

**Partial proportional spin off
of Banca Fideuram S.p.A.
in favor of SANPAOLO IMI S.p.A.**

INFORMATION DOCUMENT

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SANPAOLO IMI S.p.A.
Piazza San Carlo 156 - 10121 Turin
Company Secretariat
Tel. 011/5556093 – 011/5552526
Fax 011/5556396 - 011/5552989
e-mail: segreteria.societaria@sanpaoloimi.com
e-mail: investor.relations@sanpaoloimi.com

SANPAOLO IMI S.p.A.
EXTRAORDINARY SHAREHOLDERS' MEETING
29 and 30 June 2004

CONVOCAZIONE OF MEETING

The Shareholders are called to an Extraordinary Shareholders' Meeting at the premises in Piazza San Carlo in Turin, with entrance at number 158, at 11.00 a.m., on 29 June 2004 on first convocation and on 30 June 2004 on second convocation, to discuss and resolve on the following

Agenda:

1. Proposals of amendments to the Articles of Association and relative resolutions, correlated to:
 - the coming into force of Legislative Decrees no. 6 of 17 January 2003 and no. 37 of 6 February 2004;
 - the organizational structure of the Bank's Administration and Management;
 - the necessity of clarity and greater precision in the formulation of some provisions of the Articles of Association as well as the formal amendment of the Articles and their numbering.
2. The spin off from Banca Fideuram S.p.A. of the Fideuram Vita Compagnia di Assicurazioni e Riassicurazioni S.p.A. in favor of Sanpaolo Imi S.p.A.

Banca Fideuram S.p.A.
Piazzale Douhet, 31 – 00143 Rome
General Secretariat of the Group
Tel. 06/59022857
Fax 06/50022129
e-mail:investor.relations@fideuram.it

Banca Fideuram S.p.A.
ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING
29 and 30 June 2004

CONVOCAZIONE OF MEETING

The shareholders are called to an ordinary and extraordinary Shareholders' Meeting in Milan, Corso di Porta Romana 16, at 3 p.m., on 29 June 2004 on first convocation and, if necessary, on 30 June on second convocation, to resolve on the following

Agenda

Ordinary part

1. Appointment of two Directors.

Extraordinary part

1. Proposals of amendments to the Articles of Association: article 2, 1st and 2nd subsections; article 3; article 5, 1st and 2nd subsections; article 6, (new) 2nd subsection; article 7, 1st subsection; article 8, (new) 1st subsection; article 10, 2nd subsection; article 11, 1st subsection; article 12, (new) 3rd subsection; article 13, 2nd (new) 3rd and (new) 4th subsections; article 15, 2nd subsection; article 16, 3rd subsection; article 17, 1st subsection, (new) 2nd and (new) 3rd subsections; article 18, (new) 3rd subsection; article 19, 1st, 2nd, (new) 3rd and 5th subsections; article 20, 4th and 8th subsections; article 22, 5th subsection; article 23, 2nd, 6th and (new) 15th subsections; article 24; article 25, article 26, article 27, article 28, (new) article 29; (new) article 30.
2. Project for the partial spin off of Banca Fideuram S.p.A. in favor of Sanpaolo IMI S.p.A., on the basis of the respective financial statements as of 31.12.2003. Relative resolutions and delegated powers.

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ATTACHMENTS

- Spin off project in accordance with Article 2506-*bis* of the Italian Civil Code
- Report in accordance with Articles 2506-*ter* and 2501-*quinquies* of the Italian Civil Code prepared by the Board of Directors of SANPAOLO IMI
- Report prepared by Goldman Sachs and JP Morgan plc, independent advisors, used by the Board of Directors of SANPAOLO IMI for the determination of the share assignment ratio
- Report in accordance with Articles 2506-*ter* and 2501-*quinquies* of the Italian Civil Code prepared by the Board of Directors of BANCA FIDEURAM
- Report prepared by Citigroup Global Markets Limited, independent advisor, used by the Board of Directors of BANCA FIDEURAM for the determination of the share assignment ratio
- SANPAOLO IMI financial statements as of 31 December 2003 to substitute the spin off balance sheet, in accordance with Articles 2506-*ter* and 2501-*quater* of the Italian Civil Code
- BANCA FIDEURAM financial statements as of 31 December 2003 to substitute the spin off balance sheet, in accordance with Articles 2506-*ter* and 2501-*quater* of the Italian Civil Code
- PriceWaterhouseCoopers S.p.A.'s report in accordance with Articles 2506-*ter* and 2501-*sexies* of the Italian Civil Code
- Reconta Ernst & Young S.p.A.'s report in accordance with Articles 2506-*ter* and 2501-*sexies* of the Italian Civil Code
- Report of the Board of Statutory Auditors of SANPAOLO IMI on the spin off
- Report of the Board of Statutory Auditors of Banca Fideuram on the spin off

