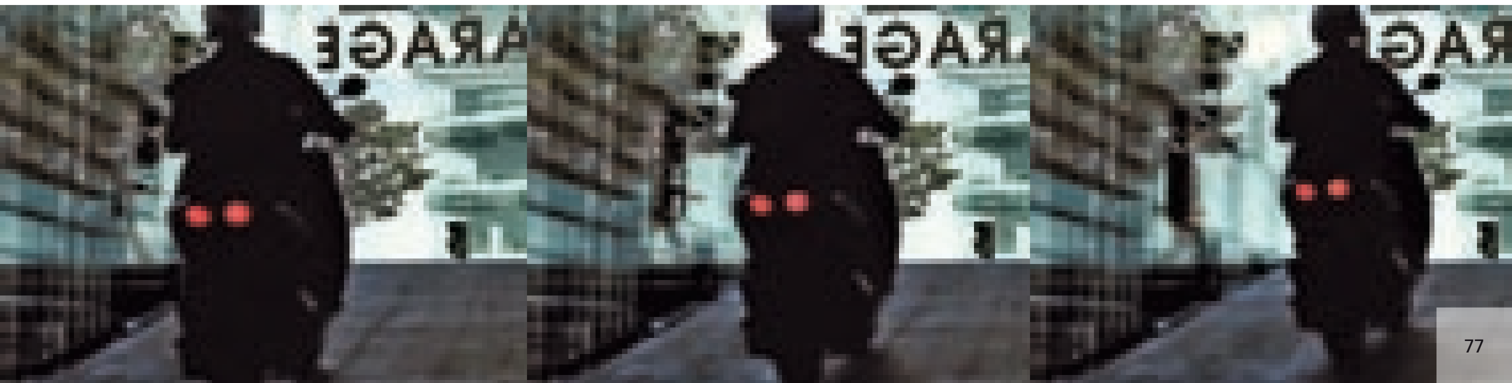
Cash, cash equivalents, and sight deposits are stated at their nominal value.

Deferred acquisition costs

Deferred acquisition costs include the charges sustained in booking specific types of insurance contracts with a term of more than one year. The costs are amortized in relation to the policy term. As provided by IFRS 4, such costs have been booked on the basis of local accounting principles.

Deferred commission income and expense

Deferred commission income and expenses respectively represent load charges and acquisition commissions related to the financial products without discretionary participation in profits, such as the index-linked policies and part of the unit-linked policies. Deferred commission income and expenses are classified, as provided by IAS 39, as financial liabilities stated at fair value, whose gains and losses accrued to the profit and loss statement. The international



accounting principles contained in IAS 39 and 18 provide that load charges and acquisition commissions related to these products be identified and separated into two components:

- Financial instrument, to be booked to the profit and loss statement as of the date of the policy/product issue.
- Investment management service, to be spread over the life of the product, in relation to how the service is provided.

Theoretically attributable upon the issue of the investment contract (IAS 18, 14.a and 14.b.iii) and thus, booked to the profit and loss statement, the costs and revenues in relation to the financial instrument are assumed to be zero in consideration of the fact that the issuance activity is minimal for standard contracts.

The Group has booked up-front load charges as part of the investment management service, while the acquisition commissions are considered as incremental costs and directly attributable to the acquisition of the contract. Such costs serve as the basis for the recognition of an intangible asset which represents the contractual relationship established with the investor, and the relative right of the Group to debit the load charges for the future investment management activity. The amortization of the asset is adequately offset by initial load charges and future management fees, if any. Such costs, which are associated with the investment management services, are capitalized (DAC) and amortized as provided by IAS 18. The initial load charges are booked as liabilities (DIR9 and flow through the profit and loss statement as the management service is rendered.

The costs to be capitalized are identified for all single-premium products with single premiums and for products with a single, recurring premium with a commission booked in advance that will be adequately covered by future load charges. Initial load charges to be booked as liabilities have been identified only for single-premium products having an explicit load charge as part of the premium.

Both the deferred acquisition costs and the deferred income reserve are amortized on a straight-line basis, assuming with close approximation that the management activity will be supplied on a steady basis over time.

With regard to all investment contracts providing for the establishment of a deferred income reserve, the Group has reversed the reserve for management expenses computed in accordance with national accounting policies.

The acquisition commissions have been deferred in light of the verification, pursuant to IAS 36, of their recoverability with the initial load charges and future management fees.

In order to determine the recoverability of the acquisition commissions, the Group examines the costs risk among the pricing risks. The verification of the recoverability is done in advance with a profit test, and thereafter, during the life of the contract, through the annual verification of the sustainability of the assumption upon the valuation of the embedded value.

The test is repeated with aggregation of the portfolio by rate. With the election of the annual projection assumption, a test is conducted to verify that the amounts received are not less than those expected, for reasons such as contract terminations or market movements other than those assumed for the profit testing. Finally, the costs are examined in order to verify that they are not in excess of the projections. In this regard, the Group has constructed a detailed analytical model capable of breaking down the costs by product macro category and by the product life cycle.

Tax assets and liabilities

Income taxes calculated pursuant to national fiscal legislation are booked at cost, on the basis of the matching principle, consistent with the criteria for the financial-statement reporting of the revenues and expenses constituting the basis for the income tax calculation. The income taxes thus represent the balance of current and deferred tax assets and liabilities in relation to the income for the period.

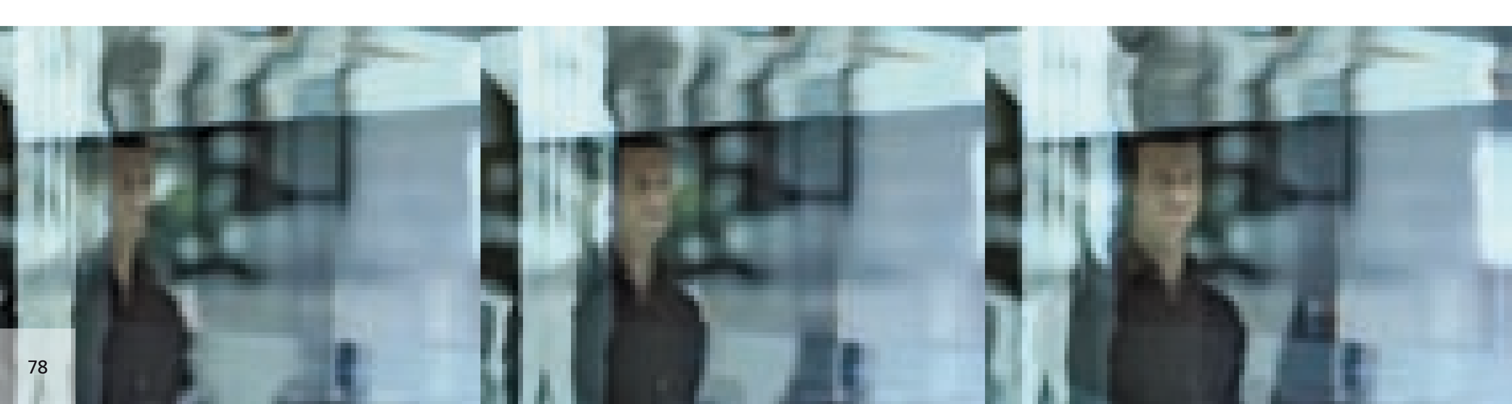
The companies of the Eurizon Financial Group have elected to take part in the consolidated national income tax return filed by the parent company, Sanpaolo IMI, pursuant to the provisions of Legislative Decree n. 344/2003. The consolidated return allows for the aggregation of the taxable income of all participating companies, and a single corporate income tax payment on the part of the parent company.

Deferred tax assets and liabilities are computed on the basis of the balance-sheet liability method, taking into account the fiscal effect of timing differences related to the values of the assets and liabilities for financial-reporting purposes and the values for tax purposes which determine taxable or deductible amounts in future periods. In this regard, taxable timing differences are those which give rise to taxable amounts in future periods, and deductible timing differences are those which give rise to deductible amounts in future periods.

Deferred tax assets and liabilities are calculated by applying, at the level of each consolidated company, the taxation rates established by the provisions of prevailing law to: (i) the taxable timing differences for which the probability of an actual tax payment exists and (ii) the deductible timing differences for which there is reasonable certainty of recovery.

Should the deferred tax assets and liabilities refer to profit-and-loss accounts, the offsetting entry is represented by income taxes.

Should the deferred tax assets and liabilities refer to transactions directly flowing through shareholders' equity, without any entries to the profit and loss statement (for example, the valuation of the financial instruments available for sale or derivatives to hedge financial flows), the deferred tax assets and liabilities are recorded with an offsetting entry to the specific reserves of shareholders' equity as provided therefor (for example, valuation reserves).



Non-current assets and liabilities held for sale

Assets held for sale are valued at the lower of book value and fair value, net of selling costs. The assets, which are part of discontinued operations, and the relative earnings results are reported separately in the balance sheet and in the profit and loss statement. Individual non-current assets, cash-generating units and Groups or single parts thereof are classified as held for sale only when the sale is deemed highly probable.

Technical reserves for the account of reinsurers

The commitments for the account of reinsurers, which arise from reinsurance relationships covering the contracts governed by IFRS 4, are recorded and, barring any other valuation in relation to the recoverability of the credit, booked in accordance with the accounting principles applicable to the underlying direct insurance contracts. The deposits of the reinsurance companies with the ceding companies are not included.

Receivables arising from direct and indirect insurance transactions

Receivables from policyholders for premiums not yet collected are initially valued at fair value which normally coincides with nominal value, and thereafter, at the estimated realizable value so as to account for any impairment of value. Considering the short-term nature of the receivables, the discounting thereof would not be significant for accounting purposes.

Provisions

Provisions are liabilities whose amount or settlement date is unknown. Provisions are reported in the financial statements when:

• There is a current obligation for a past event.

• The employment of resources to fulfil and extinguish the obligation is probable.

• A reliable estimate of the amount of the obligation can be made.

Whenever the effect of the deferral of the payment of the charge is significant, the Group calculates the provisions in an amount equal to the present value of the expenditures that it expects will be necessary to extinguish the obligations.

Should the amounts set aside be discounted, the amount of the provisions recorded in the balance sheet increases in each period in order to reflect the passage of time.

At each balance-sheet date, the amounts set aside are re-examined and adjusted to reflect the best current estimate.

Whenever it becomes improbable the resources aimed at producing economic benefits to fulfil the obligation will be used, the provision is reversed.

Own shares

Own shares repurchased are booked at cost, which is offset by a special account within shareholders' equity. Own shares are thus carried at a zero cost. In the event of sale on the market, any difference between the purchase cost and sale price is recorded in shareholders' equity.

Share-based payment plans

The Group accounts for the stock option plans approved as of December 2002 and thereafter on the basis of the reporting criterion provided by IFRS 2 in relation to share-based payments.

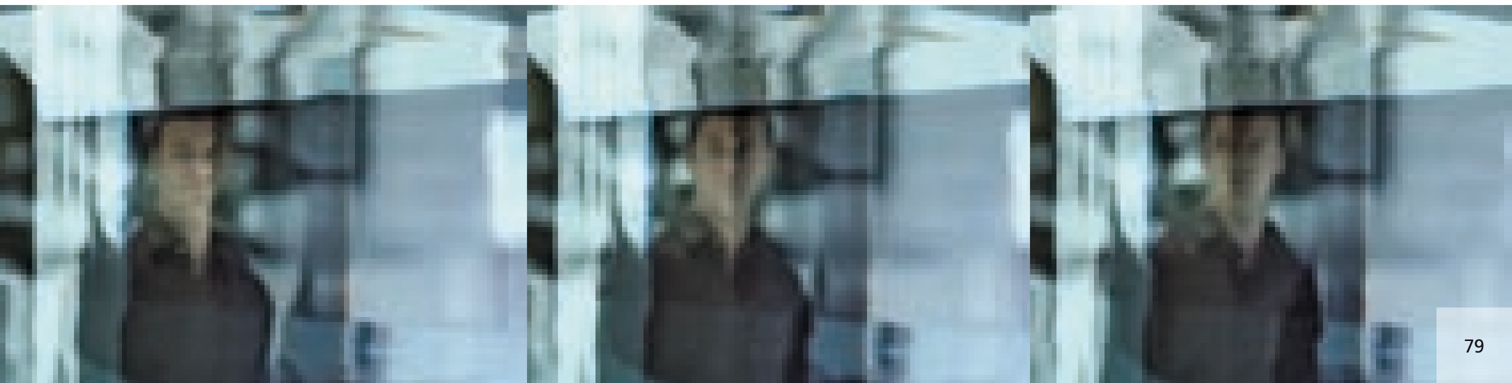
On the basis of this criterion, the options granted are valued at the fair value as of the grant date, which coincides with the date on which the plan is approved by the board of directors or other corporate governing body responsible. The fair value is accrued to the profit and loss statement part of commission expense over the period from the grant date to the vesting date, with the offsetting entry booked to a special restricted reserve in shareholders' equity.

Should the options not be exercised as a result of conditions not dependent on the performance of the market, the cumulative cost accrued to cover the plans is reversed to the profit and loss statement with an offsetting entry to the special restricted reserve in shareholders' equity.

Should the options not be exercised as a result of market conditions, the cumulative cost is not reversed, and instead, the special restricted reserve in shareholders' equity serving as the offsetting account to the commission expense for the period from the grant date to the vesting date is reclassified as an unrestricted reserve.

Transactions in foreign currency

Transactions in foreign currency are converted into euros by applying the exchange rate in effect as of the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into euros at the exchange rates prevailing as of the close of the accounting period, whereas non-monetary assets and liabilities denominated in foreign currency, which are not valued at fair value and for which the foreign-exchange risk has



not been hedged, are converted into euros at the exchange rates prevailing as of the date on which the assets and liabilities were initially reported in the financial statements.

Foreign-exchange differences related to the conversion of monetary assets and liabilities at rates other than those used at the time the assets and liabilities were originally booked or at the end of the preceding accounting period are accrued to the profit and loss statement.

The foreign-exchange differences related to the conversion of non-monetary assets and liabilities at rates other than those used at the time the assets and liabilities were originally booked, when applicable on the basis of the aforementioned criterion, are accrued as follows:

- To the profit and loss statement if the exchange-rate risk on the non-monetary assets and liabilities is hedged, for the portion actually hedged.
- Alternately, to the profit and loss statement or to shareholders' equity if the non-monetary assets and liabilities are valued at fair value, based on the rules for recording changes in fair value in relation thereto.

Business combinations

The transactions with respect to minority shareholders have been booked according to the economic entity method, with the recording of transactions with minority shareholders exclusively with offsetting entries to shareholders' equity (equity transactions).

Recognition of revenues and costs

The revenues for the sale of goods are reported in the financial statements at the fair value of the consideration received, when the following conditions are met:

- The Group has transferred to the buyer the risks and benefits related to the ownership of the goods.
- The value of the revenues may be reliably determined.
- It is probable that the economic benefits will be received by the Group.

Commissions and other income earned on the rendering of services are recorded in the financial statements during the periods in which the services are rendered or with reference to the state of completion of the service. Income earned on the sale of financial products without significant insurance risk is recorded on the basis of contract term; the costs related to the acquisition of such contracts are booked to the profit and loss statement during the same periods in which the income is recorded.

Other income is booked as follows, on the basis of the matching principle:

- Interest, inclusive of income and charges, is booked when actually earned.
- Interest on past-due amounts is recorded upon collection.
- Dividends are recognized in the profit and loss statement upon the right to receive payment, and thus, at the time the distribution is approved.
- In relation to transactions in financial instruments, the difference between the fair value of the instruments in comparison to the price paid or collected is recorded in the profit and loss statement only if the fair value may be determined in a reliable manner; assuming, when using valuation models which are based on market parameters, that observable prices exist for recent transactions in the same market in which the instrument is traded. Barring such conditions, the estimated difference is recorded in the profit and loss statement on a straight-line basis over the term of the transactions.

Expenses are recognized in the profit and loss statement during the periods in which the related revenues are recognized. If the association between revenues and expenses can only be made in a generic and indirect manner, the expenses are recognized over two or more periods, with rational procedures and on a systematic basis. Expenses which cannot be associated with income are booked to the profit and loss statement as incurred.

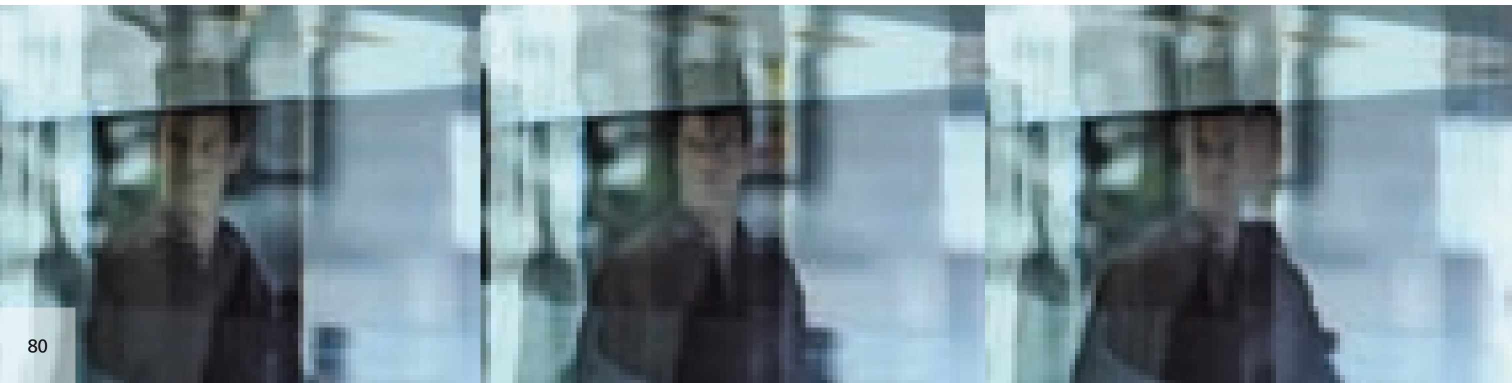
Standardized purchases and sales of financial assets

The standard purchases and sales of financial assets, namely, those effected on the basis of contracts whose terms require delivery of the assets within a period of time established by market regulations or conventions, are recognized as of their settlement dates.

Cancellation criteria

Financial assets are cancelled upon the expiration of the contractual rights to the financial flows derived from the assets, or when the financial asset is sold, with all of the risks/benefits in relation to the asset being substantially transferred.

Financial liabilities are cancelled from the financial statements when they have been extinguished or at maturity. The cancellation may also occur upon the repurchase of securities previously issued.



Information on the Consolidated Balance Sheet

Balance sheet – Assets

Fixed and intangible assets (accounts 1 and 2)

As of 31 December 2006, Eurizon Capital Sgr and subsidiaries (which were not consolidated as of 31 December 2005) accounted for roughly € 6 million of the account balances.

	31/12/2006			31/12/2005			
	Cost	Recomputed value or fair value	Total book value	Cost	Recomputed value or fair value	Total book value	Change 2006/2005
Goodwill	32,261	-	32,261	24,170	-	24,170	8,091
Real estate investments	40,086	-	40,086	39,303	-	39,303	783
Buildings	69,061	-	69,061	72,373	-	72,373	-3,312
Other fixed assets	20,242	-	20,242	13,222	-	13,222	7,020
Other intangible assets	47,146	-	47,146	30,165	-	30,165	16,981
Total fixed and intangible assets	**208,796**	**-**	**208,796**	**179,233**	**-**	**179,233**	**29,563**

Goodwill (account 1.1)

As of 31 December 2006, the goodwill of € 32.261 million (€ 24.170 million as of the end of 2005) includes € 24.170 million referring to the 2003 acquisition of insurance company, Noricum Vita, and € 8.091 million referring to the acquisition of the investment in Isyde in 2006.

The goodwill booked on the acquisition of the investment in Isyde (€ 8.091 million) was computed as the difference between the acquisition cost of € 8.544 million (including ancillary charges) and the fair value of the assets and liabilities acquired (€ 453,000).

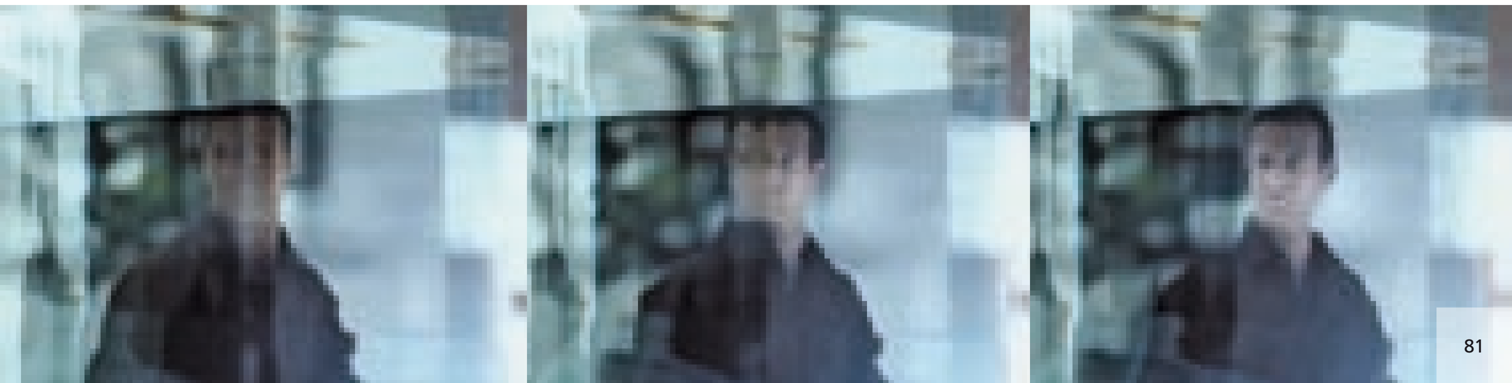
The goodwill is attributable to the creation of synergies with the other parts of the Group, taking into account the instrumental activity carried out by Isyde in supplying information services.

The investment in Isyde is reported in Eurizon's consolidated financial statements with the use of the net equity method. The consolidated financial statements as of 31 December 2006 incorporate Eurizon's accrual of the net loss incurred by Isyde for the August-December period during which Eurizon held the investment (€ 51,000 vs. a net loss for the year of € 123,000). As of the end of 2006, Isyde had total assets of less than € 4 million.

The assets consist almost entirely of customer receivables, cash and cash equivalents (aggregating more than € 3.7 million), while the liabilities include trade payables and amounts due to the tax authorities in the amount of € 1.6 million, employee severance-indemnity reserves in the amount of € 900,000 and reserves for risks and charges in the amount of € 600,000.

Goodwill is not amortized, but rather subject to an annual impairment test to verify the absence of any impairment of value.

This test is effected with by comparing the value of goodwill with the present value of cash flows. With regard to Noricum Vita, the cash flows will be produced through the use of the distribution channels through which the company operates. In particular, the estimation of the present value of cash flows is based on the new business value (NBV), which refers to the funding tapped through the distribution channels indicated over a given time horizon. NBV represents the estimate of production over the year that closes as of the date of reference of the test (2006 production with reference to the test effected as of 31 December 2006), valued as of the date of the issue of the contracts, and thus by taking into account the acquisition costs with particular regard to the part of the production realized by the companies, EurizonLife Ltd and EurizonVita.



For the purpose of computing the value in use, an implicit multiplier (4.4) was applied to the NBV with reference to the impairment test carried out as of 31 December 2006. The results of the test did not indicate any reduction in the value of goodwill booked.

	31/12/2006
Time horizon	**5 years**
Growth rate	2.0%
Discount rate	6.3%

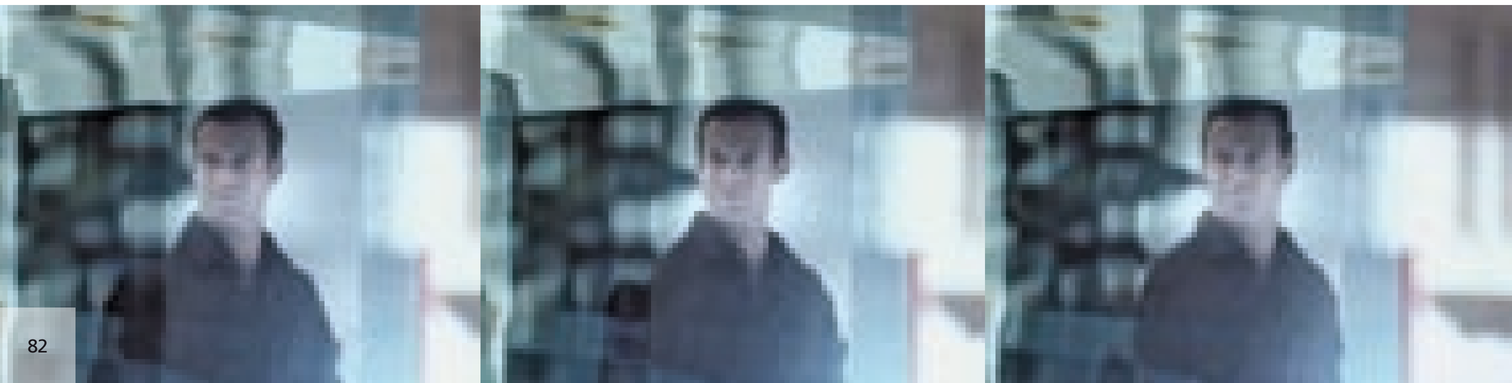
Other intangible assets (account 1.2)

Other intangible assets are mainly represented by capitalized expenditures for software acquired from third parties or developed internally. The changes in the account balance during the year are illustrated in the table below.

	Other intangible assets
Opening balance	**30,165**
Increases	**37,936**
Purchases from third parties	36,297
Increases in the value of assets developed internally	-
Recovery of value	-
Positive changes in fair value	6
Other increases	
Other changes	1,633
Foreign-exchange differences	**-3**
Decreases	**-20,952**
Sales	-
Amortization	-19,862
Valuation adjustments	-
Negative changes in fair value	
Transfers to non-current assets available for sale	-
Other decreases	-1,090
Closing balance	**47,146**

Real estate investments and buildings (accounts 4.1 and 2.1)

	Real estate investments			Buildings		
	31/12/2006	31/12/2005	Change 2006/2005	31/12/2006	31/12/2005	Change 2006/2005
Total	**40,086**	**39,303**	**783**	**69,061**	**72,373**	**-3,312**
Owned	**40,086**	**39,303**	**783**	**69,061**	**51,435**	**17,626**
- Land	29,798	28,542	1,256	50,012	35,133	14,879
- Buildings	10,288	10,761	-473	19,049	16,302	2,747
Leased under financial lease	**-**	**-**	**-**	**-**	**20,938**	**-20,938**
- Land	-	-	-	-	16,134	-16,134
- Buildings	-	-	-	-	4,804	-4,804



	Real estate investments			Buildings		
	Land	Buildings	31/12/2006	Land	Buildings	31/12/2006
Opening balance, net	**28,542**	**10,761**	**39,303**	**51,267**	**21,106**	**72,373**
Increases	**1,256**	**246**	**1,502**	**16,302**	**5,215**	**21,517**
Purchases	-	246	246	16,302	4,868	21,170
Increases in the value of assets developed internally	-	-	-	-	-	-
Recovery of value	-	-	-	-	-	-
Positive changes in fair value	-	-	-	-	-	-
Other increases	1,256	-	1,256	-	-	-
Other changes	-	-	-	-	347	347
Foreign-exchange differences	**-**	**-**	**-**	**-**	**-**	**-**
Decreases	**-**	**-719**	**-719**	**-17,557**	**-7,272**	**-24,829**
Sales	-	-	-	-	-	-
Depreciation	-	-551	-551	-	-1,949	-1,949
Valuation adjustments	-	-	-	-	-	-
Negative changes in fair value	-	-	-	-	-	-
Transfers to non-current assets available for sale	-	-	-	-	-	-
Other decreases	-	-168	-168	-17,557	-5,323	-22,880
Closing balance	**29,798**	**10,288**	**40,086**	**50,012**	**19,049**	**69,061**

Based on a valuation carried out by a third-party appraiser, the market values of the assets classified as real estate investments and buildings as of 31 December 2005 were respectively € 10.907 million and € 24.819 million higher than the book value.

Other fixed assets (account 2.2)

	31/12/2006	31/12/2005	Change 2006/2005
Other fixed assets	**20,242**	**13,222**	**7,020**
Owned	**20,242**	**13,222**	**7,020**
- Furnishings	5,857	4,741	1,116
- Computer systems	2,749	2,821	-72
- Other	11,636	5,660	5,976
Leased under financial lease	**-**	**-**	**-**
- Furnishings	-	-	-
- Computer systems	-	-	-
- Other	-	-	-

	31/12/2006
Opening balance, net	**13,222**
Increases	**14,842**
Purchases	10,636
Increases in the value of assets developed internally	-
Recovery of value	-
Positive changes in fair value	-
Other increases	72
Other changes	4,134
Foreign-exchange differences	**-7**
Decreases	**-7,815**
Sales	-175
Depreciation	-7,640
Valuation adjustments	-
Negative changes in fair value	-
Transfers to non-current assets available for sale	-
Other decreases	-
Closing balance	**20,242**

Technical reserves for the account of reinsurers (account 3)

Detail of the technical reserves for the account of insurers

	Direct Business	Indirect Business	31/12/2006	31/12/2005	Change 2006/2005
Property-casualty reserves	**34,798**	**-**	**34,798**	**24,257**	**10,541**
Premium reserve	19,883	-	19,883	12,697	7,186
Loss reserve	14,915	-	14,915	11,560	3,355
Other reserves	-	-	-	-	-
Life reserves	**11,537**	**-**	**11,537**	**4,755**	**6,782**
Reserve for sums to be paid	207	-	207	511	-304
Actuarial reserves	11,330	-	11,330	4,244	7,086
Technical reserves where investment is borne by the policyholders and reserves related to pension fund management	-	-	-	-	-
Other reserves	**-**	**-**	**-**	**-**	**-**
Total technical reserves for the account of reinsurers	**46,335**	**-**	**46,335**	**29,012**	**17,323**

Investments (account 4)

Equity investments (account 4.2)

The balance of the "Investments in subsidiaries, affiliates and joint ventures" account mainly reflects the carrying value of the holding in Isyde, booked in accordance with the net equity method.

The table which follows shows the financial instruments carried on the books as of 31 December 2005, classified in the five categories provided by IAS 39. As of 31 December 2006, the assets of Eurizon Capital Sgr and subsidiaries (which were not consolidated as of 31 December 2005) amounted to € 283 million.

Detail of financial assets

	Investments held to maturity	Financing and loans receivable	Financial assets available for sale	Financial assets stated at fair value, whose gains and losses accrue to the profit and loss statement		31/12/2006	31/12/2005	Change 2006/2005
				Financial assets held for trading	Fair-value designated financial assets			
Equity securities and derivatives valued at cost	-	-	-	-	-	-	-	-
Equity securities at fair value	-	-	1,528,561	-	3,482,783	5,011,344	4,415,336	596,008
- Listed securities	-	-	1,528,505	-	3,482,783	5,011,288	4,415,210	596,078
Debt securities	3,541	-	21,112,514	95,421	18,409,983	39,621,459	38,722,958	898,501
- Listed securities	3,541	-	20,932,910	94,262	17,503,475	38,534,188	32,925,905	5,608,283
Shares in collective investment funds	-	-	92,354	115	4,293,161	4,385,630	4,112,358	273,272
Financing and loans receivable from banking customers	-	426,556	-	-	-	426,556	457,577	-31,021
Interbank financing and loans receivable	-	4,744,791	-	-	-	4,744,791	2,458,127	2,286,664
Deposits with assignors	-	-	-	-	-	-	-	-
Financial asset components of insurance contracts	-	-	-	-	-	-	-	-
Other financing and loans receivable	-	188,544	-	-	-	188,544	5,568	182,976
Trading derivatives	-	-	-	919,728	-	919,728	365,382	554,346
Hedging derivatives	-	-	-	-	200,036	200,036	-	200,036
Other financial investments	-	-	-	-	593,679	593,679	590,715	2,964
Total	**3,541**	**5,359,891**	**22,733,429**	**1,015,264**	**26,979,642**	**56,091,767**	**51,128,021**	**4,963,746**

Investments held to maturity (account 4.3)

As of 31 December 2006, the investments held to maturity consist of bonds issued by governments and central banks with maturities beyond 12 months.

Financing and loans receivable (account 4.4)

The components of the account as of 31 December 2006 are reported in the following table:

	31/12/2006	31/12/2005	Change 2006/2005
Financing and loans receivable from banking customers	426,556	457,577	-31,021
Interbank financing and loans receivable	4,744,791	3,319,250	1,425,541
Deposits with assignors	-	-	-
Financial asset components of insurance contracts	-	-	-
Other financing and loans receivable	188,544	5,568	182,976
Total	**5,359,891**	**3,782,395**	**1,577,496**

Interbank financing and loans receivable

As of 31 December 2006, the interbank financing and loans receivable mainly refer to securities issued by Sanpaolo SA, with maturities beyond 12 months, which are pledged and to be repurchased as part of repurchase agreements executed with customers.

Financial assets available for sale (account 4.5)

As of 31 December 2006, the financial assets available for sale include listed equity securities in the amount of € 1,528.505 million and listed debt securities in the amount of € 20,932.910 million. During 2006, fair-value hedging transactions were effected with respect to bond securities with a market value of € 4,389.801 million which were classified as financial assets available sale.

Financial assets stated at fair value, whose gains and losses accrue to the profit and loss statement (account 4.6)

The account includes investments held for trading purposes, which are mainly debt or equity securities acquired for the purpose of obtaining a profit thereon in the near term. The account also includes € 25,827 million of financial assets in relation to index- and unit-linked investment-type contracts, the management of pension funds, and the positive value of hedging derivatives.

The amount indicated above includes:

- € 2.759 million of the positive value of the interest rate swaps, as detailed below, for a nominal value of € 141 million, used to hedge a basket of bond securities booked as financial assets available for sale, whose market value as of 31 December 2006 was € 142.864 million;
- € 23.068 million of the positive value of the swaption contracts, as detailed below, for an aggregate nominal value (including the swaptions that had a negative value as of 31 December 2006) of € 4,154 million, used to hedge a basket of bond securities booked as financial assets available for sale. The contracts were classified for the purposes of IAS/IFRS as derivatives for fair-value hedging inasmuch as it was possible to verify all of the conditions provided by the international accounting principles in terms of formal documentation and the effectiveness of the hedging, both at the start and during the term of the transactions.

Detail of assets and liabilities related to contracts issued by insurance companies where investment risk is borne by the customers and assets and liabilities related to pension fund management

	Benefits associated with mutual funds and market indices	Benefits associated with pension fund management	31/12/2006	31/12/2005	Change 2006/2005
Balance sheet assets	14,378,653	126,575	14,505,228	26,089,642	-11,584,414
Infragroup assets	12,055,805	425	12,056,230	-	12,056,230
Total assets	**26,434,458**	**127,000**	**26,561,458**	**26,089,642**	**471,816**
Balance sheet financial debt	22,798,130	-	22,798,130	22,402,043	396,087
Balance sheet technical reserves	3,479,894	126,997	3,606,891	3,681,162	-74,271
Infragroup liabilities	140,839	-	140,839	-	140,839
Total liabilities	**26,418,863**	**126,997**	**26,545,860**	**26,083,205**	**462,655**

Other receivables (account 5)

As of 31 December 2006, the assets of Eurizon Capital Sgr and subsidiaries (which were not consolidated as of 31 December 2005) amounted to € 172 million.

	31/12/2006	31/12/2005	Change 2006/2005
Receivables on direct insurance transactions	38,364	38,571	-207
Receivables on reinsurance transactions	1,007	1,152	-145
Miscellaneous receivables	663,550	539,615	123,935
Total	**702,921**	**579,338**	**123,583**

Other assets (account 6)

As of 31 December 2006, the assets of Eurizon Capital Sgr and subsidiaries (which were not consolidated as of 31 December 2005) amounted to roughly € 13 million.

	31/12/2006	31/12/2005	Change 2006/2005
Non-current assets or a group of assets held for sale	134,200	170,568	-36,368
Deferred acquisition costs	1,093	2,400	-1,307
Deferred tax assets	261,113	400,279	-139,166
Current tax assets	360,720	306,436	54,284
Other assets	326,181	308,317	17,864
Total	**1,083,307**	**1,188,000**	**-104,693**

Non-current assets held for sale (account 6.1)

The account balance refers to the assets of the Fideuram Wargny business unit, which were classified as non-current assets held for sale as of 31 December 2006, pursuant to the provisions of IFRS 5.

Deferred acquisition costs (account 6.2)

The deferred acquisition costs as of 31 December 2006 refer charges sustained for taking on a specific type of unit-linked policy with a multiple-year term. Such costs are amortized over periods equal the contractual terms of the policies.

Current and deferred tax assets (accounts 6.3 and 6.4)

The account reflects the fact that the companies of the Eurizon Financial Group have elected to take part in the consolidated national income tax return filed by the parent company, Sanpaolo IMI, pursuant to the provisions of Legislative Decree n. 344/2003. The consolidated return allows for the aggregation of the taxable income of all participating companies, and a single corporate income tax payment on the part of the parent company.

	31/12/2006	31/12/2005	Change 2006/2005
Assets for prepaid taxes with offsetting entry to the profit and loss statement	141,290	135,505	5,785
Assets for prepaid taxes with offsetting entry to shareholders' equity	119,823	264,774	-144,951
Total	**261,113**	**400,279**	**-139,166**

The table below illustrates the changes in the balance of deferred tax assets in 2006.

	31/12/2006
Opening balance, gross	**400,279**
Increases	**106,461**
Deferred tax assets booked during the year in relation to prior years, due to the change in accounting principles	16,466
Recovery of value	3,069
Other	67,591
New taxes or increases in tax rates	19
Other increases	19,316
Decreases	**-245,627**
Deferred tax assets cancelled during the year	-
Usage	-212,431
Writedowns for non-recoverability	-
Change in accounting principles	-
Reductions of tax rates	-
Other decreases	-44,723
Newly consolidated companies	12,011
Mergers	-484
Closing balance	**261,113**

Other assets (account 6.5)

The account mainly includes deferred commission expenses related to financial products without discretionary participation in profits, such as the index-linked policies and part of the unit-linked policies which are classified pursuant to IAS 39 as financial liabilities stated at fair value, whose gains and losses accrue to the profit and loss statement. The account also includes assets in relation to defined benefits and other long-term benefits for the full-time personnel.

The following table shows the components of the account as of 31 December 2006.

	31/12/2006	31/12/2005
Deferred commission expense on investment contracts	193,855	210,705
Other assets	132,326	97,612
Total	**326,181**	**308,317**

Cash and cash equivalents (account 7)

As of 31 December 2006, the assets of Eurizon Capital Sgr and subsidiaries (which were not consolidated as of 31 December 2005) amounted to roughly € 60 million.

The cash and cash equivalents include liquidity held directly by the Group, deposits and funds in current accounts with banks which come due in less than 30 days, and short-term, risk-free financial investments that can be promptly be converted into cash.

Balance sheet – liabilities and shareholders' equity

Shareholders' equity (account 1)

	31/12/2006	31/12/2005	Change 2006/2005
Shareholders' equity	**2,543,506**	**1,998,483**	**545,023**
Group net equity	**2,458,374**	**1,810,221**	**648,153**
Share capital	116,000	101,000	15,000
Other capital instruments	-	-	-
Reserves	1,853,820	1,252,437	601,383
Earnings or losses on financial assets available for sale	35,833	90,930	-55,097
Profit (loss) for the period	452,721	365,854	86,867
Minority interests	**85,132**	**188,262**	**-103,130**
Capital and reserves of minority shareholders	32,961	135,352	-102,391
Earnings or losses directly booked to shareholders' equity	90	-	90
Profit (loss) for the period	52,081	52,910	-829

Share capital (account 1.1.1)

The Eurizon Financial Group's share capital of € 116 million consists of 1.16 billion ordinary shares with a par value off € 0.10 each.

Reserves (accounts 1.1.2 to 1.1.6)

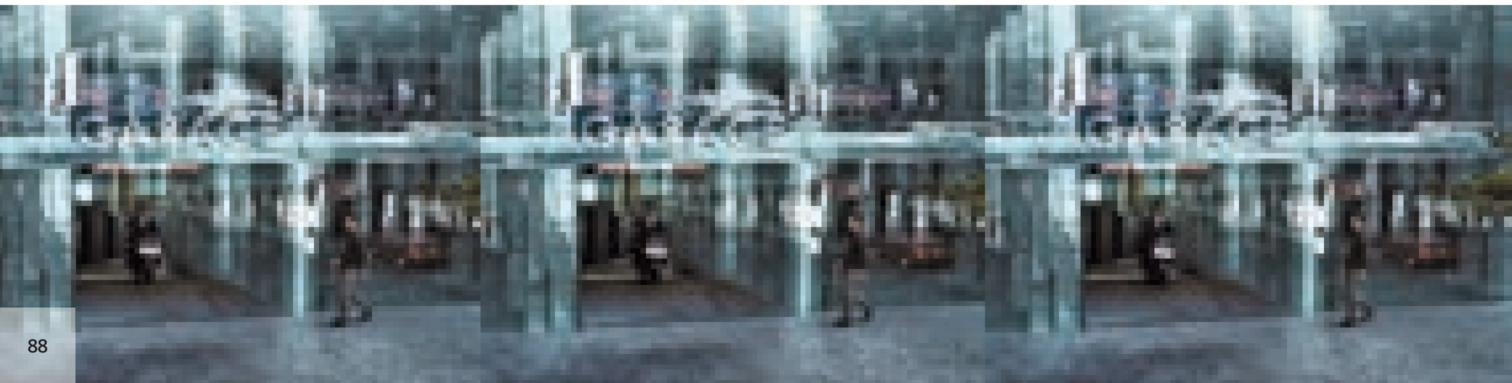
The reserves include af € 1,250 million payment toward a future capital increase, and the deduction (according to the economic entity method) of the roughly € 900 million of goodwill booked as part of the public tender offer to buy out the minority shareholders of Banca Fideuram.

Earnings from financial assets available for sale (account 1.1.7)

The earnings on financial assets available for sale as of 31 December 2006 refer exclusively to the insurance segment, which are directly credited to shareholders' equity as a result of the application of shadow accounting.

The computation of the balance is shown in the table below.

	31/12/2006
Total, prior to the effects of shadow accounting	**271,177**
- Debt securities	88,609
- Equity securities	175,316
- Shares in collective investment funds	7,252
Effects of shadow accounting	**-214,008**
Pre-tax total	**57,169**
Fiscal effects	**-21,336**
Total	**35,833**



The table below shows the changes in the account balance during the year.