SPIMI AND FIDEURAM PRO FORMA KEY DATA

The following are the key data of the Sanpaolo Imi Group, which take into account the limited effects of the partial proportional spin off of Banca Fideuram in favor of SANPAOLO IMI. The pro forma data, which were prepared assuming the spin off operation to be effective, respectively as of 31 December 2003 as regards the effects on the balance sheet and as of 1 January 2003 as regards the income statement effects, are shown with specific notes. The remaining indicators, not influenced by the transaction, are extracted from the official financial statements.

SANPAOLO IMI GROUP KEY DATA

	Year 2003 pro forma
CONSOLIDATED STATEMENT OF INCOME (€/mil)	
Net interest income	3,716
Net commissions and other net dealing revenues	3,036
Administrative costs	(4,610)
Operating income	2,717
Provisions and net adjustments to loans and financial fixed assets	(859)
Income before extraordinary items	1,700
Net income of the Group(1)	981
CONSOLIDATED BALANCE SHEET (€/mil)	
Total assets	202,580
Loans to customers (excluding NPLs and SGA loans)	122,415
Securities	25,292
Equity investments	4,572
Subordinated liabilities	6,414
Net shareholders' equity of the Group(1)	11,110
CUSTOMER FINANCIAL ASSETS (€/mil)	
Customer financial assets	368,042
- Direct deposits	131,721
- Indirect deposits	236,321
- Asset management	143,711
- Asset administration	92,610
PROFITABILITY RATIOS (%)	
RoE(1)(2)	9.0
Cost/ Income ratio (3)	61.9
Net commissions / Administrative costs	65.9
CREDIT RISK RATIOS (%)	
Net non-performing loans / Net loans to customers	0.9
Net problem loans and loans in restructuring / Net loans to customers	1.1
SOLVENCY RATIOS (%)	
Core tier 1 ratio	6.6
Tier 1 ratio	7.4
Total ratio	10.5
SHARES	
Number of shares (million) (1)	1,863
Quoted price per share (€)	
- average	8.158
- low	5.796
- high	11.346
Earnings / Average number of shares in circulation (€) (1)	0.53
Book value per share (€) (1) (4)	5.97
OPERATING STRUCTURE	
Employees	43,465
Domestic branches	3,168
Foreign branches and representative offices	122
Financial planners	4,675

(1) These are pro forma data. For comparison with similar official data and for details on the calculation methodology, please refer to Section 5 of this document.

(2) Net income / Average net shareholders' equity (calculated as the arithmetical average of the values at year end).

(3) Administrative costs (excluding indirect duties and taxes) and amortization (excluding adjustments to goodwill and merger and consolidation differences)/Net interest and other banking income (including other net income).

(4) Net shareholders' equity / Number of shares in circulation.

The following are the main consolidated indicators relating to Banca Fideuram, which take into account the effects of the partial proportional spin off in favor of SANPAOLO IMI. The pro forma data, which were prepared assuming the spin off to be effective, respectively as of 31 December 2003 as regards the effects on the balance sheet and as of 1 January 2003 as regards the effects on the income statement, are compared with those taken from the official financial statements.

BANCA FIDEURAM GROUP KEY DATA

	2003	2003 pro forma
CONSOLIDATED STATEMENT OF INCOME (€/mil)		
Net commissions	478.6	(*)
Net interest and other banking income	592.4	556.4
Administrative costs and asset amortization	364.2	(*)
Income before extraordinary items	217.4	185.5
Net income of the Group	175.6	143.7
CONSOLIDATED BALANCE SHEET AND CUSTOMER FINANCIAL ASSETS (€/mil)		
Total assets	5,954.7	5,520.4
of which shareholdings	443.9	9.6
Consolidated shareholders' equity (**)	1,012.4	578.1
Net asset management flow	3,559	(*)
Total net flow	1,203	(*)
Total assets under management	58,129	(*)
PROFITABILITY RATIOS (%)		
RoE	17.9	23.2
EVA (€/mil)	114.9	97.3
Cost / Income ratio	55.2	58.6
Labor cost / Net interest and other banking income	24.9	26.5
Net income / Media Assets under management	0.31	0.25
SHARES		
Number of shares (millions)	980	(*)
Quoted price per share (€)		
- period-end	4.710	(*)
- low	3.333	(*)
- high	5.765	(*)
Earnings / average number of shares in circulation (€)	0.18	0.15
Net shareholders' equity (**)/ number of shares in circulation (€)	1.05	0.60
OPERATING STRUCTURE		
Private Banker	4.543	(*)
Employees (including insurance companies)	1.995	1.894
Private Banker Offices	261	(*)
Banca Fideuram branches	88	(*)