	Positive Reserve 2006
Opening balance	**90,930**
Increases	**82,514**
- Positive changes in fair value	17,615
- Provision for the year	2,323
- Other increases	62,576
Decreases	**-137,611**
- Negative changes in fair value	-78,320
- Amounts settled	-615
- Other decreases	-58,676
Closing balance	**35,833**

Provisions (account 2)

As of 31 December 2006, Eurizon Capital Sgr and subsidiaries (which were not consolidated as of 31 December 2005) accounted for roughly € 12 million of the account balance

The principal provisions recorded in the financial statements regard: legal disputes (provisions to cover losses presumed on lawsuits in which the Group is the defendant, including the actions for revocation of payments and the estimated disbursements to be made on customer claims with regard to securities trading); loyalty plans (long-term incentive plans that provide for payment of bonuses to the Private bankers on the base of the stock of financial wealth administered by them); contractual indemnities (determined on the basis of actuarial criteria and inclusive of the supplemental customer indemnities and meritocratic indemnities); and, general provisions for other risks and charges (related to fiscal issues and representative of potential liabilities that the Group has computed on the basis of principle of prudence).

	31/12/2006	31/12/2005	Change 2006/2005
Provisions for:			
- Legal disputes	104,602	88,911	15,691
- Contractual indemnities due to the Private bankers	41,566	39,871	1,695
- Network loyalty plans	72,165	55,253	16,912
- Other risks and charges	23,100	27,672	-4,572
Total	**241,433**	**211,707**	**29,726**

The table below shows the changes in the account balance during the year.

	31/12/2006
Opening balance	**211,707**
Increases	**70,300**
Increases	2,962
Provisions for the year	67,057
Other increases	281
Foreign-exchange differences	**-**
Decreases	**-40,574**
Decreases	-
Settlements made	-
Other decreases	-40,574
Closing balance	**241,433**

Technical reserves (account 3)

	Direct Business	Indirect Business	31/12/2006	31/12/2005	Change 2006/2005
Property-casualty reserves	**109,575**	**122**	**109,697**	**75,864**	**33,833**
Premium reserve	74,178	-	74,178	51,928	22, 250
Loss reserve	34,226	122	34,348	22,775	11, 573
Other reserves	1,171	-	1,171	1,161	10
- including: reserves booked as a result of the liability adequacy test	-	-	-	-	-
Life insurance reserves	**22,452,380**	**-**	**22,452,380**	**22,064,409**	**387,971**
Reserve for sums to be paid	101,716	-	101,716	82,015	19,701
Actuarial reserves	18,252,661	-	18,252,661	17,606,528	646,133
Technical reserves where the investment risk is borne by the policyholders and reserves related to pension fund management	3,606,891	-	3,606,891	3,681,162	-74,271
Other reserves	491,112	-	491,112	694,704	-203,592
- including: reserves booked as a result of the liability adequacy test	200,402	-	200,402	-	200,402
- including: deferred liabilities to policyholders	235,624	-	235,624	636,335	-400,711
Total technical reserves	**22,561,955**	**122**	**22,562,077**	**22,140,273**	**421,804**

The table below shows the changes in the account balance during the year.

	31/12/2006
Opening balance of actuarial reserves	21,287,690
Changes due to premiums	2,927,229
Changes due to payments	-2,688,815
Income and other bonuses due to policyholders	511,791
Foreign-exchange differences	-5,412
Other changes	-172,931
Closing balance of actuarial reserves	**21,859,552**

The adjustments made as a result of EurizonVita's adoption of new demographic tables ("IPS55") entailed an increase in the reserves in the amount of € 40.562 million.

Financial liabilities (account 4)

	Financial liabilities stated at fair value, whose gains and losses accrue to the profit and loss statement					
	Financial liabilities for trading	Fair-value designated financial liabilities	Other financial liabilities	31/12/2006	31/12/2005	Change 2006/2005
Participative financial instruments	-	-	-	-	-	-
Subordinated liabilities	-	-	479,649	479,649	479,649	-
Liabilities from financial contracts issued by insurance companies derived:	-	22,666,228	315,249	22,981,477	22,515,755	465,722
- from contracts whose investment risk is borne by the customer	-	22,666,228	-	22,666,228	22,270,141	396,087
- from pension fund management	-	-	-	-	-	-
- from other contracts	-	-	315,249	315,249	245,614	69,635
Deposits received from reinsurers	-	-	1,784	1,784	2,154	-370
Financial liability components of insurance contracts	-	-	-	-	-	-
Securities issued	-	181,122	154,615	335,737	153,847	181,890
Amounts due to banking customers	-	-	6,381,992	6,381,992	4,415,227	1,966,765
Interbank debt	-	-	225,531	225,531	287,514	-61,983

Other financing obtained	-	-	124,196	124,196	-	124,196
Trading derivatives	37,891	-	-	37,891	29,877	8,014
Hedging derivatives	-	80,003	-	80,003	23,326	56,677
Miscellaneous financial liabilities	-	-	-1,423	-1,423	4,926	-6,349
Total	**37,891**	**22,927,353**	**7,681,593**	**30,646,837**	**27,912,275**	**2,734,562**

The subordinated debt includes € 280.000 million of liabilities referring to EurizonVita and € 199.649 million of liabilities referring to Banca Fideuram.

EurizonVita's subordinated debt consists of the following:

• Five subordinated loans disbursed by Sanpaolo IMI or by its subsidiaries as shown hereunder:

a) € 30 million, with nominal annual interest rate of 6-month EURIBOR plus 70 basis points, coming due in April 2007.

b) € 5 million, with nominal annual interest rate of 6-month EURIBOR plus 80 basis points, coming due in March 2008.

c) € 30 million, with nominal annual interest rate of 6-month EURIBOR plus 75 basis points, coming due in December 2009.

d) € 85 million disbursed by Sanpaolo IMI Bank Ireland, with nominal annual interest rate of 1-year EURIBOR plus 35 basis points, coming due in October 2011.

e) € 125 million disbursed by Sanpaolo IMI Bank Ireland, with nominal annual interest rate of 1-year EURIBOR plus 35 basis points, coming due in June 2015.

• A five-year, € 5 million subordinated bond issue floated in October 2002, to be repaid in full at maturity. The bonds, issued at par, provided for the semi-annual payment of interest in arrears, with the interest rate set at 6-month EURIBOR plus 200 basis points.

Banca Fideuram's subordinated debt is represented by floating-rate bonds with semi-annual coupon interest, coming due in October 2009.

The subordinated loans do not contain any provisions for prepayment or for the conversion of the debt into capital or other types of debt obligations.

The other financing of € 124.196 million shown in the table refers to financing secured by EurizonVita which provides for quarterly payments of interest computed at 3-month EURIBOR plus a spread.

Hedging derivatives

The account mainly reflects the liabilities arising from the marking swaptions to market as of 31 December 2006.

	Debt securities and interest rates	Foreign currencies and gold	Equity securities and equity indices	Total
Unlisted financial derivatives	**37,891**	**-**	**-**	**37,891**
- With exchange of principal: options acquired	-	-	-	-
- With exchange of principal: other	-	-	-	-
- Without exchange of principal: options acquired	37,412	-	-	37,412
- Without exchange of principal: other	479	-	-	479

Payables (account 5)

As of 31 December 2006, Eurizon Capital Sgr and subsidiaries (which were not consolidated as of 31 December 2005) accounted for roughly € 275 million of the account balance.

	31/12/2006	31/12/2005	Change 2006/2005
Payables on direct insurance transactions	95,161	77,720	17,441
Payables on reinsurance transactions	10,599	3,941	6,658
Other payables	1,743,165	1,167,854	575,311
Total	**1,848,925**	**1,249,515**	**599,410**

Employee severance-indemnity reserve ("TFR")

As of 31 December 2006, the employee severance-indemnity reserve had a balance of € 35.652 million (€ 32.047 million as of 31 December 2005). The tables below show the changes in the account balance during the year, as well as the key demographic and financial assumptions for the computation of the reserve (pursuant to IAS 19).

	31/12/2006
Opening balance	**32,047**
Increases	**25,573**
Participants' contributions	15
Cost of benefits earned for services during the current period (increases)	5,293
Cost of benefits earned for services during past periods	-
Transfers between Group companies	14,206
Financial charges	802
Actuarial losses	121
Other increases	5,136
Foreign-exchange differences	**-**
Decreases	**-21,968**
Reductions	-467
Cost of benefits earned for services during the current period (adjustments)	-17,359
Benefits paid	-617
Actuarial earnings	-397
Amounts extinguished	-
Other decreases	-3,128
Closing balance	**35,652**

	Discount rate	Forecast rate of Wage Increases	Forecast Inflation rate	Turnover
Eurizon Group	3.75% - 4.60%	2% - 3%	2.00%	0.8% - 2%

Other liabilities (account 6)

As of 31 December 2006, Eurizon Capital Sgr and subsidiaries (which were not consolidated as of 31 December 2005) accounted for roughly € 16 million of the account balance.

Liabilities of a group held for sale (account 6.1)

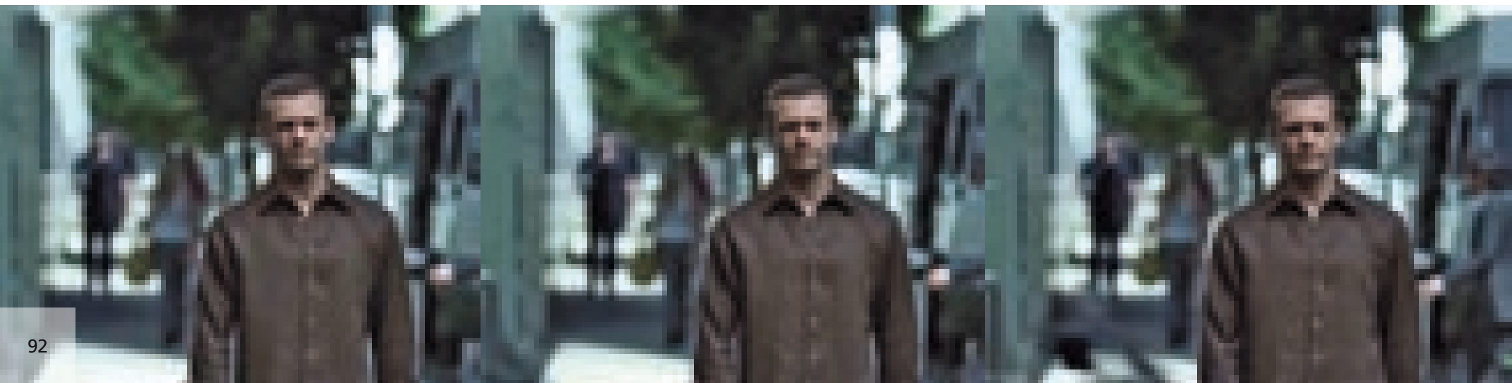
The account balance refers to the liabilities of the Fideuram Wargny business unit, which were classified as liabilities of a group held for sale as of 31 December 2006, pursuant to the provisions of IFRS 5.

Current and deferred tax liabilities (accounts 6.2 and 6.3)

As indicated, the companies of the Eurizon Financial Group have elected to take part in the consolidated national income tax return filed by the parent company, Sanpaolo IMI (now, Intesa Sanpaolo).

As a result, the current tax liabilities include the amount payable to the Treasury for the regional tax on productivity ("IRAP") and the substitution taxes, but not the corporate incomes taxes ("IRES") payable. The net corporate income tax payable or receivable, which is computed as the difference between current tax liabilities and current tax assets (represented by advance payments and other tax credits for tax withholding effected), is reported as a payable or a receivable with respect to the parent company, Sanpaolo IMI.

	31/12/2006	31/12/2005	Change 2006/2005
Current tax liabilities	140,891	140,038	853
Deferred tax liabilities	217,977	379,704	-161,727
Liabilities of a Group held for sale	161,987	164,009	-2,022
Miscellaneous liabilities	811,106	512,224	298,882
Total	**1,331,961**	**1,195,975**	**135,986**



	31/12/2006
Opening balance	**379,704**
Increases	**60,864**
Deferred taxes booked during the year: related to prior years	-
Deferred taxes booked during the year: due to changes in accounting principles	-
Deferred taxes booked during the year: recovery of value	132
Deferred taxes booked during the year: other	38,887
New taxes or increases in tax rates	107
Other increases	21,738
Foreign-exchange differences	**-3**
Decreases	**-222,588**
Deferred taxes cancelled during the year	-178,175
Deferred taxes cancelled during the year: writeoffs for non-recoverability	-
Deferred taxes cancelled during the year: due to changes in accounting principles	-
Reductions in tax rates	-
Other decreases	-46,160
Newly consolidated companies	1,913
Mergers	-162
Closing balance	**217,977**

Miscellaneous liabilities (account 6.4)

As of 31 December 2006, the account includes € 331.234 million representing the deferred income reserve in relation to unit- and index-linked contracts.

Information on the Consolidated Profit and Loss Statement

Net premiums (account 1.1)

	31/12/2006			31/12/2005			
	Gross amount	Portion for account of reinsurers	Net amount	Gross amount	Portion for account of reinsurers	Net amount	Change 2006/2005
Property-casualty insurance							
Net premiums	76,948	-24,922	52,026	48,455	-17,286	31,169	28,493
- Premiums booked	99,199	-32,879	66,320	61,208	-21,205	40,003	37,991
- Change in premium reserve	-22,251	7,957	-14,294	-12,753	3,919	-8,834	-9,498
Life insurance							
Net premiums	2,825,629	-12,234	2,813,395	3,573,006	-4,873	3,568,133	-747,377
Total	**2,902,577**	**-37,156**	**2,865,421**	**3,621,461**	**-22,159**	**3,599,302**	**-718,884**

Income and charges on investments in subsidiaries, affiliates and joint ventures (accounts 1.4 and 2.3)

The account includes the € 51,000 loss incurred on the investment in Isyde with reference to the period in which the investment was held. The investment is booked with the net equity method.

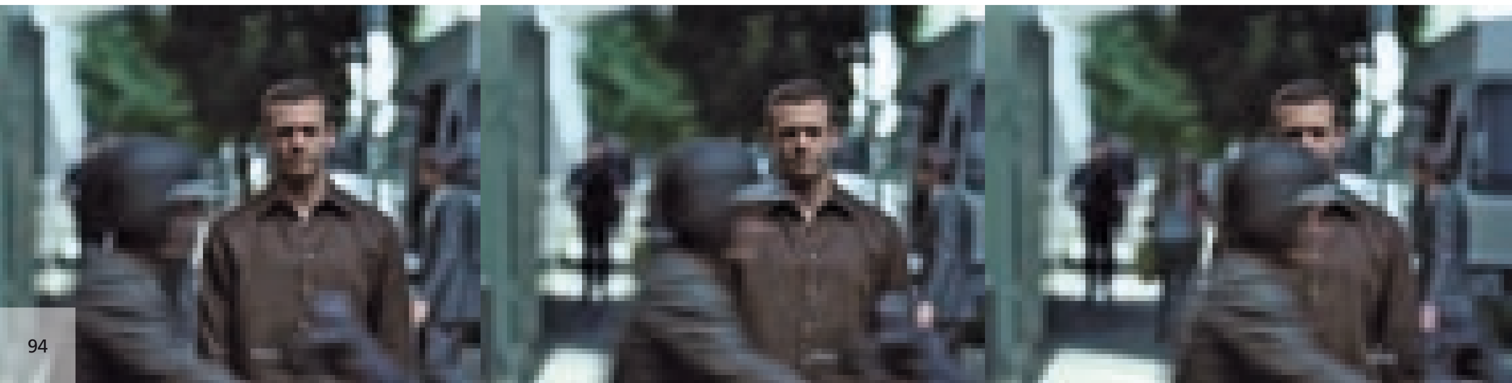
Income and charges from financial instruments stated at fair value, whose gains and losses accrue to the profit and loss statement (account 1.3)

		Interest	Other income	Other charges	Realized gains	Realized losses	Total realized income and charges
Income (charges) on investments		**372,603**	**132,128**	**-272,311**	**1,065,502**	**-227,339**	**1,070,583**
f	Financial assets held for trading	30,826	41,850	-27,806	51,102	-36,922	59,050
g	Fair-value designated financial assets, whose gains and losses accrue to the profit and loss statement	341,777	90,278	-244,505	1,014,400	-190,417	1,011,533
Income (charges) on financial liabilities		**-115,334**	**-**	**-88,417**	**11,249**	**-294**	**-192,796**
a	Financial liabilities for trading	-46,754	-	-	8,050	-294	-38,998
b	Fair-value designated financial liabilities, whose gains and losses accrue to the profit and loss statement	-68,580	-	-88,417	3,199	-	-153,798
Total		**257,269**	**132,128**	**-360,728**	**1,076,751**	**-227,633**	**877,787**

Income and charges from other financial instruments and real estate investments (accounts 1.5 and 2.4)

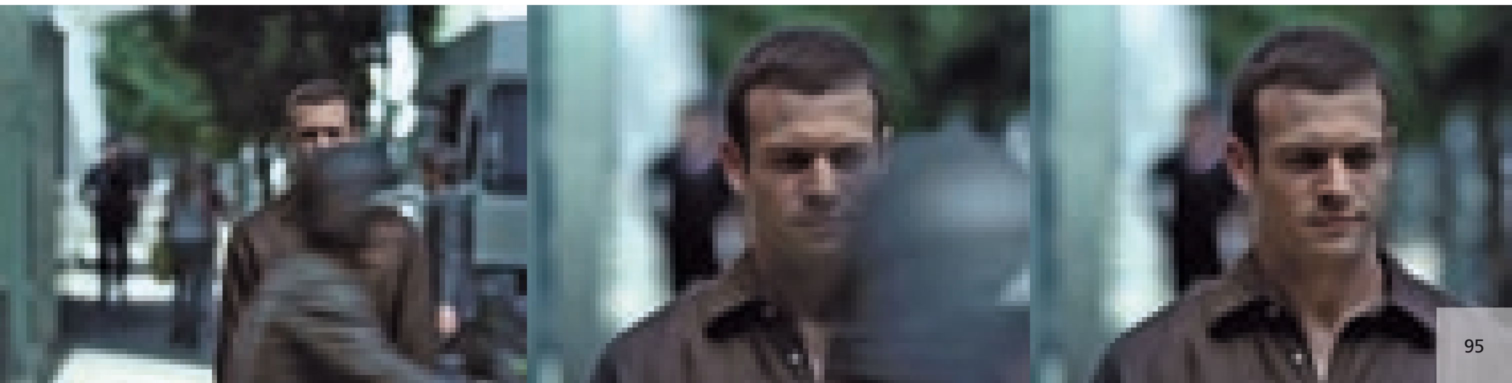
Eurizon Capital Sgr and subsidiaries (which were not consolidated in the 2005 financial statements) contributed € 3.5 million of the total income (charges) for 2006, with the entire amount indicated referring to the second half of the year.

		Interest	Other income	Other charges	Realized gains	Realized losses	Total realized income and charges
Income (charges) on investments		**899,762**	**65,097**	**-1,940**	**231,954**	**-101,493**	**1,093,380**
a	Real estate investments	-	1,441	-1,939	-	-	-498
b	Equity investments in subsidiaries, affiliates and joint ventures	-	-	-	-	-	-
c	Investments held to maturity	133	-	-	-	-	133
d	Financing and loans receivable	177,866	-	-	6,364	-13	184,217
e	Financial assets available for sale	721,763	63,656	-1	225,590	-101,480	909,528
Income (charges) on other receivables		**802**	**-**	**-**	**-**	**-**	**802**
Income (charges) on cash and cash equivalents		**7,773**	**-**	**-**	**-**	**-**	**7,773**
Income (charges) on financial liabilities		**-150,122**	**-**	**-**	**-**	**-**	**-150,122**
c	Other financial debt	-150,122	-	-	-	-	-150,122
Income (charges) on payables		**-32**	**-**	**-**	**-**	**-**	**-32**
Total		**758,183**	**65,097**	**-1,940**	**231,954**	**-101,493**	**951,801**



Valuation gains		Valuation losses		Total unrealized income and charges	Total income and charges as of 31/12/2006	Total income and charges as of 31/12/2005	Change 2006/2005
Capital gains	Recovery of value	Capital losses	Reduction of value				
528,777	**-**	**-809,386**	**-**	**-280,609**	**789,974**	**1,912,559**	**-1,122,585**
101,018	-	-9,385	-	91,633	150,683	-114,767	265,450
427,759	-	-800,001	-	-372,242	639,291	2,027,326	-1,388,035
189,026	**-**	**-611,434**	**-**	**-422,408**	**-615,204**	**-1,478,192**	**862,988**
89,872	-	-15,179	-	74,693	35,695	-	35,695
99,154	-	-596,255	-	-497,101	-650,899	-1,478,192	827,293
717,803	**-**	**-1,420,820**	**-**	**-703,017**	**174,770**	**434,367**	**-259,597**

Valuation gains		Valuation losses		Total unrealized income and charges	Total income and charges as of 31/12/2006	Total income and charges as of 31/12/2005	Change 2006/2005
Capital gains	Recovery of value	Capital losses	Reduction of value				
519	**4,613**	**-5,734**	**-1,742**	**-2,344**	**1,091,036**	**844,830**	**246,206**
-	-	-	-551	-551	-1,049	-537	-512
-	-	-	-51	-51	-51	-	-51
-	-	-	-	-	133	106	27
-	4,613	-74	-1,140	3,399	187,616	95,830	91,786
519	-	-5,660	-	-5,141	904,387	749,431	154,956
-	**-**	**-**	**-**	**-**	**802**	**4,378**	**-3,576**
-	**-**	**-**	**-**	**-**	**7,773**	**5,044**	**2,729**
-	**-**	**-**	**-**	**-**	**-150,122**	**-84,710**	**-65,412**
-	-	-	-	-	-150,122	-84,710	-65,412
-	**-**	**-**	**-**	**-**	**-32**	**-50**	**18**
519	**4,613**	**-5,734**	**-1,742**	**-2,344**	**949,457**	**769,492**	**179,965**



Claims-related charges (account 2.1)

	31/12/2006			31/12/2005			
	Gross amount	Portion for account of reinsurers	Net amount	Gross amount	Portion for account of reinsurers	Net amount	Change 2006/2005
Property-casualty insurance							
Claims related charges, net	**-30,362**	**7,382**	**-22,980**	**-18,270**	**4,505**	**-13,765**	**-16,597**
- Amounts paid	-18,886	3,629	-15,257	-16,102	4,021	-12,081	-6,805
- Change in loss reserve	-11,572	3,757	-7,815	-2,393	491	-1,902	-9,670
- Change in recoveries	106	-4	102	357	-7	350	-244
- Change in other technical reserves	-10	-	-10	-132	-	-132	122
Life insurance							
Claims related charges, net	**-3,245,823**	**8,119**	**-3,237,704**	**-4,271,218**	**2,683**	**-4,268,535**	**1,022,712**
- Sums paid	-2,631,949	1,312	-2,630,637	-1,973,392	453	-1,972,939	-659,010
- Change in reserve for sums to be paid	-27,218	-305	-27,523	-8,351	352	-7,999	-19,219
- Change in actuarial reserves	-863,381	7,112	-856,269	-2,258,603	1,878	-2,256,725	1,393,344
- Change in technical reserves where investment is borne by the policyholders and reserves related to pension fund management	27,618	-	27,618	5,404	-	5,404	22,214
- Change in other technical reserves	249,107	-	249,107	-36,276	-	-36,276	285,383
Total	**-3,276,185**	**15,501**	**-3,260,684**	**-4,289,488**	**7,188**	**-4,282,300**	**1,006,115**

Commission income and expense (accounts 1.2 and 2.2)

Eurizon Capital Sgr and subsidiaries (which were not consolidated in the 2005 financial statements) accounted for € 522 million of the commission income and € 380 million of commission expenses for 2006, with the amounts indicated referring to the second half of the year.

Commission income

	31/12/2006	31/12/2005	Change 2006/2005
Guarantees issued	440	306	134
Credit derivatives	-	-	-
Management, trading and advisory services	1,280,355	697,934	582,421
Collection and payment services	5,960	6,402	-442
Servicing of securitization transactions	-	-	-
Factoring transaction services	-	-	-
Tax collection services	-	-	-
Other services	326,681	441,436	-114,755
Total	**1,613,436**	**1,146,078**	**467,358**

Commission expenses

	31/12/2006	31/12/2005	Change 2006/2005
Guarantees received	-	-	-
Credit derivatives	-	-	-
Management and trading services	839,548	286,204	553,344
Collection and payment services	3,266	3,133	133
Other services	156,551	118,549	38,002
Total	**999,365**	**407,886**	**591,479**

Operating expenses (account 2.5)

Eurizon Capital Sgr and subsidiaries (which were not consolidated in the 2005 financial statements) accounted for around € 50 million of the operating expenses for 2006, with the entire amount indicated referring to the second half of the year.

	31/12/2006	31/12/2005	Change 2006/2005
Commissions and other acquisition expenses	**160,045**	**160,681**	**-636**
Acquisition commissions	57,209	37,030	20,179
Other acquisition expenses	24,892	23,409	1,483
Change in deferred acquisition costs	12	13	-1
Collection commissions	98,630	113,007	-14,377
Commissions and participation in profits received from reinsurers	-20,698	-12,778	-7,920
Investment management expenses	**9,771**	**36,876**	**-27,105**
Other administrative expenses	**467,046**	**318,661**	**148,385**
Full-time personnel	216,213	148,477	67,736
Other personnel	14,136	10,167	3,969
Other expenses	232,586	156,670	75,916
Indirect and other taxes	4,111	3,347	764
Total	**636,862**	**516,218**	**120,644**

Other revenues and other expenses (accounts 1.6 and 2.6)

Eurizon Capital Sgr and subsidiaries (which were not consolidated in the 2005 financial statements) accounted for roughly € 14 million of the other revenues and € 28 million of other expense for 2006, with the amounts indicated referring to the second half of the year.

Other revenues

	31/12/2006	31/12/2005	Change 2006/2005
Non-operating revenues	16,206	7,968	8,238
Recovery of expenses	4,342	3,287	1,055
Foreign-exchange differences booked to the profit and loss statement	-	-	-
Recovery of vale on fixed and intangible assets	-	-	-
Gains realized on fixed and intangible assets	-	-	-
Other insurance-related income	63,843	6,314	57,529
Other income	2,765	5,455	-2,690
Total	**87,156**	**23,024**	**64,132**

Other expenses

	31/12/2006	31/12/2005	Change 2006/2005
Net provisions to reserves for risks and charges	67,057	72,317	-5,260
Adjustments to the value of fixed assets	6,448	8,413	-1,965
Adjustments to the value of intangible assets	19,375	22,000	-2,625
Other insurance-related charges	7,087	3,637	3,450
Foreign-exchange differences	-	1	-1
Other charges	19,367	57,718	-38,351
Total	**119,334**	**164,086**	**-44,752**

Income taxes (account 3)

Eurizon Capital Sgr and subsidiaries (which were not consolidated in the 2005 financial statements) accounted for around € 21 million of the income tax provisions booked for 2006, with the entire amount indicated referring to the second half of the year.

	31/12/2006	31/12/2005	Change 2006/2005
Current taxes (-)	-121,369	-140,642	19,273
Change in current taxes for prior years (+/-)	-24,191	-	-24,191
Reduction in current taxes for current year (+)	2,091	-	2,091
Changes in deferred tax assets (+/-)	7,648	40,496	-32,848
Changes in deferred tax liabilities (+/-)	-3,511	-47,044	43,533
Tax provision for the period (-) (-1+/-2+3+/-4+/-5)	**-139,332**	**-147,190**	**7,858**

Reconciliation between taxes computed at statutory rate and actual tax provision

	31/12/2006	31/12/2005	Change 2006/2005
Taxable income	**674,216**	**567,236**	**106,980**
Ordinary tax rate applicable	37.17%	38.11%	-0.94%
Taxes due on basis of ordinary tax rate applicable	250,620	216,163	34,457
Fiscal impact of:			
- Different tax rates on foreign subsidiaries	-92,408	-88,228	-4,180
- Effects of Fideuram Wargny transaction	-	13,704	-13,704
- Substitution tax on revaluation of properties	-	1,306	-1,306
- Regional tax on productivity and other effects	-18,880	4,245	-23,125
Actual tax provision	**139,332**	**147,190**	**-7,858**

Earnings (losses) of discontinued operations (account 4)

	31/12/2006	31/12/2005	Change 2006/2005
Group of assets/liabilities			
Income	-	-	-
Charges	-29,861	-35,820	5,959
Result of the valuations of the group of assets and related liabilities	-	-	-
Realized gains (losses)	-	-	-
Taxes and duties	-	-	-
Profit (loss)	**-29,861**	**-35,820**	**5,959**

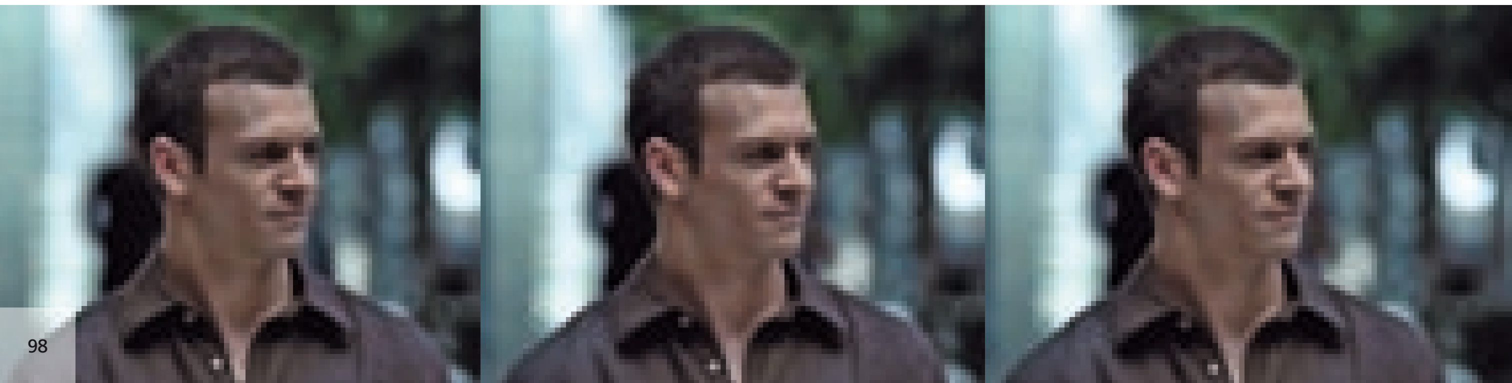
The losses on discontinued operations reflect the economic impact of the probable sale of certain French subsidiaries, booked in accordance with IFRS 5.

Other information

Information on the relationships between Group companies, transactions with related parties, and the events subsequent to year end is provided in special sections of the report on operating performance.

Disclosures about Banca Fideuram stock options

The meeting of Banca Fideuram shareholders passed resolutions authorizing the purchase of the bank's own shares that could be used, if needed, as part of the stock option plans for the Private bankers and full-time personnel of Banca Fideuram or its subsidiaries.



By virtue of such authorization, in 2002, Banca Fideuram acquired 15 million of its own shares through purchases on the open market, and set aside such shares for the purpose of servicing the 2003, 2004 and 2005-2007 stock option plans.

As of 31 December 2006, Banca Fideuram held 12,655,273 of its own shares, with a par value of € 0.19 each. Such shares are equal to 1.3% of the bank's share capital.

On 26 July 2006, the Banca Fideuram board of directors approved a resolution to extend the expiration of the 2005-2007 stock option plan to 2008, vesting the managing director with a mandate to re-define the terms of the stock option plan.

Quantitative information

	31/12/2006			31/12/2005		
Annual changes	Number of options	Average prices	Average vesting period	Number of options	Average prices	Average vesting period
A. Opening balance	**5,626,203**	**4.074**	**June-December 2008**	**3,557,695**	**4.43**	**June-December 2005**
B. Increases	**-**	**-**	**X**	**5,626,203**	**4.074**	**X**
B.1 New options granted	-	-	X	5,626,203	4.074	June-December 2008
B.2 Other changes	-	-	X	-	-	X
C. Decreases	**-**	**-**	**X**	**-3,557,695**	**4.43**	**X**
C.1 Cancelled	-	-	X	-	-	X
C.2 Exercised	-	-	X	-2,341,727	4.43	X
C.3 Expired	-	-	X	-	-	X
C.4 Other changes	-	-	X	-1,215,968	4.43	X
D. Closing balance	**5,626,203**	**4.074**	**June-December 2008**	**5,626,203**	**4.074**	**June-December 2008**
E. Options exercisable as of the end of the year	**-**	**-**	**X**	**-**	**-**	**X**

Information about Eurizon group's solvency

In light of the solvency margin of the insurance subsidiary, EurizonVita (€ 1,187 million), and taking into account the effects of the margin to be established with reference to the other consolidated companies, the corrected solvency margin to be established is more than € 1,680 million.

Considering the aggregates included in the margin amounted to around € 2,640 million, the Group had an excess of € 960 million as of 31 December 2006.

Information on Risks

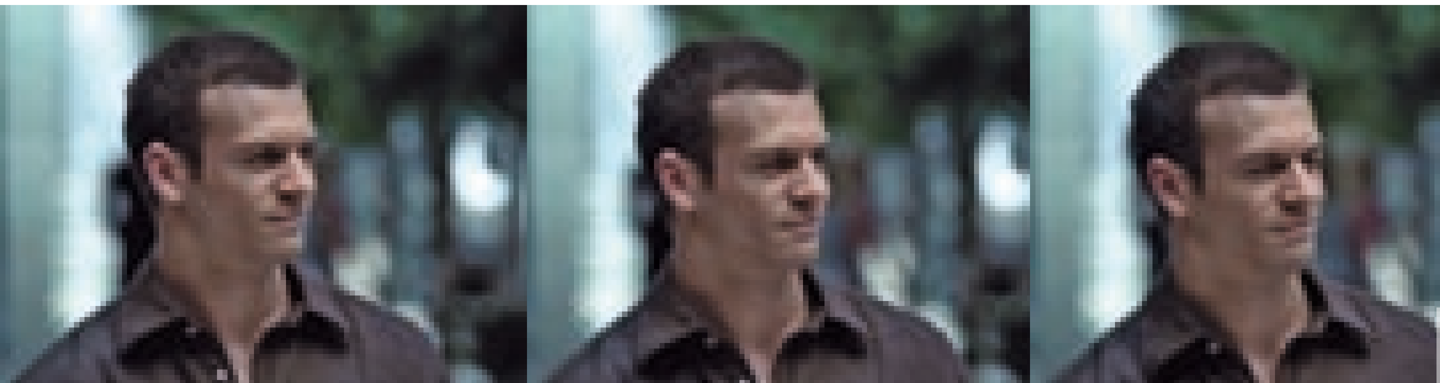
Risk management policy

Life insurance

A Life insurance portfolio typically has three categories of risks: pricing risks, demographic-actuarial risks and reserving risks.

Pricing risks are managed initially through the definition of a product's technical characteristics and pricing, and thereafter, over the life of the product, through the periodic verification of the sustainability and profitability of the pricing (both at the product level and with respect to overall liabilities). Thus, when a product is created, a profit-testing instrument is used with the aim of measuring the product's profitability and identifying any potential elements of weakness. The process of launching a product also entails (i) the presentation of the results of the profit test and the sensitivity analysis to Eurizon's products committee, whose members include general managers and all department managers, and (ii) the committee's advance authorization of the launch.

The demographic-actuarial risks become apparent when the actual trend of claims (not only with respect to actuarial factors, but also with regard to financial factors, such as the rate of interest guaranteed) is less favourable than the trend estimated for the purpose of pricing the products. Such risks are also seen with respect to reserving levels and managed through statistical analyses of the trend of the liabilities on the policy portfolio, subdivided by the type of risks and through simulations of the expected profitability of the assets employed for covering the technical reserves.



Risks related to the coverage of costs merit special attention. In this regard, EurizonVita has constructed a detailed analytical model capable of breaking down the costs by product macro category and by the product life cycle. This model, which is used by various departments of the company (including administration, internal controls and actuarial departments), is used for monitoring costs, correctly pricing products, and supporting the reserving.

Reserving risk is addressed through the precise calculation of the actuarial reserves, with a series of: detailed controls (for example, with preventive control covering the proper storage in the system of the variables needed for calculating, such as yields, price quotations, technical bases, parameters for supplemental reserves and recalculation of the individual contract values) and Group controls, by comparing the results with the estimates produced on a month-by-month basis. A specific emphasis goes to ensuring the contracts are carried at their proper values; this is done by reconciling the relative portfolio with the reconstruction of the changes (subdivided by cause) occurring during the period, and checking to ensure the amounts settled are consistent with the changes in the reserves.

Financial variables and guaranteed returns are other important aspects of defining risks.

The tables below illustrate the actuarial reserves broken down by maturity, and the structure of the minimum guaranteed returns.

Detail of pure actuarial reserves for the Life insurance business: maturity

	Actuarial Reserve	%
Up to 1 year	3,001,358	13.73%
1-5 years	10,785,994	49.35%
6-10 years	3,837,140	17.55%
11-20 years	2,157,765	9.87%
More than 20 years	2,077,295	9.50%
Total	**21,859,552**	**100.00%**

More than 60% of the portfolio is concentrated in maturities of no more than five years, with the remainder essentially represented by supplemental pension plans.

Detail of concentration of risks by type of guarantee

	Premiums	%	Total Reserves	%
Insurance and investment products with guaranteed annual returns				
0%-1%	-	-	170,310	0.76%
1%-3%	2,143,210	76.18%	10,005,644	44.56%
3%-5%	399,804	14.21%	8,357,078	37.22%
Insurance products	270,381	9.61%	3,683,724	16.41%
Shadow reserve	-	-	235,624	1.05%
Total	**2,813,395**	**-**	**22,452,380**	**-**

In order to provide better monitoring for all risks as a whole (actuarial and financial), EurizonVita uses an asset/liability simulation tool known as FAP (Financial Analysis Program), whose objective is to measure value and risk. FAP is a dynamic model capable of developing projections of randomly generated economic scenarios, simulating the trend of the value of the assets and liabilities on the basis of the products' technical characteristics and the trend of significant financial variables, and employing a managerial rule that focuses on investments and divestitures. The model measures the capital requirement by taking into account actuarial and financial risks. The former include risks arising from an extreme rate of policy surrenders, from shocks in terms of mortality and longevity, and from pressures on expenses; the latter include possible scenarios over one-year periods with regard to pressures on interest rates or credit spreads or the performance of the equity markets.

The actuarial reserves are calculated on virtually the entire portfolio on a contract-by-contract basis, with the method used for computing the reserves taking into account the company's future commitments.

Property-casualty insurance

From the standpoint of risk assumption, the policies are automatically checked at the time they are underwritten in order to ensure that the portfolio corresponds with the technical parameters and pricing agreed with the sales network. The control is both formal and material, and makes it possible to verify the exposure to risk in terms of capital and of insurance limits.

Thereafter, statistical controls are effected for the purpose of checking potentially anomalous situations (for example, the concentration by area or type of risk) and to control the total exposure to a single party (with particular reference to policies providing accident and medical coverage). This is also done for the purpose of supplying information about the portfolio profiles to the Group's reinsurance unit, which uses such information to develop an annual reinsurance plan.

Risk concentration factors

The subdivision of premiums by region is shown below and represents one of the risk concentration factors taken into account for the setting of pricing, particularly for auto liability and health insurance.

Regional distribution of premiums

Regions	Premiums
Piedmont	68,737
Valle d'Aosta	210
Liguria	942
Lombardy	6,076
Trentino-Alto Adige	79
Veneto	1,418
Friuli-Venezia Giulia	356
Emilia-Romagna	1,390
Marches	271
Tuscany	1,011
Umbria	161
Latium	13,688
Campania	2,175
Abruzzo	331
Molise	115
Apulia	759
Basilicata	103
Calabria	374
Sicily	728
Sardinia	274
Total	**99,199**

The concentration of premiums in Piedmont is explained by the presence of a sizeable portfolio of Group policies taken out by the banks of the Intesa Sanpaolo Group in order to cover the risks of insolvency with respect to the financing made available by the Sanpaolo bank branches (creditor protection insurance).

The percentage of premiums for Latium is influenced by a similar presence of Group policies taken out by the Italian Postal System, which is headquartered in Rome.

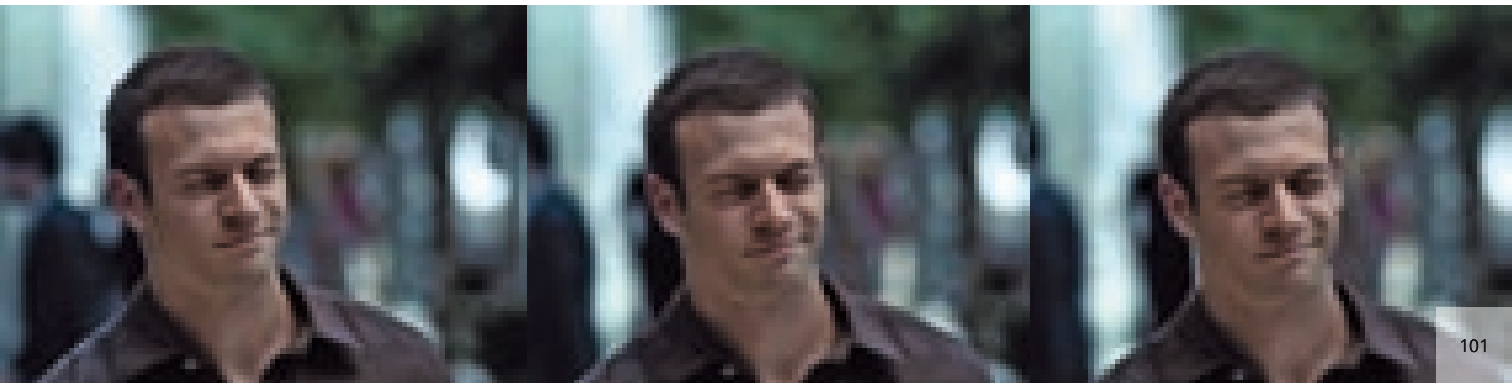
In relation to the other Property-casualty products, the risks are distributed fairly evenly over the entire national territory, in proportion to the concentration of the population.

Loss development by generation

The table below shows the distribution of loss reserves as of 31 December 2006 subdivided by class of insurance, with the estimate of the portions of the reserves to be liquidated in the near term (within 12 months) and long term (beyond 12 months).

Estimate of loss reserve liquidation

Class	< 12 months	> 12 months
Accident insurance	3,793	3,493
Health insurance	8,383	7,185
Motor vehicle hulls and over-the-road vehicles	1,432	212
Fire	1,293	300
General liability	2,009	6,248



The estimation of the liquidation of the reserves as of the end of the year is calculated based on the observation of the reserve development over the preceding four years, and reflects the average time of managing the losses for the different lines of business in accordance with the time required for ascertaining the various types of damages covered by the policy guarantees.