(*) The data under consideration are the official data in as much as they are not influenced (or are influenced in an undeterminable manner) by the spin off operation of Banca Fideuram Vita in favor of SANPAOLO IMI.

(**) ROE was calculated dividing the net income for 2003 by the average net shareholders' equity of the period.

(***) The amount includes the profit of the period and excludes the own shares held.

1. IMPORTANT INFORMATION

This Information Document (the “**Information Document**”) was prepared in compliance with Article 70, subsection 4, of the Regulation approved by the Italian National Securities and Exchange Commission (“**Consob**”) Resolution no. 11971 of 14 May 1999 and subsequent amendments, in order to provide ample and specific information for the shareholders and the market, on the partial proportional spin off transaction (the “**Spin Off**”) of Banca Fideuram S.p.A. (hereinafter also referred to as “**Banca Fideuram**”, “**BF**”, “**Spun-off Company**” or “**Company subject to Spin off**”) in favor of SANPAOLO IMI S.p.A. (hereinafter also referred to as “**SANPAOLO IMI**”, “**SPIMI**” or “**Beneficiary Company**”).

The operation constitutes a step in the rationalization plan for Sanpaolo IMI Group’s position in the insurance sector, with the aim of creating a new insurance pole (hereinafter also referred to as the “**New Insurance Pole**”) aggregating the various companies currently operating in both the Life and the Personal and Property Protection fields.

In addition to the Spin Off of the shares of Fideuram Vita Compagnia di Assicurazioni e Riassicurazioni S.p.A. (hereinafter also referred to as “**Fideuram Vita**” or “**FV**”) held by BF in favor of SPIMI, the plan more specifically provides the spin off of all the shares held by Sanpaolo IMI Wealth Management S.p.A. (hereinafter also referred to as “**SPWM**”), a company entirely controlled by SPIMI, in Sanpaolo Vita S.p.A. (hereinafter also referred to as “**SPVita**”) in favor of Noricum Vita S.p.A. (hereinafter also referred to as “**Noricum**”), also entirely controlled, directly and indirectly, by SPIMI, as well as the merger by incorporation (hereinafter also referred to as the “**Merger**”) of SPVita and FV with Noricum, which will take the name of Assicurazioni Internazionali Torino S.p.A. or more briefly A.I.T. S.p.A.).

All the described transactions, even though legally and logically distinct, aim at the implementation of a unitary project—of substantially simultaneous implementation—to ensure that none of the spin off and merger operations can be stipulated in the absence of prescribed Isvap (Insurance Surveillance Institute) authorizations for each of the transactions and, in particular, that the Merger will take effect after the Spin Off.

The Spin off, approved on 18 May 2004 by the Boards of Directors of the two banks, will be presented to the Shareholders’ Meetings called respectively, on first and second convocation, for 29 and 30 June 2004, in Turin and Milan.

The Bank of Italy, as far as its competence is concerned, has authorized the partial proportional spin off operation of Banca Fideuram in favor of SANPAOLO IMI, pursuant to Article 57 of Legislative Decree n. 385 of 1 September 1993 (the “**Consolidated Banking Law**”), with a provision issued on 27 May 2004.

The Information Document has been filed, and is available to the public, at the SANPAOLO IMI head office, in Turin, Piazza San Carlo 156, and also at the Banca Fideuram head office, at no. 31, P.le Douhet, Rome, and at Borsa Italiana S.p.A., at no. 6, Piazza Affari, Milan.

The Information Document was notified to Consob.