Loss reserve development – Property-casualty lines

Year of generation/occurrence	2002	2003	2004	2005	2006	Total
Amount to reserve:						
as of 31/12 of year of generation N	11,723	9,433	9,084	10,875	15,650	-
as of 31/12 of year N+1	3,130	2,287	2,126	5,693	-	-
as of 31/12 of year N+2	1,167	713	662	-	-	-
as of 31/12 of year N+3	517	601	-	-	-	-
as of 31/12 of year N+4	397	-	-	-	-	-
Aggregate amount of loss claims paid	**13,261**	**8,511**	**9,339**	**11,441**	**8,867**	**-**
Loss reserve on balance sheet as of 31/12/2006	**397**	**601**	**662**	**5,693**	**17,701**	**25,054**
Final reserve for prior year loss claims	**-**	**-**	**-**	**-**	**-**	**9,294**
Total loss reserve on balance sheet as of 31/12/2006	**-**	**-**	**-**	**-**	**-**	**34,348**

Financial risks on investment portfolios (accounts 4.3, 4.5 and 4.6)

As reported in Account 4 of the consolidated balance sheet, the Eurizon Financial Group has investment portfolios with assets totalling € 56,132.4 million, with almost the entire amount represented by financial assets (€ 56,091.8 million). The table below shows the detail of the accounts by segment of business.

Investments: detail by account and business segment

	Life insurance	Property-casualty insurance	Total insurance	Individual portfolio management and investment services	Inter-segment balances	Total	%
4 Investments	**48,183,212**	**121,932**	**48,305,144**	**8,319,769**	**492,496**	**56,132,417**	**100.00%**
4.1 Real estate investments	40,086	-	40,086	-	-	40,086	0.07%
4.2 Equity investments in subsidiaries, affiliates and joint ventures	-	-	-	564	-	564	-
Financial assets							
4.3 Investments held to maturity	-	-	-	3,541	-	3,541	0.01%
4.4 Financing and loans receivable	242,981	12	242,993	5,116,898	-	5,359,891	9.55%
4.5 Financial assets available for sale	19,650,794	121,920	19,772,714	2,964,983	4,268	22,733,429	40.50%
4.6 Financial assets stated at fair value, whose gains and losses accrue to the profit and loss statement	28,249,351	-	28,249,351	233,783	488,228	27,994,906	49.87%
Total financial assets	**48,143,126**	**121,932**	**48,265,058**	**8,319,205**	**492,496**	**56,091,767**	**99.93%**

Altogether, the investments held to maturity account for only 0.01% (€ 3.5 million) of the portfolio, while financing and loans receivable represent 9.5% (€ 5,359.9 million). The largest components of the portfolio are financial assets available for sale, € 22,733.4 million, or 40.5% of the total) and financial assets stated at fair value, whose gains and losses accrued to the profit and loss statement (€ 27,994.9 million, or roughly 50% of the total).

The assets of the insurance business amount to € 48,265 million and represent about 85.3% of the total; such assets include bond and equity securities used to meet commitments to policyholders, mainly with respect to traditional cash value policies and unit- and index-linked policies.

The investments to cover the cash value policies managed through separate accounts are classified as financial assets available for sale, whereas those covering the commitments to the holders of unit- and index-linked products (the so-called "D class" policies) are booked as fair-value designated assets.

With regard to individual portfolio management and investment services business, financing and loans receivable (account 4.4) represent the bulk of the investments. Such amounts are originated by Banca Fideuram and subsidiaries, and consist of interbank loans, repurchase agreements and to a marginal extent, customer loans. The amounts in the other accounts (the majority of which is booked to assets available for sale) are investments in financial assets arising from the employment of customer funding and the Bank's own capital.

Classification of financial assets

	Insurance, Asset management and Investment Services	Inter-Segment Balances	Total
Investments of the Asset management and investment services segment and Class C investments for the insurance segment	**23,757,291**	**4,293**	**23,752,998**
- Investments held to maturity	3,541	-	3,541
- Financial assets available for sale	22,737,722	4,293	22,733,429
- Financial assets stated at fair value, whose gains and losses accrued to the profit and loss statement	1,016,028	-	1,016,028
Class D investments for the insurance segment	**27,467,106**	**488,228**	**26,978,878**
- Financial assets stated at fair value, whose gains and losses accrued to the profit and loss statement	27,467,106	488,228	26,978,878
Total	**51,224,397**	**492,521**	**50,731,876**
- Investments held to maturity	3,541	-	3,541
- Financial assets available for sale	22,737,722	4,293	22,733,429
- Financial assets stated at fair value, whose gains and losses accrued to the profit and loss statement	28,483,134	488,228	27,994,906

Financial assets for the employment of the capital of the Group companies and the funding managed through separate accounts

The risks inherent to the investment portfolios are analyzed below. By virtue of the different types of risks involved, a distinction has been made between (i) the Class C portfolios of the insurance segment and the owned securities in the financial services segment, and (ii) the Class D investments of the insurance segment.

The investment policy adopted by the Group companies provides guidelines for the strategy and monitoring of the investment portfolios' exposure to interest-rate, exchange-rate and credit risk, and sets specific operational limits in terms of: exposure to market risk, asset allocation, ratings, duration, geographic areas, currency areas, sector concentrations and counterparties.

The integrated risk-based capital model also generates a summary quantitative estimate of the risks using a series of probabilities.

Roughly 93% of all of the securities portfolios at risk is represented by bond securities, 75.4% of which are fixed-rate bonds and 24.6% of which are variable-rate or indexed bonds. Equity securities represent 6.7% of the total, while the remainder is made up of derivatives stated at fair value.

The tables below show the exposure to financial risks in relation to investments held to maturity, financial assets available for sale, and financial assets stated at fair value, whose gains and losses accrue to the profit and loss statement.

Exposure to interest-rate risk

The distribution of bond investments by maturity shows 1.9% in short-term instruments (maturity of less than one year), 40.4% in medium-term instruments, and 57.7% in long-term instruments (more than five years).

The portion of the portfolio referring to bond securities only has an average financial duration of 4.6 years.

Distribution of bonds by maturities

	Book Values	%	Duration
Fixed rate	16,655,496	70.12%	6.04
- Up to 1 year	365,952	1.54%	0.52
- 1-5 years	6,793,757	28.60%	2.92
- More than 5 years	9,495,786	39.98%	8.48
Variable / indexed rate	5,442,390	22.91%	0.25
- Up to 1 year	48,545	0.20%	0.10
- 1-5 years	2,136,395	8.99%	0.25
- More than 5 years	3,257,450	13.71%	0.26
Sub-total	**22,097,886**	**93.03%**	**4.60**
Capital participation securities and similar securities	1,589,606	6.69%	-
Derivatives stated at fair value	65,506	0.28%	-
Total	**23,752,998**	**100.00%**	**-**

The main component of the bond investments with the average duration of 4.6 years is represented by assets available for sale within the insurance segment (€ 19,768.4 million, with average financial duration of 4.53 years) and assets held in separate accounts in order to meet commitments to holders of cash value policies.

The summary duration of the portfolio of financial assets to cover the reserves (inclusive of hedging derivatives) is 2.97 years. The reserves related to the separate accounts instead have a duration of 5.28 years.

The concentration of the investments in medium- and long-term maturities is the result of an investment policy that focuses on keeping a limited mismatch between (i) assets to cover the separate accounts and (ii) the corresponding commitments to policyholders.

The management of the insurance portfolio also entails the use of hedging derivatives which are periodically put into place in relation to expectations about future market movements.

With regard to the financial services, the summary duration of the portfolio is 5.04 years. The exposure to interest-rate risk on owned securities is monitored by shift-sensitivity and VaR indicators identified in the respective investment policy.

The sensitivity of the fair value of the portfolio of financial assets to changes in interest rates is summarized in the table below which shows both the exposure of the securities portfolio and the effect of the positions represented by hedging derivatives that decrease sensitivity. For example, a +100 bp parallel shift of the curve entails a negative change of € 995.1 million in the value of the bond portfolio, while the value of the hedging derivatives in the portfolio experiences a positive change of € 456.1 million thereby partially offsetting the loss on the debt securities.

Sensitivity to change in interest rates

			Changes in fair value following changes in interest rates			
	Book Values	%	+ 0,5%	+1%	-0,5%	-1%
Fixed rate	16,655,498	70.31%	-494,076	-981,795	501,115	1,010,035
Variable / indexed rate	5,442,388	22.98%	-6,636	-13,302	6,587	13,142
Capital participation certificates or similar securities	1,589,606	6.71%	-	-	-	-
Derivatives for effective management	-	-	4,561	10,186	-3,592	-6,346
Sub-total	**23,687,493**	**100.00%**	**-496,151**	**-984,912**	**504,110**	**1,016,831**
Hedging effect	-	-	226,474	456,143	-248,462	-540,652
Total	**23,687,493**	**100.00%**	**-269,677**	**-528,769**	**255,648**	**476,179**

Exposure to foreign-exchange risk

The investment portfolio has only marginal foreign-exchange risk, with more than 99% of the investments being euro-denominated assets. The remainder of the assets is used for covering reserves for policies whose benefits are denominated in foreign currencies.

Exposure to credit risk

The investment portfolio has a very high credit quality. As shown in the table below, highly rated bonds (AAA/AA) account for 78.8% of the total investments, while another 10% of the portfolio is invested in A-rated instruments. Low investment grade (BBB) holdings account for 3.5% of the total, while speculative or unrated securities make up a minor portion.

Financial assets by issuer rating

	Book value	%
AAA/AA-	18,672,558	78.83%
A+/A-	2,403,689	10.15%
BBB+/BBB-	817,546	3.45%
Speculative grade	35,446	0.15%
Unrated	168,649	0.71%
Capital participation certificates or similar securities	1,589,606	6.71%
Total	**23,687,493**	**100.00%**

The high credit quality is also demonstrated by the breakdown of exposure by issuer/counterparty, with the issues of governments and central banks accounting for 71.9% of the total, and the issues of financial companies (mostly banks) representing another roughly 15%.

Financial assets by type issuer / counterparty

	Book Value	%
Governments and central banks	17,023,533	71.87%
Other public entities	689,687	2.91%
Financial companies	3,609,487	15.24%
Insurance companies	448,599	1.89%
Non-financial companies and others	1,916,188	8.09%
Total	**23,687,493**	**100.00%**

Financial assets covering unit- and index-linked policies

Fair-value designated assets include assets to cover commitments to the holders of unit- and index-linked policies (Class D securities), whose investment risk is borne by the policyholders.

The table below shows the book values of the investments held within the index-linked policy portfolio (Class D securities) as classified by issuer/guarantor rating or by the issue rating (should ratings not be equal, the rating reported in the table is the lower or lowest of those assigned by Moody's, Standard & Poor's and Fitch), with the exposure to the products also being included.

Investments backing index-linked policies: distribution by issuer rating

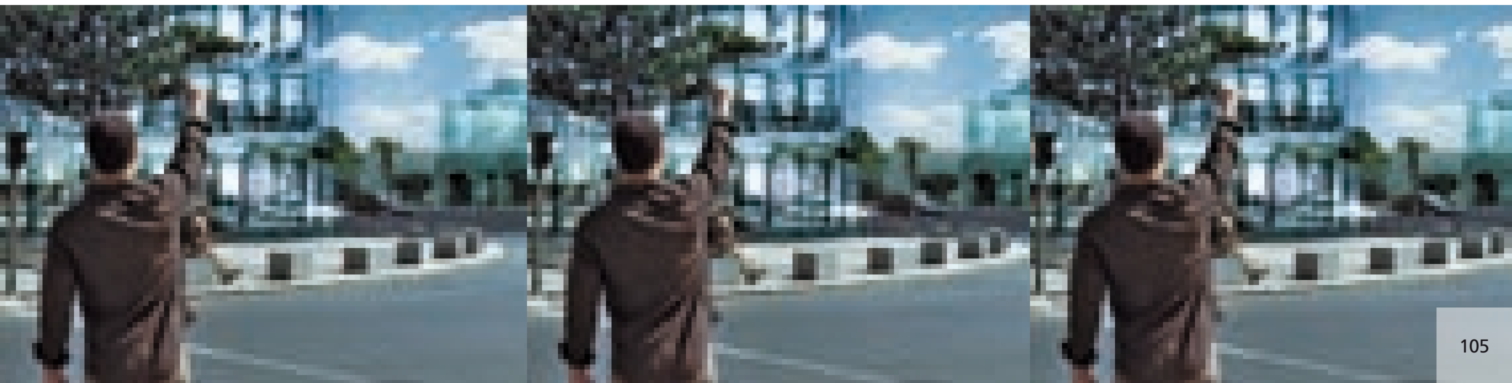
	Book values			
	EurizonVita	EurizonLife	EurizonVita + EurizonLife	%
Aaa/AAA/AAA	111,470	-	111,470	1.11%
Aa1/AA+/AA+	-	-	-	-
Aa2/AA/AA	327,402	-	327,402	3.25%
Aa3/AA-/AA-	1,583,879	5,680,469	7,264,348	72.17%
A1/A+/A+	374,711	460,455	835,166	8.30%
A2/A/A	358,109	31,460	389,569	3.87%
A3/A-/A-	503,884	-	503,884	5.01%
Baa1/BBB+/BBB+	633,880	-	633,880	6.30%
Baa2/BBB/BBB	-	-	-	-
Total	**3,893,334**	**6,172,384**	**10,065,718**	**100.00%**
- of which: guaranteed	297,643	911,644	1,209,287	12.01%

The assets covering EurizonVita's index-linked policies are equal to € 4,211 million, inclusive of € 3,893 million of securities and € 318 million of derivatives. The portion of investments related to policies providing guaranteed payments at maturity represents 12% of the total.

In almost all of the cases, the credit exposure with regard to all index-linked policies is direct with the high investment-grade counterparties, with AA- rated instruments accounting for 72.2% of the total and A+ rated instruments making up another 8.3%. Low investment grade (BBB) securities represent 6.3% of the assets; all of the low investment grade investments carry a BBB+ rating - in other words, the portfolio has no asset (or derivative) for any issuers/counterparties with a BBB- or lower rating.

The market value of the mutual funds investments covering the unit-linked policies as of 31 December 2006 was € 15,330 million. This amount is rounded out by € 106.05 million of units related to external collective investment funds, and € 28.85 million of cash for premiums collected but not yet invested (EurizonVita).

As shown by classification of the investments by risk profile is shown in the table below, most of the investments are in funds with guarantees (about 59% of the total) and protected funds (10.5%), whereas two-thirds of the remaining portion is represented by funds with low, medium/low and medium risk, and less than one-third of the remaining portion (roughly 8% of the total) is invested in high-risk funds.



Investments backing unit-linked policies: distribution by risk profile

Risk Profile	EurizonVita N. Funds	EurizonVita Market value of funds (in € 000's)	EurizonLife N. Funds	EurizonLife Market value of funds	Total N. Funds	Total Market value of funds	Total %
Low	-	-	4	476,737	4	476,737	3.11%
Medium / low	23	355,966	24	745,227	47	1,101,193	7.18%
Medium	30	1,034,382	22	784,214	52	1,818,596	11.86%
Medium / high	-	-	2	75,709	2	75,709	0.49%
High	15	295,238	37	928,350	52	1,223,589	7.98%
Very high	-	-	-	-	-	-	-
Protected	5	139,146	55	1,466,928	60	1,606,073	10.48%
Guaranteed	449	8,552,951	4	474,773	453	9,027,724	58.89%
Total	**522**	**10,377,683**	**148**	**4,951,938**	**670**	**15,329,620**	**100.00%**

As shown by the following breakdown of the internal funds on the basis of ANIA categories, roughly 29.5% of the funds is represented by balanced funds (10.8%), bond/money-market funds (10.6%) and equity funds (8%), while the remainder (70.6%) refers to flexible funds, which mostly correspond to the those related to the policies incorporating protection or guarantee features.

Investments backing unit-linked policies: classification by ANIA categories

Category	EurizonVita N. Funds	EurizonVita Market value of funds	EurizonLife N. Funds	EurizonLife Market value of funds	Total N. Funds	Total Market value Of funds	Total %
Equities total	**15**	**295,238**	**37**	**928,350**	**52**	**1,223,589**	**7.98%**
- of which: Italian equities	-	-	6	91,807	6	91,807	0.60%
- of which: European equities	-	-	4	139,924	4	139,924	0.91%
- of which: North American equities	-	-	4	61,714	4	61,714	0.40%
- of which: Pacific equities	-	-	4	58,021	4	58,021	0.38%
- of which: global equities	15	295,238	14	532,058	29	827,297	5.40%
- of which: special equities	-	-	5	44,826	5	44,826	0.29%
Balanced total	**28**	**1,021,300**	**11**	**640,351**	**39**	**1,661,652**	**10.84%**
- of which: balanced-equity	8	278,659	2	3,426	10	282,086	1.84%
- of which: balanced	6	144,078	6	607,948	12	752,027	4.91%
- of which: balanced-bond	14	598,563	3	28,976	17	627,539	4.09%
Bonds total	**21**	**342,216**	**34**	**789,828**	**55**	**1,132,044**	**7.38%**
- of which: pure bonds, euro-denominated, government issues, short-term maturities	-	-	1	68,690	1	68,690	0.45%
- of which: pure bonds, euro-denominated, government issues, medium-/long-term maturities	-	-	4	232,771	4	232,771	1.52%
- of of which: pure bonds, euro-denominated corporate issues	-	-	-	-	-	-	-
- of which: pure bonds, international, government issues, short-term maturities	2	6,375	-	-	2	6,375	0.04%
- of which: pure bonds, international, government issues, medium-/long-term maturities	-	-	13	82,834	13	82,834	0.54%
- of which: pure bonds, international, corporate issues	-	-	2	57,392	2	57,392	0.37%
- of which: mixed bonds, Euro Area	-	-	7	206,194	7	206,194	1.35%
- of which: mixed bonds, international	19	335,841	7	141,947	26	477,788	3.12%
Liquidity total	**-**	**-**	**5**	**494,902**	**5**	**494,902**	**3.23%**
- of which: Euro Area liquidity	-	-	4	476,737	4	476,737	3.11%
- of which: liquidity in other currencies	-	-	1	18,165	1	18,165	0.12%
Flexible total	**458**	**8,718,928**	**61**	**2,098,506**	**519**	**10,817,434**	**70.57%**
Total	**522**	**10,377,683**	**148**	**4,951,938**	**670**	**15,329,620**	**100.00%**

Tax Position

The tax disputes in which the Group companies are involved may be divided into two categories:

- Cases in which the Group companies are attempting to obtain the recognition of the right to reimbursement of taxes not due and the interest in relation thereto.
- Cases in which the Group companies are defending themselves against claims made by the revenue authorities in relation to the manner in which the companies have computed taxes within the framework of their business activity.

Disputes involving reimbursements to the Group companies

With the rulings of the Italian Supreme Court, the tax dispute outstanding with the incorporated company formerly known as Fideuram Vita was formally concluded in 2006.

The company's claims in the dispute were aimed at the recognition of receivables due from the tax authorities that arose following EurizonVita's decision to proceed to pay certain taxes, without considering as fully deductible certain provisions to the actuarial reserves, commission expenses and related charges for staff in the underwriting area, and then to file for the reimbursement of the amounts paid as of the payment date.

With favourable rulings n. 23657, 23656, and 23658 of 6 November 2006, the Supreme Court rejected the appeals presented by the revenue authorities in relation to the tax periods of 1991, 1992, 1993, 1995, 1996, 2000 and 2001, confirming, with respect to the merits of the case, the decisions in favour of EurizonVita that had been handed down by the regional tax commission.

As to the years of 1998 and 1999, on 20 December 2006 (with ruling n. 27239), the Supreme Court declared as inadmissible the appeal filed by the State Attorney, inasmuch as the filing was made too late. The appeal was aimed at overturning the ruling (n. 52/04/2003 of 6 November 2003) with which the regional tax commission had confirmed the decision adopted by the judges of the first degree who had affirmed the company's right to the reimbursement of the sums requested (ruling n. 21/61/03 filed on 21 February 2003).

Thus, during 2006, the company received reimbursement for the credits claimed with tax returns filed for the years of 1994 through 1997 (total of € 42.574 million), plus interest of more than € 15.175 million. Altogether, the company has tax credits claimed in the amount of € 95.563 million, plus € 29.641 million of interest.

Disputes initiated by the revenue authorities

On 12 September 2005, the Italian tax police ("Guardia di Finanza") served notice to the former Assicurazioni Internazionale di Previdenza (for its subsidiary formerly known as Noricum Vita) contesting the calculation of income taxes for the year of 2003. On 22 March 2006, the revenue authorities (Office 1, Turin), in acting on the arguments contained in the aforementioned notice, assessed additional taxes, arguing that non-deductible expenses had been included in the computation of taxable income for 2003. The expenses, which totalled € 807,000, referred to commissions on insurance contracts and charges for technical/administrative advisory services. EurizonVita filed an appeal with the Provincial Tax Commission of Turin, which was completely affirmed by the Commission in a ruling filed on 9 February 2007.

The financial services segment is involved in the following disputes:

- In December 2005, the Guardia di Finanza served a notice to Banca Fideuram asserting a dispute with regard to the 2003-2004 fiscal years, regarding the overall tax treatment of the partnership loyalty plans for the private-banker network. An in-depth review and assessment of the matter suggests that the tax treatment of past years is valid. Thus, considering there is only a remote risk of the bank losing the case, no provisions have been made against possible future charges in relation to the dispute.
- In November 2005, the revenue authorities (large taxpayers section) served a notice to Eurizon Capital Sgr S.p.A. claiming amounts for direct taxes, regional taxes on productivity and value-added taxes for the 2002-2003 fiscal years. The most significant amounts claimed include: € 951,000 for corporate income taxes, and with regard to 2003 only, € 10.8 million of regional taxes on productivity. After formally discussing the matter with the revenue authorities, Eurizon Capital Sgr obtained a reduction in the amount claimed and the cancellation of several assertions made, and thus decided to settle the claims. The cost sustained by the company in order to avoid the issuance of a new assessment and thus the re-opening of the dispute was limited to around € 350,000.

Report of the Indipendent Auditors

PricewaterhouseCoopers SpA

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 156 AND ARTICLE 165 OF LAW DECREE N° 58 DATED 24 FEBRUARY 1998 AND ARTICLE 102 OF LAW DECREE N° 209 DATED 7 SEPTEMBER 2005

To the Shareholders of
Eurizon Financial Group SpA

1 We have audited the consolidated financial statements of Eurizon Financial Group SpA and its subsidiaries ("Eurizon Financial Group"), which comprise the balance sheet, income statement, statement of changes in shareholders' equity, cash flow statement and the related notes as of 31 December 2006. These consolidated financial statements are the responsibility of Eurizon Financial Group's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB. In accordance with those standards and criteria, the audit has been planned and performed to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, as well as assessing the appropriateness of the accounting principles used and the reasonableness of the estimates made by the Directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 10 April 2006.

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. 3.754.400,00 Euro i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n. 43 dell'Albo Consob – Altri Uffici: **Bari** 70125 Viale della Repubblica 110 Tel. 0805429863 – **Bologna** 40122 Via delle Lame 111 Tel. 051526611 – **Brescia** 25124 Via Cefalonia 70 Tel. 0302219811 – **Firenze** 50129 Viale Milton 65 Tel. 0554627100 – **Genova** 16121 Piazza Dante 7 Tel. 01029041 – **Napoli** 80121 Piazza dei Martiri 30 Tel. 0817644441 – **Padova** 35137 Largo Europa 16 Tel. 0498762677 – **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 – **Parma** 43100 Viale Tanara 20/A Tel. 0521242848 – **Roma** 00154 Largo Fochetti 29 Tel. 06570251 – **Torino** 10129 Corso Montevecchio 37 Tel. 011556771 – **Trento** 38100 Via Grazioli 73 Tel. 0461237004 – **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 – **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 – **Udine** 33100 Via Poscolle 43 Tel. 043225789 – **Verona** 37122 Corso Porta Nuova 125 Tel. 0458002561

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3 In our opinion, the consolidated financial statements of Eurizon Financial Group SpA as of 31 December 2006 comply with International Financial Reporting Standards as adopted by the European Union and with the rules issued in application of article 9 of Law Decree n° 38/2005; accordingly, they give a true and fair view of the consolidated financial position, consolidated results of operations, changes in consolidated shareholders' equity and consolidated cash flows of Eurizon Financial Group for the year then ended.

Milan, 27 March 2007

PricewaterhouseCoopers SpA

Signed by

Angelo Giudici
(Partner)

This report has been translated from the original which was issued in accordance with Italian legislation. References in this report to the Financial Statements refer to the Financial Statements in original Italian and not to their translation.

Eurizon Financial Group S.p.A.
Financial Statements

Trend of Operations

Eurizon Financial Group is a company holding investments in the insurance business as defined by Legislative Decree n. 209/05, and is accordingly subject to the regulations for the insurance industry.

Under current regulations, the company is not required to publish financial statements in accordance with the new international accounting principles and has thus prepared its financial statements in accordance with national accounting principles.

Eurizon Financial Group S.p.A. earned a net profit of € 363 million in 2006. The company's net profit in 2005 amounted to € 262.6 million, however such result does not take into account the investment in Eurizon Capital Sgr acquired in June 2006.

Dividends on equity investments in subsidiaries and affiliates figure as one of the main accounts in the company's profit and loss statement. Such dividends amounted to € 397.1 million in 2006, and included € 204.9 million from Banca Fideuram, € 118.5 million from Eurizon Capital Sgr and € 73.7 million from EurizonVita. By comparison, the amount of dividends accrued in 2005 was € 269.6 million, including € 147.3 million from EurizonVita and € 122.3 million from Banca Fideuram.

Administrative expenses totalled € 56.5 million (€ 3.8 million in 2005), and included personnel expenses of € 22.2 million (not comparable with 2005 inasmuch as the company was incorporated in October 2005 and had no staff as of the year end) and € 34.3 million of other expenses (€ 3.8 million in 2005).

Personnel expenses include both fixed and variable outlays in relation to salaries and benefits for the company's roughly 125 employees, while the other administrative expenses mainly refer to the activities involved in Eurizon's stock-market listing, a plan that was suspended pending the publication of a business plan after the merger between Eurizon's former parent, Sanpaolo IMI, and Banca Intesa.

As such, most of the € 34.3 million of other administrative expenses can be considered as non-recurring expenses. Instead, the expenditures related to the public tender offer for Banca Fideuram (approximately € 6 million) and the outlays related the acquisition of the investment in Isyde (around € 0.5 million) were capitalized as part of the cost of the investments.

Other operating income of € 9.4 million includes the recovery of expenditures related to the company's personnel on assignment with the parent company, Sanpaolo IMI (roughly € 6 million) and revenues earned for outsourcing services provided to the subsidiaries (around € 3 million).

The tax provision is a credit of € 13.4 million, which represents the balance of a corporate income tax credit of € 13.6 million booked in relation to the tax loss for the year (net of dividends) and deferred taxes of € 0.2 million.

Turning to the balance sheet, the total assets as of 31 December 2006 amounted to around € 9.2 billion and consisted almost entirely of equity investments. With respect to the prior year when the company reported investments in EurizonVita (carrying value of € 2.7 billion) and Banca Fideuram (€ 2.9 billion), the 2006 balance sheet includes a roughly € 1 billion increase in the value of Banca Fideuram as a result of the shares acquired in 2006 through the public tender offer to minority shareholders, and the € 1.9 billion cost of the investment in Eurizon Capital Sgr, acquired at the end of June 2006. The equity investments also include the holding in Isyde, which was acquired in August 2006 and has a carrying value of € 8.5 million, inclusive of the ancillary charges capitalized.

The liabilities and shareholders' equity accounts incorporate roughly € 9 billion of net equity, inclusive of the € 1.2 billion payment made by the sole shareholder, Sanpaolo IMI, to be applied to a future capital increase.

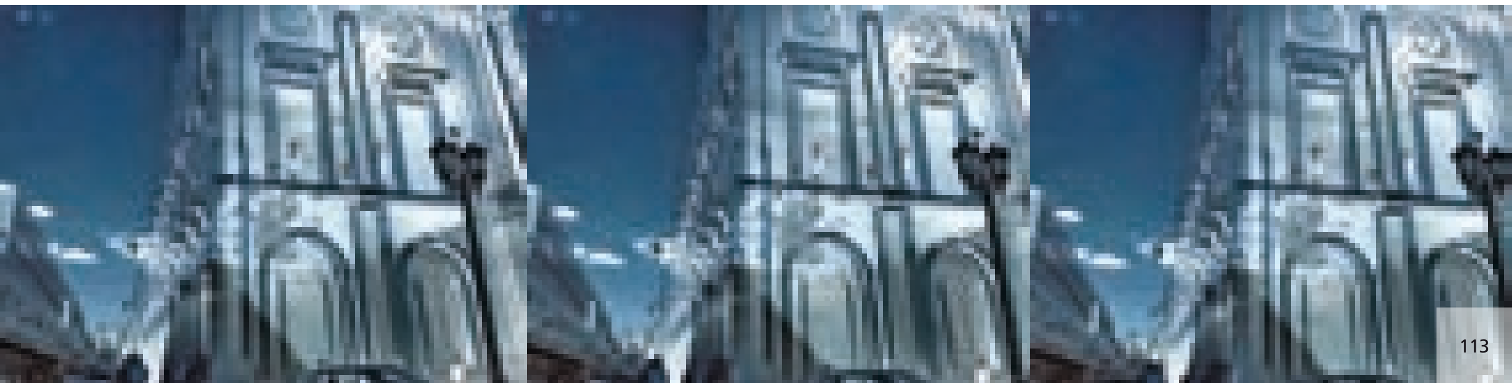
Additional information on the company may be found in the report on operating performance provided with the consolidated financial statements, with this report representing a supplement thereto.

Proposal for Approval of the Financial Statements and the Allocation of Earnings

The financial statements for the Eurizon Financial Group in relation to the year of 2006 are hereby submitted to the shareholder.

Taking into consideration the Eurizon Financial Group's operating performance and its business development prospects, the board of directors proposes the following allocation of the net profit of € 363,040,358.58:

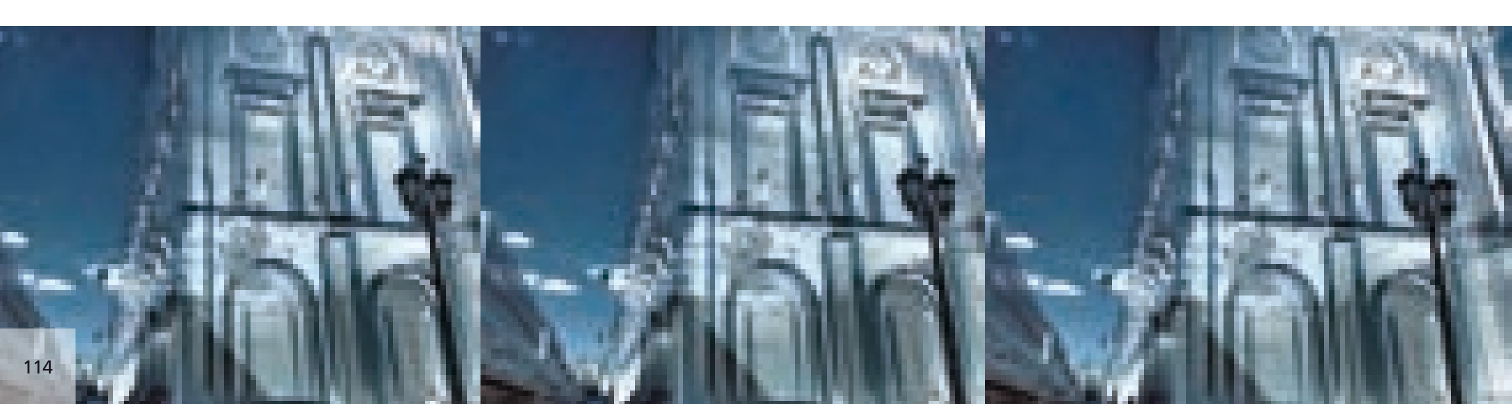
- € 18,152,018.58, equal to 5% of earnings to the legal reserve (pursuant to Article 2430 of the Italian Civil Code).
- € 150,800,000.00 as a return on the shareholder's capital, through the distribution of a dividend per share of € 0.13 (pre-tax) to the 1.16 billion shares outstanding.
- € 194,088,340.00 to retained earnings.



Financial Statements

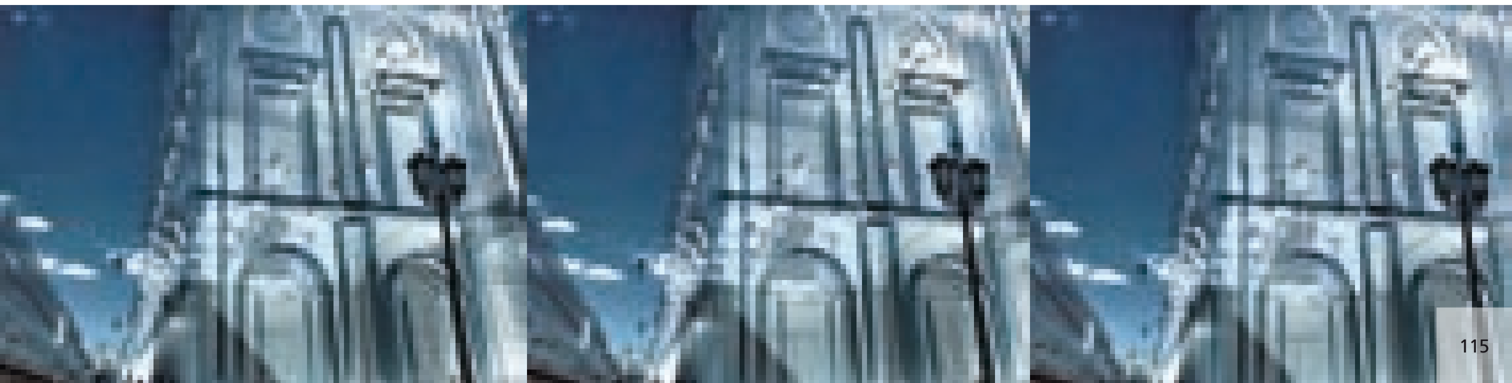
Balance sheet - Assets

(in €)		31/12/2006	31/12/2005
10.	Cash and cash equivalents	7,112	
20.	Due from banks	232,722,304	1,002,799
30.	Due from financial institutions		
40.	Due from customers		
50.	Bonds and other fixed-income securities		
60.	Shares, units and other equity securities		
70.	Equity investments		
80.	Equity investments in Group companies	8,516,988,627	5,600,000,000
90.	Intangible assets	521,327	260,442
100.	Fixed assets	28,341	
110.	Unpaid, subscribed capital		
120.	Own shares or quotas		
130.	Other assets	419,998,221	270,898,977
140.	Accrued income and prepayments	86,026	
	Total assets	**9,170,351,958**	**5,872,162,218**



Balance sheet - Liabilities and shareholders' equity

(in €)		31/12/2006	31/12/2005
10.	Due to banks		
20.	Due to financial institutions		
30.	Trade accounts payable		
40.	Securities issued		
50.	Other liabilities	42,487,478	8,542,031
60.	Accrued liabilities and deferred income		
70.	Employee severance indemnity reserve	673,935	
80.	Reserves for risks and charges		
90.	Reserves for credit risks		
100.	Reserve for general financial risks		
110.	Subordinated liabilities		
120.	Share capital	116,000,000	101,000,000
130.	Paid-in capital	7,385,000,000	5,500,000,000
140.	Reserves	1,263,150,186	
150.	Valuation reserves		
160.	Retained earnings		
170.	Profit (loss) for the period	363,040,359	262,620,187
	Total liabilities and shareholders' equity	**9,170,351,958**	**5,872,162,218**



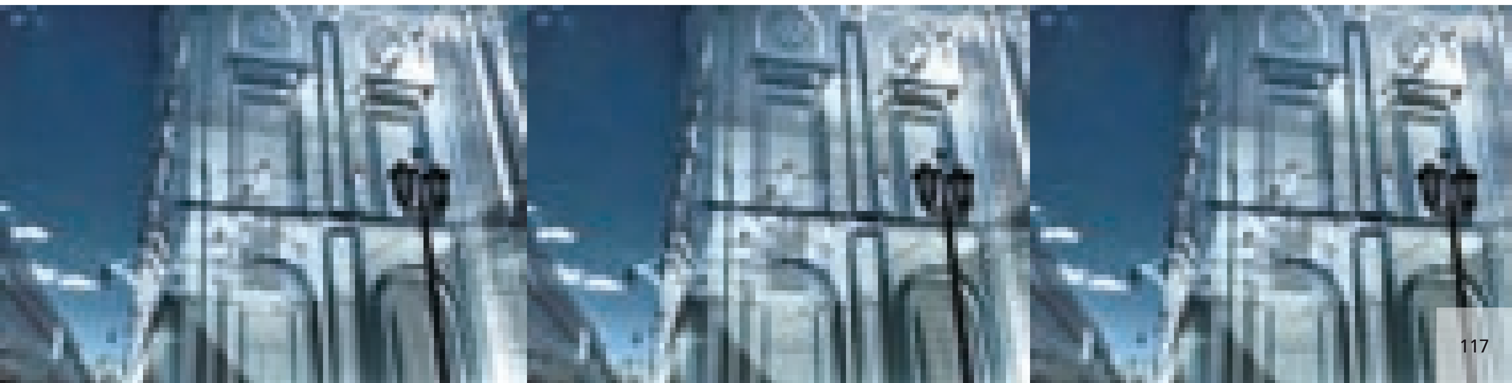
Profit and loss statement

(in €)		31/12/ 2006	31/12/2005
10.	Interest and similar expense	2,746,695	
20.	Commissions expense		
30.	Losses from financial transactions		
40.	Administrative expenses:	56,482,392	3,796,343
	a) personnel expenses	22,156,847	
	b) other administrative expenses	34,325,545	3,796,343
50.	Adjustments to the value of fixed and intangible assets	235,401	36,296
60.	Other operating expenses		
70.	Provisions for risks and charges		
80.	Provision to reserves for credit risks		
90.	Adjustments to the value of receivables and provisions for guarantees and commitments		
100.	Adjustments to the value of non-current financial assets		
110.	Non-recurring charges	11,313	
130.	Income tax provision for the period	-13,372,535	3,185,471
140.	Net profit for the period	363,040,359	262,620,187
	Total expenses	**409,143,625**	**269,638,297**
10.	Interest and similar income	2,663,885	3,859
20.	Dividends and other income:	397,086,355	269,634,438
	(a) on shares, quotas and other equity securities		
	(b) on equity investments		
	(c) on equity investments in subsidiaries and affiliates	397,086,355	269,634,438
30.	Commissions earned		
40.	Profits from financial transactions		
50.	Recovery of value on receivables and on provisions for guarantees and commitments		
60.	Recovery of value on non-current financial assets		
70.	Other operating income	9,393,085	
80.	Non-recurring income	300	
100.	Loss for the period		
	Total revenues	**409,143,625**	**269,638,297**

The year-on-year comparison of the data is not significant inasmuch as the company was set up in October 2005. Given the investment in Eurizon Capital Sgr made in 2006, the company accrued a dividend in relation thereto.

Statement of changes in shareholders' equity

(in € 000's)	Balances as of 31/12/2005	Issue of New Shares	Change in Reserves	Dividend Distribution	Other Allocations	Profit for the Period	Balances as of 31/12/2006
Share capital	101,000	15,000					116,000
Capital reserves:							
a) Paid-in capital	5,500,000		1,885,000				7,385,000
b) Other							
Earnings reserves:							
a) Payment toward future capital increase			1,250,000				1,250,000
b) Legal reserve					13,150		13,150
c) Other							
Profit (loss) for the period	262,620			-249,470	-13,150	363,040	363,040
Shareholders' equity	**5,863,620**	**15,000**	**3,135,000**	**-249,470**	**-**	**363,040**	**9,127,190**



Statement of changes in financial position

(in € 000's)	31/12/2006
Net profit for the period	**363,040**
Depreciation, amortization and provisions	908
Change in other assets	-149,185
Change in other liabilities	33,945
Change in equity investments	-2,916,988
Change in fixed and intangible assets	-524
Dividend distribution	-249,470
Change in shareholders' equity	3,150,000
Total net liquidity generated/ absorbed during the year	**231,726**
Opening balance of cash and cash equivalents	1,003
Increase (decrease) in cash and cash equivalents	**231,726**
Closing balance of cash and cash equivalents	232,729

Notes to the Financial Statements

The 2006 financial statements have been prepared in accordance with the provisions of Italian Legislative Decree n. 87 of 27 January 1992, and the instructions contained in an order issued by the Bank of Italy on 31 July 1992 (and subsequent modifications and additions thereto), which dictate the format and the rules for the financial statements of financial entities and companies. For any matter not specifically governed by the special regulations, reference is made to the Italian Civil Code, taking into account the provisions of national accounting principles.

The financial statements consist of the balance sheet, the profit and loss statement and these notes, and are supplemented by the report on operating performance prepared by the board of directors.

The amounts reported in the financial statements correspond to the amounts registered in the corporate accounting records, which, in turn, fully reflect the transactions effected during the year. The financial statements have been audited the independent audit firm, PricewaterhouseCoopers.

The amounts in the balance sheet and in the profit and loss statement are denominated in euros, whereas the amounts in these notes are denominated in thousands of euros.

Part A - Valuation Criteria

Receivables and payables

Receivables and payables are booked at their nominal values at the time of settlement of the related transactions; in the case of receivables, the nominal value is deemed equivalent to the estimated realizable value.

Equity investments

Subsidiaries are defined as those companies for which Eurizon Financial Group has the power to determine the administrative, financial and operational policies and in which the Eurizon Financial Group holds more than 50% of the voting rights.

Equity investments are valued at purchase or subscription cost. Cost is reduced to reflect permanent impairment of value whenever the companies in which the investments are held have sustained losses and are not expected to generate earnings in the near future in an amount to absorb such losses. In the event of a writedown, the original value of the asset may be reinstated in later periods if the reasons for the writedown no longer apply

Fixed and intangible assets

Fixed and intangible assets are initially booked at cost, inclusive of any ancillary charges directly attributable to the purchase of the assets and their placement in service. Thereafter, the assets are stated net of depreciation, amortization and any writedowns effected to reflect impairment of value. The assets are tested for impairment at each balance sheet date.

Depreciation and amortization are computed on a straight-line basis in relation to the residual possibility of the use of each asset. The useful life of the fixed assets subject to depreciation is periodically assessed, and in the event of any adjustment to the initial estimates, the relative rate of depreciation is modified accordingly.