2. INFORMATION RELATING TO THE SPIN OFF

2.1 DESCRIPTION OF THE MODALITIES AND TERMS OF THE TRANSACTION

2.1.1 Description of the companies involved in the transaction

A. SANPAOLO IMI

Type, Name and Registered Office

SANPAOLO IMI S.p.A., with Registered Office in Turin, at no. 156, Piazza San Carlo, and permanent Secondary Offices in Rome, no. 25, Viale dell'Arte, and in Bologna, at no. 22, Via Farini, was registered as a bank on the Roll of Banks, and Parent Bank of the SANPAOLO IMI Banking Group was registered on the Roll of Banking Groups, was registered on the Turin Register of Businesses with no. 06210280019, Member of the Interbank Deposit Guarantee Fund.

Corporate Purpose

The corporate purpose is the collection of savings from the general public and the performance of banking activities in various forms, in Italy and abroad.

The company may carry out, within the limits allowed by applicable law, all banking and financial transactions and services, as well as every other transaction that is instrumental or anyway linked to the achievement of the corporate purpose.

Admission to listing

SANPAOLO IMI's ordinary shares are listed on the *Mercato Telematico Azionario*, the Italian Stock Exchange, organized and managed by Borsa Italiana S.p.A. ("MTA").

SANPAOLO IMI has furthermore issued non-convertible bonds quoted on the Telematic Debentures and Treasury Bonds Market ("MOT").

SANPAOLO IMI's ordinary shares, in the form of American Depository Shares, are also listed on the New York Stock Exchange ("NYSE").

Share Capital

SANPAOLO IMI's share capital amounts to €5,144,064,800, fully paid, and is composed of 1,448,831,982 ordinary shares and 388,334,018 preference shares, both with a nominal value per share of €2.80.

Company bodies

Board of Directors

The Board of Directors of SANPAOLO IMI, which will remain in office until approval of the financial statements as of 31 December 2006, is composed as follows:

Name and Position

Enrico SALZA, born in Turin on 25/5/1937, Chairman (*)
Maurizio BARRACCO, born in Rome on 7/8/1943, Director
Pio BUSSOLOTTO, born in Vicenza on 7/1/1936, Director (*)
Giuseppe FONTANA, born in Monza (MI) on 04/06/1954, Director
Ettore GOTTI TEDESCHI, born in Pontenure (PC) on 3/3/1945, Director (*)
Alfonso IOZZO, born in Torre di Ruggiero (CZ) on 31/8/1942, Director (*) (**)
Virgilio MARRONE, born in Savona on 02/08/1946, Director
Iti MIHALICH, born in Fiume (Croatia) on 22/9/1931, Director
Anthony ORSATELLI, born in Saigon (Vietnam), on 19/01/1951, Director
Emilio OTTOLENGHI, born in Turin on 18/1/1932, Director (*)
Orazio ROSSI, born in Montagnana (PD) on 12/2/1932, Director (*) (***)
Gian Guido SACCHI MORSIANI, born in Scandiano (RE) on 8/10/1934, Director (*)
Alfredo SAENZ ABAD, born in Getxo (Vizcaya - Spain) on 21/11/1942, Director
Mario SARCINELLI, born in Foggia on 9/3/1934, Director
Leone SIBANI, born in Bologna on 14/4/1937, Director
Alberto TAZZETTI, born in Turin on 14/2/1948, Director
José Manuel VARELA, born in Madrid on 16/10/1946, Director (*)

(*) Member of the Executive Committee

(**) Managing Director

(***) Deputy Chairman

Board of Statutory Auditors

The Board of Auditors of SANPAOLO IMI, which will remain in office until approval of the financial statements as of 31 December 2004, is composed as follows:

Name and Position

Mario PAOLILLO, born in S. Biagio Saracinisco (FR) on 17/12/1930, Chairman
Aureliano BENEDETTI, born in Florence on 15/11/1935, Auditor
Maurizio DALLOCCHIO, born in Milan on 12/04/1958, Auditor
Paolo MAZZI, born in Isola d'Istria (Slovenia) on 10/10/1946, Auditor
Enrico VITALI, born in Milano on 31/03/1961, Auditor
Stefania BORTOLETTI, born in Vittorio Veneto (TV) on 21/12/1966, Supplementary Auditor
Gian Luca GALLETTI, born in Bologna on 15/07/1961, Supplementary Auditor

The SANPAOLO IMI Group

Historical notes

SANPAOLO IMI was founded by the merger by incorporation of Istituto Mobiliare Italiano (“IMI”) in Istituto Bancario San Paolo di Torino. The transaction, approved by the respective Shareholders’ Meetings held on 31 July 1998, became legally effective on 1 November 1998.