Intangible assets mostly consist of expenditures for software acquired from third parties. The intangible assets are amortized on a straight-line basis over an estimated useful life of three years, starting from the date on which the applications are completed and placed into service

Other assets and other liabilities

Other assets include: amounts due from the subsidiary companies for dividends accrued and not yet collected; a receivable from the parent company, Sanpaolo Imi, for current corporate income taxes and tax withholding, originating as part of Eurizon Financial Group's participation in a consolidated national income tax return; and deferred tax assets (corporate income taxes) booked in view of the reasonable certainty of their recovery in the near term.

Other liabilities include payables to subsidiary companies, and liabilities for deferred corporate income taxes related to the accrual of deferred tax liabilities on the accrual of dividends. Even though the dividends to be collected within the framework of a consolidated national income tax return have been tax exempt, the deferred tax liabilities have been booked in accordance with the principle of prudence in light of the fact of possible changes in the structuring of the consolidated income tax return (following the Intesa Sanpaolo merger) that might not allow the total tax exemption of the dividends during the year in which such income becomes significant from a tax standpoint (2007, the year when the dividends will actually be collected).

Revenues and expenses

Revenues and expenses are booked in accordance with the matching principle, with the reporting of any accrued and deferred amounts. Given the existence of the premises established by CONSOB, dividends from subsidiary companies are booked during the periods in which the dividends are earned. This criterion has been adopted for dividends from direct subsidiaries, whose distribution has been approved, on the basis of the financial statements approved by the respective boards of directors and shareholders, at dates preceding the dates of the comparable approvals on the part of the Eurizon Financial Group S.p.A. board of directors and the Eurizon Financial Group S.p.A. shareholders.

Taxes

In accordance with prevailing fiscal regulations and the Italian accounting principle n. 25, the provision for income taxes has been computed on the basis of a realistic estimate, and has been booked to the profit and loss statement on the basis of the matching principle. In relation to such principle, Eurizon Financial Group has booked provisions for deferred tax assets and deferred tax liabilities on the basis of timing differences in the recognition of revenues and expenses for financial-reporting purposes and tax purposes.

In 2005, the company elected to take part in the consolidated national income tax return of the parent, Sanpaolo IMI, and thus, for corporate income tax purposes, the company computed its total net income, without actually making a tax payment, with the obligation therefor being vested with the parent

The company's tax loss for the year to be allocated to the consolidated tax return in accordance with the agreements in effect with the parent company resulted in a corporate income tax credit of € 13.7 million that has been booked as a receivable from the parent company.

The company has not accrued any provisions for the regional tax on productivity ("IRAP") since the company had no taxable income for IRAP purposes, and IRAP does not fall within the framework of the consolidated national income tax return.

Part B - Information on the Balance Sheet

Due from banks

The amounts due from banks as of 31 December 2006 totalled € 232.722 million (€ 1.003 million as of 31 December 2005), and refer to amounts left on deposit in current accounts maintained with the subsidiary, Banca Fideuram.

Equity investments in Group companies

The equity investments in Group companies as of 31 December 2006 amounted to € 8,516.989 million (€ 5,600 million as of 31 December 2005) and regard the following shareholdings:

• EurizonVita (99.96%) with a carrying value of € 2,700.005 million;

• Banca Fideuram (95.12%) with a carrying value of € 3,908.439 million;

• Eurizon Capital Sgr (100% acquired on 30 June 2006) with a carrying value of € 1,900 million;

• Isyde (100% acquired on 3 August 2006) with a carrying value of € 8.544 million.

The above amounts also include capitalized ancillary charges.

The criteria for the valuation of the investments are detailed in the section of these notes covering valuation criteria.

Fixed and intangible assets

The intangible assets as of 31 December 2006 totalled € 0.521 million (€ 0.260 million as of 31 December 2005), and included € 0.354 million referring to software having future economic benefits, € 0.146 million of start-up costs and € 0.021 million with reference to the company's trademark.

Fixed assets as of 31 December 2006 amounted to € 0.028 million (zero as of 31 December 2005), and refer to furnishings, fixtures and office equipment, net of depreciation charged during the period.

Other assets

Other assets as of 31 December 2006 totalled € 419.998 million (€ 270.899 million as of 31 December 2005), and mainly consisted of amounts due from subsidiaries for dividends.

Other liabilities

Other liabilities as of 31 December 2006 amounted to € 42.487 million (€ 8.542 million as of 31 December 2005), and were mostly made up of: trade payables (almost all of which are related to the supply of goods and services in Italy) of more than € 5.0 million, invoices to be received of roughly € 8.0 million, and approximately € 15.0 million due to the minority shareholders of Banca Fideuram who tendered their shares as part of a residual offer (concluded in January 2007).

Employee severance indemnity reserve

The employee severance indemnity reserve totalled € 0.674 million as of 31 December 2006 and covered all amounts due to the company's full-time personnel. Considering the company did not have any employees as of 31 December 2005, there was no reserve established for that year.

Shareholders’ equity

The shareholders’ equity accounts, inclusive of the annual net profit, had a balance of € 9,127.191 million as of 31 December 2006 (€ 5,863.620 million as of 31 December 2005).

The Eurizon Financial Group’s fully subscribed and paid share capital amounts to € 116.0 million (€ 101.0 million as of 31 December 2005), and consists of 1.16 billion ordinary shares with par value of € 0.10 each. The increase of € 15.0 million is related to the 2006 acquisition of Eurizon Capital Sgr.

The paid-in capital of € 7,385 million (€ 5.500 million as of 31 December 2005) represents amounts booked upon the transfer of the equity investments.

The other reserves, which had a zero balance as of 31 December 2005, include a € 1,250 million payment made by the sole shareholder, Sanpaolo IMI, to be applied to a future capital increase, and the legal reserve of € 13.131 million.

It is noted that the paid-in capital is the only capital reserve available for distribution. Any distribution thereof would not entail taxation for the shareholder, but rather a reduction in the tax value of the equity investments.

Part C – Information on the Profit and Loss Statement

Interest margin

Representing the balance of interest earned on current accounts and securities (€ 2.664 million) and interest paid on a financing provided by the affiliate company, Banca IMI, in relation to the Banca Fideuram public tender offer (€ 2.747 million), the interest margin for 2006 was a net expense of € 0.083 million (whereas in 2005, the margin was positive for € 0.004 million).

Administrative expenses

The administrative expenses came to € 56.482 million in 2006, and included: € 22.157 million of personnel expenses (zero in 2005) and € 34.326 million of other administrative expenses (€ 3.796 million in 2005) most of which were related to matters other than the company's core business (e.g. expenditures for the stock-market listing that was then suspended). Recurring charges accounted for roughly € 14.0 million of the other administrative expenses, and include director compensation (roughly € 1.0 million) and compensation to the statutory auditors (roughly € 0.200 million).

With regard to the personnel expense, it is noted that the company had an average work force of 62 employees in 2006 (9 senior managers, 31 officers and 22 clerical workers).

Adjustments to the value of fixed and intangible assets

Adjustments to the value of fixed and intangible assets totalled € 0.235 million in 2006 (€ 0.036 million in 2005), and mainly refer to the amortization of the software for the company's accounting system.

Income taxes

The company elected to take part in the consolidated national income tax return prepared by the Sanpaolo IMI Group for the 2005-2007 three-year period.

For the effect thereof, the company's tax loss generated a corporate income tax credit of € 13.617 million, which has been booked in accordance with the consolidation agreement signed with the parent company and in observance of the Italian accounting principle n. 25 and the OIC supplement n. 2.

The tax provision booked as of 31 December 2006 was a credit of € 13.373 million (charge of € 3.185 million for 2005). The amount reflects the difference between the corporate income tax computed on the profit (loss) for the current period (credit of € 13.617 million), and the net deferred corporate income tax for the same period (charge of € 0.244 million).

The company did not accrue any current or deferred regional taxes on productivity inasmuch as the taxable base for the computation of such tax was negative, and such taxes are not part of the consolidated national tax return.

There were no provisions set aside in 2006 to reserves for tax risks inasmuch as the company does not have any outstanding tax disputes.

The overall provision for income taxes for the year is a credit of € 13.373 million, and includes the effects of deferred taxes, as shown in the table below:

	31/12/2006	31/12/2005
Current corporate income taxes	-13,617	-1,126
Deferred corporate income taxes: assets	-1,858	-138
Deferred corporate income taxes: liabilities	2,102	4,449
Total	**-13,373**	**3,185**

The deferred tax assets of € 1.858 million originated from the timing differences and related reversal as shown below:

	Timing Differences	Corporate Income Taxes at 33% Rate (Deferred)
Unpaid director compensation (Article 95 of the Fiscal Consolidation Act)	93	31
Expenditures relating to a future tax year (art. 109 of the Fiscal Consolidation Act)	5,537	1,827
Totale		**1,858**

The deferred tax liabilities of € 2.102 million originated from the timing differences and related reversal as shown below:

	Timing Differences	Corporate Income Taxes at 33% Rate (Deferred)
Taxable portion (5%) of dividends accrued but not collected	6,372	2,102

The deferred tax assets indicated above were booked in view of the reasonable certainty of the company's capacity to generate future taxable income that can be used for the recovery of the assets within the framework of the consolidated tax return.

The net deferred tax liabilities amount to € 0.244 million.

Reconciliation between corporate income taxes computed at statutory rates and actual tax provision

	31/12/2006
Pre-tax profit	**349,668**
Ordinary tax rate applicable	37.25%
Theoretical tax charge	130,251.33
Fiscal impact of:	
- Tax-exempt dividends	-128,935
- Non-recurring transactions	-
- Substitution tax on the revaluation of buildings	-
- Cost permanently not deductible	173
- Regional tax on productivity and other minor items	-14,861
Actual tax provision	-13,372.53
Actual tax rate	-3.8%

Dividends

The company earned dividends of € 397.086 million in 2006 (€ 269.634 million in 2005), which reflect, as indicated above, the dividends paid by subsidiaries.

Other operating income

Other operating income came to € 9.393 million for 2006 (zero in 2005), and includes: € 6.344 million of expenses recovered for personnel on assignment and the recovery of director compensation and € 3.049 million of revenues from services supplied through outsourcing arrangements.

Relationships with the parent company

Aside from the tax return outlined above, the company did not have any significant business or financial relationships (individual amounts of more than € 1 million) with the parent company, Sanpaolo IMI, as of 31 December 2006.

Report of the Board of Statutory Auditors

to the shareholders pursuant to Article 2429 of the Italian Civil Code

To the shareholder,

During the year ended 31 December 2006, we carried out the audit activity provided by the law, including by taking into account the Regulations of Conduct for the board of statutory auditors recommended by the Italian accounting profession (so-called "Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri").

As part of its activity to coordinate the operations of the Intesa Sanpaolo Group's activity in the asset management and pension businesses, the company effected the acquisitions as outlined below:

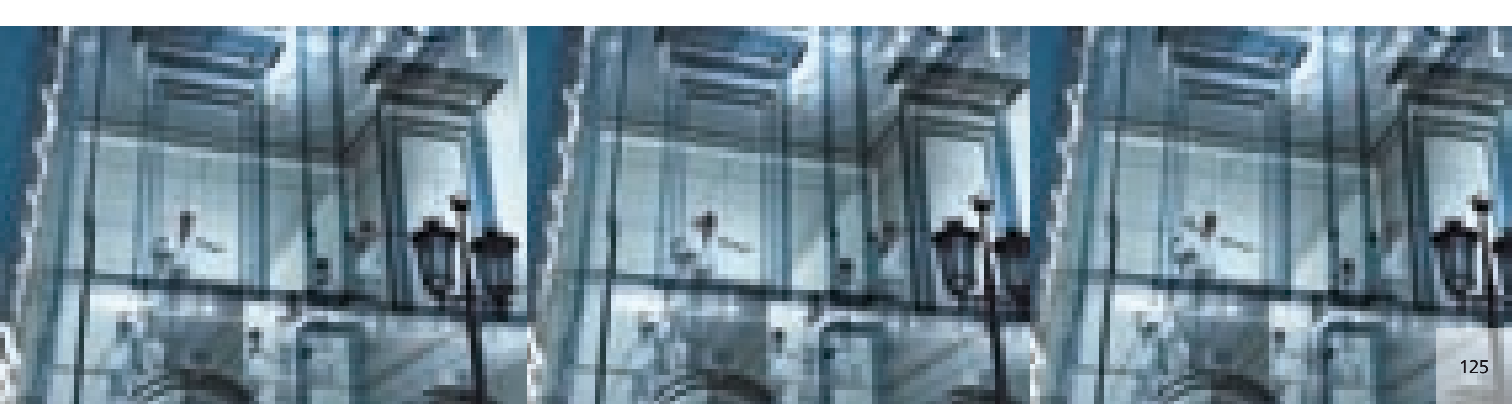
- Tthe acquisition of 100% of Eurizon Capital Sgr from Sanpaolo IMI.
- A voluntary public tender offer for all of the ordinary shares of Banca Fideuram held by minority shareholders.
- The acquisition of 100% of the capital of Isyde, that was then transformed into a joint-stock company.

We acknowledge that such transactions, as illustrated in detail in the report on operating performance prepared by the directors, were carried out in complete compliance with applicable regulations and laws.

In July, the company embarked on the process of securing a stock-market listing. Following the resolution passed by the Sanpaolo IMI board of directors on 12 October 2006 approving the plan to merge with Banca Intesa, the company's board of directors passed a resolution on 16 October 2006 deferring the initial public offering to 2007 and thus interrupting said process.

With regard to the manner in which we carried out the official activity for which we are responsible, we are able to acknowledge that:

- We held 11 meetings of the board of statutory auditors, during which we ascertained and verified information, carrying out the audit activity provided by primary and secondary regulations, not limiting ourselves to the merely formal aspects.
- We attended all 13 meetings of the board of directors held during the year, obtaining, as provided by Article 2381, Paragraph 5 of the Italian Civil Code and by the company's by-laws, timely and suitable information about the general trend of operations and the outlook for the same, and about the most significant transactions, in terms of their size or characteristics, effected by the company and by its subsidiaries, and we found the board of directors' decision-making processes to be correctly based on the fundamental principle of taking action only when well informed.
- We attended all of the shareholders' meeting held during the year.
- We periodically met with the firm, PricewaterhouseCoopers, which is charged with auditing the company's accounts, for the purpose of the timely exchange of data and information significant for the execution of our respective duties, and that on such occasions, we examined the periodic reports prepared by PricewaterhouseCoopers.
- We maintained regular and adequate contact with the internal controls area of the company.
- We had periodic meetings with the company's senior management and with the managers of the various organizational units.



- We ensured regular contact with the boards of statutory auditors of the parent company and subsidiaries, including by virtue of joint presence of members of such bodies.

With regard to the control and audit of the business:

- We obtained information and checked, with regard to our specific responsibility, the respect of the fundamental criterion of prudent and proper management of the company and more in general, the principle of diligence, with all of such activity carried out in light of our participation in the meetings of the board of directors, and the documentation and timely information received in relation to transactions effected by the company.

- We checked on the suitability of the definition of delegated authority, and on the continuing improvement of the company's organizational structure, reporting on the adequacy thereof.

- We evaluated, with regard to our specific responsibility, the reliability of the administrative and accounting system and the system's capacity to represent business events in a proper manner, and did so by directly reviewing company documents, procuring information from the managers of various departments, periodically meeting with the independent audit firm and analyzing the results of the work carried out by the same.

- We checked the internal controls system. We examined the audit plan drawn up by the internal controls department and discussed with the department's personnel the outcome of the audits and the corrective measures proposed. We are of the opinion that the internal controls department meets the requisites for independence. We also are of the opinion that the internal controls system is adequate for the company's operations and meets the requisites in terms of its efficiency and efficacy in safeguarding against risks and in complying with internal and external procedures and directives.

- We examined contracts with the companies of the Group entailing rights and obligations of the company.

- We ascertained, with respect to the money-laundering prevention law (Law n. 197/91), that the company's disclosure and training activity, as well as the procedures for identifying any suspicious transactions are adequate overall.

- We acknowledge that on 25 January 2007 the board of directors arranged to appoint, as provided by Article 6 of Legislative Decree n. 231/01, the members of the supervisory board charged with overseeing the application of the management and control organizational model provided by said decree, whose general structure was approved by the board of directors on 25 July 2006 and whose specific aspects were approved by the board of directors on 25 January 2007.

- We acknowledge that on 25 January 2007, the board of directors also appointed the members of the internal controls committee and the compensation committee, as provided by the company's by-laws and by the respective rules approved by the board of directors on 25 July 2006.

- We ascertained that the company has adopted a suitable policy for managing the risks that are detailed in both the report on operating performance and the notes to the consolidated financial statements.

- We ascertained the proper application of the criteria and procedures adopted by the board of directors for evaluating the independence of its members.

- We issued the opinion providing for an extension of the audit mandate to PriceWaterHouseCoopers, pursuant to Legislative Decree n. 58/98.

We acknowledge that there were no claims provided by Article 2408 of the Italian Civil Code presented to the board of statutory auditors during the year, and that we did not receive any reports from anyone.

The information procured about the transactions carried out by the company and by its subsidiaries which had the most significant impact on earnings, financial position and capital made it possible for us to ascertain that such transactions were in conformity with the law and the company's by-laws and effected in the company's interest. In our opinion, such transactions do not merit any specific observations by the board of statutory auditors.

We also procured suitable information about transactions between the Group companies and transactions with related parties. Such transactions are appropriately described in the report on operating performance and in the notes to the financial statements, as required by Article 2428, Paragraph II, Article 2497-bis, Paragraph V and Article 2497-ter of the Italian Civil Code and by international accounting principles. As far as we are concerned, we acknowledge the transactions' conformity with the law and the company's by-laws, their execution in the company's interest, and the absence of any situations that would require further considerations and comments on our part.

We did not detect any atypical and/or unusual transactions carried out with related parties or third parties.

We note that the independent audit firm is responsible for auditing: the regular maintenance of the accounting records; the proper reporting of business events in the accounting records; the correspondence between the information contained in the financial statements and the results in the accounting records; and the extent to which the holding company's financial statements and the consolidated financial statements conform to the law. We reviewed the general orientation of the independent audit firm's work in this regard.

Having first determined, via meetings with the managers of various departments and the independent audit firm, the adequacy of the administrative and accounting system and the system's capacity both to represent business events in a proper manner and to convert the information about business events into reliable data systems for information disclosure purposes:

- We acknowledge that the holding company's financial statements and the consolidated financial statements have been prepared using the formats required by the law, in accordance with regulations prevailing in the sector in which the company operates.

- With reference to the consolidated financial statements, we acknowledge that the notes to the financial statements contain the statement of conformity with the applicable international accounting principles and indicate the main valuation criteria adopted, as well as the information supporting the amounts reported in the balance sheet, profit and loss statement, statement of changes in shareholders' equity, and statement of changes in financial position; in particular, we noted that the notes to the financial statements contain an indication of the specific accounting principles chosen and applied for material transactions and business events.

- We ascertained that the holding company's financial statements and the consolidated financial statements correspond to the events and information of which we became aware by virtue of participation in the meetings of the board of directors, which made it possible to obtain suitable information about the transactions carried out by the company and by its subsidiaries which had the most significant impact on earnings, financial position and capital.

- We express our consent to the € 146,000 of start-up costs, net of amortization, booked to the holding company's balance sheet.

We ascertained that the reports on the holding company's and Group's operating performance are in compliance with prevailing laws, and are consistent with the resolutions adopted by board of directors, with the facts represented by the financial statements and with the information available to the board of statutory auditors; we are of the opinion that the information reviewed complies fully with regulations on the subject, and allows for a clear, comprehensive and rational illustration of the company's and the Group's situation, the trend of operations and the outlook for the same.

We asked the independent audit firm if any material findings, situations of uncertainty, or limitations were detected during the work carried out by the firm for the purpose of issuing an opinion. The independent audit firm reported to us in relation to the trend of the audit engagement, specifying that it was inclined, on the basis of the activity carried, to issue a positive opinion, without any findings about the holding company's financial statements or the consolidated financial statements.

In concluding this report, we acknowledge that our audit activity was carried out on a normal basis in 2006 and that we did not detect any significant events that would have required reporting to the regulatory authorities or mention in this report. With reference to the holding company's financial statements and the consolidated financial statements, we do not have any observations or proposals to formulate, and we express, with regard to our specific responsibility, a favourable opinion to the approval of the same. We likewise acknowledge that the proposal for the allocation of the annual net profit complies with the law and the company's statute.

Turin - Padua, 24 March 2007

The Board of Statutory Auditors

Report of the Indipendent Auditors

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers SpA

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 156 AND ARTICLE 165 OF LAW DECREE N° 58 DATED 24 FEBRUARY

To the Shareholders of
Eurizon Financial Group SpA

1 We have audited the financial statements of Eurizon Financial Group SpA as of 31 December 2006. These financial statements are the responsibility of Eurizon Financial Group's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB. In accordance with those standards and criteria, the audit has been planned and performed to obtain the necessary assurance about whether the financial statements are free of material misstatement and, taken as a whole, are reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles used and the reasonableness of the estimates made by the Directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 10 April 2006.

3 In our opinion, the financial statements of Eurizon Financial Group SpA as of 31 December 2006 comply with the laws governing the criteria for their preparation; accordingly, they give a true and fair view of the financial position and results of operations of Eurizon Financial Group for the year then ended.

Milan, 27 March 2007

PricewaterhouseCoopers SpA

Signed by

Angelo Giudici
(Partner)

This report has been translated from the original which was issued in accordance with Italian legislation. References in this report to the Financial Statements refer to the Financial Statements in original Italian and not to their translation.

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. 3.754.400,00 Euro i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n. 43 dell'Albo Consob – Altri Uffici: **Bari** 70125 Viale della Repubblica 110 Tel. 0805429863 – **Bologna** 40122 Via delle Lame 111 Tel. 051526611 – **Brescia** 25124 Via Cefalonia 70 Tel. 0302219811 – **Firenze** 50129 Viale Milton 65 Tel. 0554627100 – **Genova** 16121 Piazza Dante 7 Tel. 01029041 – **Napoli** 80121 Piazza dei Martiri 30 Tel. 08136181 – **Padova** 35137 Largo Europa 16 Tel. 0498762677 – **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 – **Parma** 43100 Viale Tanara 20/A Tel. 0521242848 – **Roma** 00154 Largo Fochetti 29 Tel. 06570251 – **Torino** 10129 Corso Montevecchio 37 Tel. 011556771 – **Trento** 38100 Via Grazioli 73 Tel. 0461237004 – **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 – **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 – **Udine** 33100 Via Poscolle 43 Tel. 043225789 – **Verona** 37122 Corso Porta Nuova 125 Tel. 0458002561

Resolution of the Shareholders' Meeting

The shareholders' meeting held on 11 April 2007 in Turin passed a resolution:

a) Approving the Eurizon Financial Group S.p.A. financial statements as of 31 December 2006.

b) Approving the proposals formulated by the Eurizon Financial Group Board of Directors for the allocation of the net profit of € 363,040,358.58 as follows:

- 5.0 percent of the net profit, or € 18,152,018.58 to the legal reserve;
- € 150,800,000.00 to the shareholders, through the distribution of a dividend of € 0.13 per share to the 1.16 billion ordinary shares issued and outstanding;
- the carryover of the residual earnings, € 194,088,340.00;

establishing a dividend payment date of 31 May 2007.

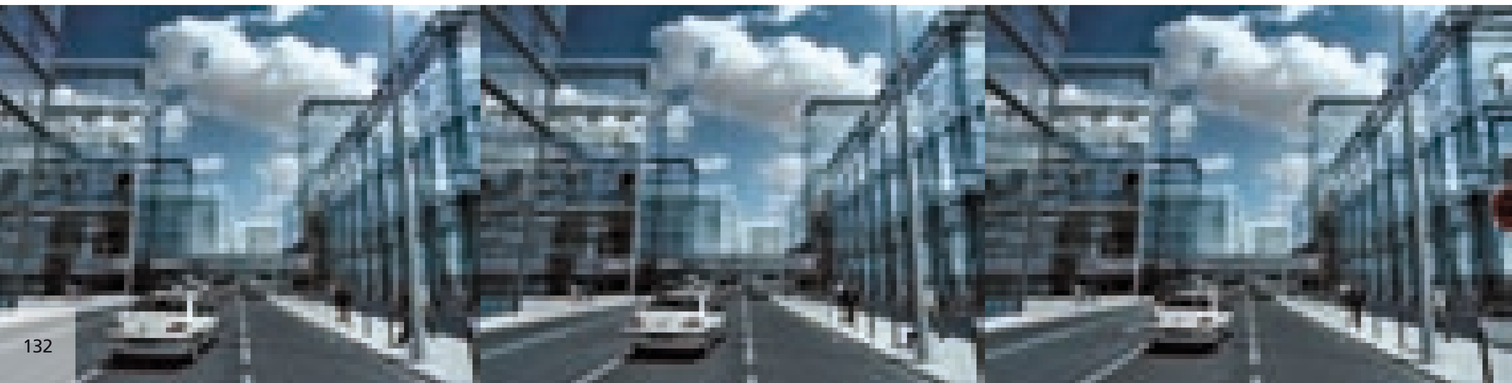
The shareholders' meeting also noted the results contained in the 2005 consolidated financial statements.

Sanpaolo IMI* Financial Statements as of 31 December 2005

* As of 1 January 2007, Sanpaolo IMI was merged by incorporation into Banca Intesa. As a result of this transaction, the entity responsible for the management and coordination of the Eurizon Group has changed.

Key Figures

	31/12/2005	31/12/2004 [1]	Change 2005/2004 (%)
Consolidated balance sheet (€ 000's)			
Total assets	263,258	248,418	6.0
Loans to customers (excluding NPLs)	138,427	125,143	10.6
Shareholdings	819	839	-2.4
Group net shareholders' equity	13,483	12,035	12.0
Customer financial assets (€ 000's)			
Total financial assets [2]	401,838	376,381	6.8
- direct deposits	165,230	158,760	4.1
- indirect deposits	262,232	238,793	9.8
- asset management	157,990	144,813	9.1
- asset administration	104,242	93,980	10.9
Loan risk ratios (%)			
Doubtful loans / Loans to customers	2.4	2.8	
Non-performing financing / Loans to customers	0.8	0.9	
Problem and restructured financing / Loans to customers	0.8	1.1	
Financing due/overdue by more than 180 days / Loans to customers	0.8	0.8	
Equity solvency ratios (%) [3]			
Core tier 1 ratio	6.6	6.7	
Tier 1 ratio	7.2	7.4	
Total risk ratio	9.2 [4]	11.3	
Shares			
Number of shares (thousands)	1,871,151	1,863,457	0.4
Listing for the period (€)			
- average	11.836	9.826	20.5
- low	10.201	8.799	15.9
- high	13.420	11.072	21.2
Market capitalization (€ 000's)	24,719	19,753	25.1
Dividend per share (€)	0.57	0.47	21.3
Dividend per share / Average annual listing (%)	4.82	4.78	
Book value per share (€) [5]	7.22	6.48	11.4
Operating structure			
Employees [6]	43,666	43,184	1.1
Domestic branches	3,172	3,126	1.5
Foreign branches and representative offices	136	131	3.8
Financial planners	4,151	4,317	-3.8



	31/12/2005	31/12/2004 [7]	Change 2005/2004 (%)
Consolidated statement of income (€ 000's)			
Net interest income	3,795	3,683	3.0
Net commissions	3,476	3,254	6.8
Total operating income	8,402	7,599	10.6
Net adjustments to loans	-489	-539	-9.3
Net adjustments to other financial assets	-1	-62	-98.4
Net operating income	7,912	6,998	13.1
Operating costs	-4,790	-4,816	-0.5
Pre-tax operating profit	3,023	1,971	53.4
Net profit	1,983	1,256	57.9
Net profit per share (€) [8]	1.06	0.68	55.9
Diluted net profit per share (€) [8]	1.06	0.68	55.9
Main ratios (%)			
RoE [9]	17.2	11.9	
Cost / Income ratio [10]	57.0	63.4	

(1) IAS compliant balance (cf full IAS) including the impact of transition to IAS 32 and 39 (financial instruments) and IFRS 4 (insurance contracts).

(2) Including netting between direct deposits and asset management.

(3) Solvency ratios at 31/12/2005 have been calculated on the basis of general principles issued by the Supervisory Body, in line with the indications of the Basel Committee and the CESB (Committee of European Banking Supervisors). For purposes of comparison, values as of 31/12/2004 have been calculated pro forma and IAS compliant.

(4) A program is underway to place subordinated loans in order to bring the total risk ratio above 10%; a first tranche has already been placed for 750 million euro, bringing the ratio to 9.7%.

(5) Net shareholders' equity / Number of shares in circulation.

(6) Including atypical contracts.

(7) Pro forma figures reconstructed on a homogeneous basis, including an estimate of the impact of IAS 32 and 39 (financial instruments) and IFRS 4 (insurance contracts).

(8) Calculated on the basis of IAS 33.

(9) Net profit / Net shareholders' equity at the end of the period (excluding profit).

(10) Personnel costs, other administrative costs and amortization / Total operating income.

Reclassified Consolidated Balance Sheet

Assets

(in € 000's)		31/12/2005	31/12/2004 [1]	Change 2005/2004 (%)
A.	Cash and cash equivalents	1,107	1,364	-18.8
B.	Financial assets (other than credit and assets held to maturity)	77,402	78,230	-1.1
C.	Assets held to maturity	2,535	1,818	39.4
D.	Loans to banks	28,836	24,908	15.8
E.	Loans to customers	139,507	126,280	10.5
F.	Hedging derivatives	435	1,569	-72.3
G.	Changes in fair value of assets in hedged portfolios (+/-)	-	-	-
H.	Shareholdings	819	839	-2.4
I.	Insurance reserves attributable to reassures	29	25	16.0
L.	Tangible assets	2,177	2,328	-6.5
M.	Goodwill	756	766	-1.3
N.	Other intangible assets	252	289	-12.8
O.	Tax assets	2,728	3,789	-28.0
P.	Non-current assets and groups of assets being disposed	220	-	n.s.
Q.	Other assets	6,455	6,213	3.9
	Total assets	**263,258**	**248,418**	**6.0**

Liabilities and shareholders' equity

(in € 000's)		31/12/2005	31/12/2004 [1]	Variazione percentuale 2005/2004
A.	Due to banks	35,682	28,293	26.1
B.	Due to customers	92,306	86,380	6.9
C.	Securities issued	46,985	50,989	-7.9
D.	Financial liabilities held for trading	11,342	13,588	-16.5
E.	Financial liabilities evaluated at fair value	25,939	21,391	21.3
F.	Hedging derivatives	730	1,941	-62.4
G.	Provision for financial liabilities of generically hedged items (+/-)	-35	18	n.s.
H.	Tax liabilities	860	1,106	-22.2
I.	Liabilities on groups of assets being disposed	164		n.s.
L.	Other liabilities	10,573	9,790	8.0
M.	Provisions for risks and charges	2,883	2,700	6.8
N.	Technical reserves	22,113	19,983	10.7
O.	Minority interests	233	204	14.2
P.	Group net shareholders' equity	13,483	12,035	12.0
	Total liabilities and shareholders' equity	**263,258**	**248,418**	**6.0**

[1] IAS compliant balance (cf full IAS) including the impact of transition to IAS 32 and 39 (financial instruments) and IFRS 4 (insurance contracts).

Reclassified Consolidated Statement of Income [1]

(in € 000's)		31/12/2005	31/12/2004 [1]	Change 2005/2004 (%)
A.	Net interest income	3,795	3,683	3.0
B.	Net commissions	3,476	3,254	6.8
C.	Income from credit disposals, assets held to maturity and repurchase of non-hedged financial liabilities	58	-13	n.s.
D.	Dividends and income from other financial assets and liabilities	526	264	99.2
E.	Profits (losses) on equity shareholdings	116	82	41.5
F.	Income from insurance business	431	329	31.0
	Total operating income	**8,402**	**7,599**	**10.6**
G.	Net adjustments to loans	-489	-539	-9.3
H.	Net adjustments to other financial assets	-1	-62	-98.4
-	**Net operating income**	**7,912**	**6,998**	**13.1**
I.	Personnel costs	-2,839	-2,841	-0.1
L.	Other administrative costs	-1,514	-1,525	-0.7
M.	Net adjustments to tangible and intangible assets	-437	-450	-2.9
	Operating costs (I+L+M)	**-4,790**	**-4,816**	**-0.5**
N.	Other net income (expenses)	74	41	80.5
O.	Impairment of goodwill	-47	-58	-19.0
P.	Profits (losses) from disposals of investments	17	3	n.s.
Q.	Net provisions for risks and charges	-143	-197	-27.4
	Pre-tax operating profit	**3,023**	**1,971**	**53.4**
R.	Taxes for the period	-948	-743	27.6
S.	Profits (losses) on groups of discontinued operations	-35	76	n.s.
T.	Profit attributable to minority interests	-57	-48	18.8
	Net profit	**1,983**	**1,256**	**57.9**
Net profit per share (€)		1.06	0.68	55.9
Diluted net profit per share (€)		1.06	0.68	55.9

[1] The consolidated reclassified statement of income aims to present management economic margins. The contribution of the Group's insurance companies to "Total operating income" is summarized in "Income from insurance business".

[2] Pro forma figures reconstructed on a homogeneous basis, including an estimate of the impact of IAS 32 and 39 (financial instruments) and IFRS 4 (insurance contracts).

Consolidated Balance Sheet

Assets

(in €)		31/12/2005	31/12/2004 (mix model esclusi Ias 32/39)
10.	Cash and cash equivalents	514,611,533	
10. It	Cash and deposits with central banks and post offices		750,300,526
20.	Financial assets held for trading	5,164,645,177	
30.	Financial assets designated as at fair value	1,011,804,413	
40.	Available-for-sale financial assets	2,355,409,299	
50.	Financial assets held to maturity	2,312,335,104	
20. It	Treasury bills and similar bills eligible for refinancing with central banks		1,011,312,946
50. It	Bonds and other debt securities		10,230,138,333
60. It	Shares, quotas and other equities		283,739,142
60.	Loans to banks	44,574,593,513	
30. It	Loans to banks		34,938,873,311
70.	Loans to customers	67,231,819,968	
40. It	Loans to customers		57,203,792,342
80.	Hedging derivatives	809,429,193	
90.	Fair value changes of generically hedged financial assets		
100.	Equity shareholdings	9,473,155,124	
70. It	Equity investments		2,046,428,318
80. It	Investments in Group companies		8,603,832,763
110.	Tangible assets	1,431,657,896	1,562,328,297
120.	Intangible assets	815,893,087	793,802,262
	- goodwill	612,745,215	565,245,216
130.	Tax assets	1,522,724,055	
	a) current	919,466,492	
	b) deferred	603,257,563	
140.	Non-current assets and discontinued operations	28,495,907	
150.	Other assets	2,753,153,681	
120. It	Own shares or quotas		42,508,503
130. [a]	Other assets		5,389,445,386
140. It	Accrued income and prepaid expenses		2,305,977,327
	Total assets	**139,999,727,950**	**125,162,479,456**

[a] The caption differs from the Italian GAAP figure as it includes the effect of the first-time application of IAS other than No. 32 and 39 and any reclassification.

Liabilities and net shareholders' equity

(in €)		31/12/2005	31/12/2004 (mix model esclusi Ias 32/39)
10.	Due to banks	44,720,937,580	
10. It	Due to banks		37,028,879,091
20.	Due to customers	51,915,456,080	
20.[b]	Due to customers		42,900,434,957
30.	Securities issued	25,026,177,308	
40.	Financial liabilities held for trading	1,328,304,751	
30. It	Securities issued		18,847,173,296
50.	Financial liabilities designated as at fair value		
60.	Hedging derivatives	751,177,947	
70.	Fair value changes of generically hedged financial liabilities	-22,937,873	
110. It	Subordinated liabilities		6,588,319,755
80.	Tax liabilities	139,440,660	
	a) current	64,005,340	
	b) deferred	75,435,320	
90.	Liabilities on discontinued operations		
100.	Other liabilities	3,660,288,671	
50.[b]	Other liabilities		6,131,629,782
60. It	Accrued expenses and deferred income		1,538,005,133
40. It	Public funds administered		27,198,203
110.	Employee termination indemnities	539,818,922	475,671,445
120.[a]	Provisions for risks and charges:	1,046,275,453	960,935,264
	a) post-retirement benefit obligations	188,983,690	15,802,000
	b) other provisions	857,291,763	945,133,264
130.	Valuation reserves	445,357,377	
140.	Redeemable shares		
150.	Equity securities		
160.	Reserves	3,318,456,052	
140.[b]	Reserves		3,609,730,912
170.	Share premium	769,131,370	724,718,927
180.	Capital	5,239,223,741	5,217,679,141
190.	Own shares (-)	-42,508,503	
200.	Profit (loss) for the period	1,165,128,414	1,112,103,550
	Total liabilities and net shareholders' equity	**139,999,727,950**	**125,162,479,456**

[a] The caption 120 Provisions for risks and charges as at 31/12/2004 does not correspond to the It GAAP figure as it does not include the Tax provision, reclassified among the other liabilities (tax liabilities).

[b] The captions differ from the Italian GAAP figures as they include the effect of the first-time application of IAS other than No. 32 and 39 and any reclassification.

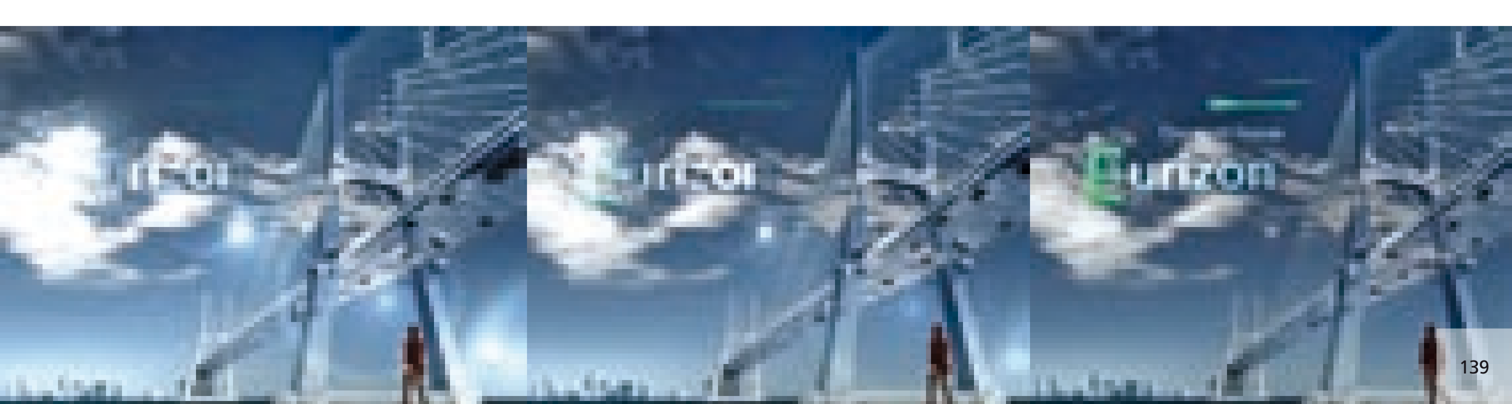
Consolidated Statement of Income

(in €)		31/12/2005	31/12/2004 [**] (mix model esclusi Ias 32/39)
10.	Interest income and similar revenues	4,123,682,473	
10. It	Interest income and similar revenues		3,557,431,943
	- on loans to customers		2,561,809,334
	- on debt securities		345,121,140
20.	Interest expenses and similar charges	-2,587,632,181	
20. It	Interest expenses and similar charges		-2,145,532,313
30.	**Net interest income**	**1,536,050,292**	**1,411,899,630**
40.	Commission income	1,524,249,525	
40. It	Commission income		1,499,725,424
50.	Commission expense	-100,370,482	
50. It	Commission expense		-90,383,031
60.	**Net commissions**	**1,423,879,043**	**1,409,342,393**
70.	Dividends and similar revenues	784,941,360	
30. [a] It	Dividends and other revenues		825,361,578
80.	Profits (losses) on financial trading activities	114,658,464	
90.	Fair value adjustments from hedge accounting	-2,610,776	
100.	Profit (loss) from sale or purchase of:	93,956,880	
	a) loans	13,820,171	
	b) available-for-sale financial assets	94,200,431	
	c) financial assets held to maturity	8,791	
	d) financial liabilities	-14,072,513	
110.	Profits (losses) on financial assets and liabilities designated as at fair value	2,859,619	
60. It	Profits (losses) on financial transactions		131,975,652
120.	**Net interest and other banking income**	**3,953,734,882**	**3,778,579,253**
130.	Impairment losses/write-backs to:	-196,288,481	
	a) loans	-199,707,130	
	b) available-for-sale financial assets	-168,193	
	c) financial assets held to maturity		
	d) other financial transactions	3,586,842	

(in €)		31/12/2005	31/12/2004 (**) (mix model esclusi Ias 32/39)
120. It	Adjustments to loans and provisions for guarantees and commitments		-289,630,391
130. It	Write-backs of adjustments to loans and provisions for guarantees and commitments		144,238,933
150. It	Adjustments to financial fixed assets		-290,848,187
160. It	Write-backs of adjustments to financial fixed assets		33,039,673
140.	**Net result of financial activities**	**3,757,446,401**	**3,375,379,281**
150.	Administrative costs:	-2,314,812,631	-2,371,121,649
	a) personnel costs	-1,440,886,567	-1,540,608,603
	b) other administrative costs	-873,926,064	-830,513,046
160.	Net accruals to provisions for risks and charges	-16,148,588	-108,705,377
170.	Net adjustments/write-backs to tangible assets	-184,122,629	-181,311,299
180.	Net adjustments/write-backs to intangible assets	-160,263,004	-159,261,524
190.	Other operating income/expenses	440,654,741	364,191,428
200.	**Operating costs**	**-2,234,692,111**	**-2,456,208,421**
210.	Profits (losses) on equity shareholdings	-64,767,580	
220.	Net fair value adjustment to tangible and intangible assets		
230.	Impairment of goodwill		
240.	Profits (losses) from disposals of investments	9,322,910	
180.[a] It	Extraordinary income		478,897,362
190.[a] It	Extraordinary expense		-75,080,002
250.	**Operating profits (losses) before tax from continuing operations**	**1,467,309,620**	**1,322,988,220**
260.	Income taxes for the period	-302,181,206	-210,884,670
270.	**Net profit (loss) after tax from continuing operations**	**1,165,128,414**	**1,112,103,550**
280.	Profits (losses) on discontinued operations		
290.	**Profit (loss) for the period**	**1,165,128,414**	**1,112,103,550**

[*] Balances reconstructed on the basis of IAS/IFRS, excluding IAS 32 and 39, whose transaction date is fixed at 1 January 2005.

[a] The captions differ from the Italian GAAP figures as they include the effect of the first-time application of IAS other than No. 32 and 39 and any reclassification.



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