Istituto Bancario San Paolo di Torino originated as the confraternity called the “Compagnia di San Paolo”, established in 1563 to aid the needy. Later, with the progressive and significant development of banking activities, it took on the status of a Public Law Banking Institute at the end of the nineteenth century, which was maintained until its transformation into a Joint Stock Company at the end of 1991. At the beginning of the 1970s San Paolo was still a regional bank, but over the following twenty years it expanded significantly on the national market, both by the opening of its own branches and by numerous take-over and merger transactions with smaller banks, and this was accompanied by a selective strategy of international growth, aimed at creating a network of branches and subsidiaries abroad to cover the main international financial centers as well as to support operations with its customers in Italy. From the 1980s onwards, the growth of banking operations was accompanied by a progressive diversification into other financial sectors, with the inclusion of, among other things, the departments of trust funds, leasing, merchant banking, insurance and consumer credit. At the time of the merger with IMI, San Paolo presented itself as a leading national trading bank, with its diversified products and its capillary distribution network at the service of millions of households.

Istituto Mobiliare Italiano was founded in 1931 as a Public Law Company, with the purpose of restructuring and refinancing the Italian industry through the issuance of medium/long term credit and the underwriting of equity. During the 1980s, the IMI Group proceeded with a full scale reorganization process of its operating structure and of the company divisions, developing, together with the business area represented by specialist credit services, new lines of activity in the sectors of investment banking, professional savings management and financial consultancy to private individuals.

The integration process of the two Groups, completed during the year 1999, allowed San Paolo’s distributive capacities and wide customer base to be combined with IMI Group’s specialist expertise.

In the last three years, the SANPAOLO IMI Group has made decisive efforts to reinforce its presence on the national retail market and to complete its cover of the national territory in terms of its distribution network. This has come about with the purchase of Banco di Napoli, accomplished in 2000, which brought to the Group a vast and

widespread network of approximately 720 branches and a customer base of both households and companies in the Southern Italian Regions, and with the merger with the Cardine Group, completed in June 2002, which allowed the acquisition of relevant market shares in the North Eastern Regions and along the Adriatic coast, thanks to the seven banks and over 850 branches of which the Cardine Group was composed, and to its consolidated relationship with the world of small and medium sized businesses.

Its presence and its widespread network in other Italian Regions was achieved thanks to investments in shareholdings and to specific industrial and commercial agreements, such as that with Cassa di Risparmio di Firenze, Cassa dei Risparmi di Forlì and Banca delle Marche. At the same time, SANPAOLO IMI has reinforced its position abroad, also by stipulating agreements and alliances with European groups of primary standing, such as Santander Central Hispano and Caisse des Dépôts et Consignations.

The SANPAOLO IMI Group today

GROUP'S STRUCTURE AND BUSINESS SECTORS

The SANPAOLO IMI Group is organized into business sectors, each with autonomous operations, in order to effectively respond to the changing competitive scene, clearly identify the profitability of each business in relation to connected risk, establish the adequacy of the total capital and its proper allocation between the various areas, and to induce a strong assumption of managerial responsibilities concerning results.

The business model used by the SANPAOLO IMI Group today for developing guidelines for the three-year 2003-2005 plan is, in short, characterized by:

- promotion of the concept of close relationships with customers in the various territories where it is established;
- skills specialization within each business unit and the product companies in order to guarantee an excellent service;
- concentration of operations and services in order to attain scale and scope economies;
- centralization of strategic, management, and control policies within the parent company.

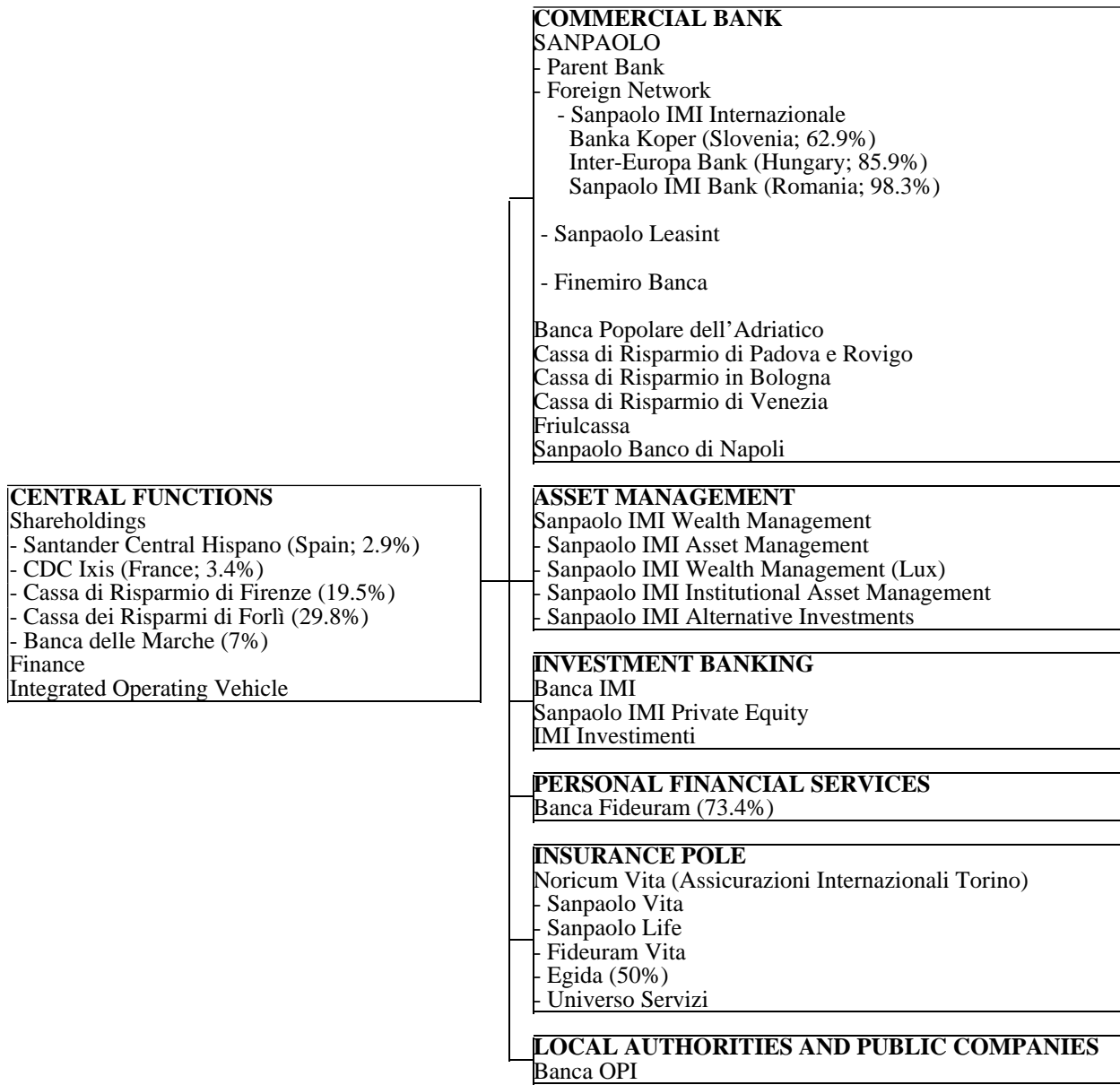
The organizational configuration at the end of last April is today divided into the following business sectors and other structures:

- **Commercial Bank:** this is the SANPAOLO IMI Group's area of development and strategic consolidation with over 3,000 operating points spread throughout the territory, characterized by a strong sense of close relationship with customers, confirmed by the appreciation of the historical brands of the banks united over time. The business strategy's point of reference is represented by the Private & Retail and Business markets dedicated to the development and implementation of strategies for increasing market shares and income, which define product, pricing, and development policies of the network and consequent results. The core reference across the territory, rather, is constituted by branches organized into areas or banks, where maintaining a strong local identity is advisable.
- **Asset Management:** this is the center of reference for developing sector products with the objective of optimizing portfolio performance and therefore strengthening the leading position that the SANPAOLO IMI Group has achieved for some time in asset management.
- **Insurance Pole:** this represents a central reference center for the development of the insurance market activities, with the aim of increasing focus on this specific business and reinforcing the capacities for introducing innovations into products and into the overall offer. All the insurance companies of the SANPAOLO IMI Group will become members of the Insurance Pole.
- **Personal Financial Services:** this gives concrete form to the group of specialist activities of the network of private bankers involved in developing assets managed for customers and their appreciation through appropriate asset allocation policies.

- **Investment Banking:** this constitutes the body of reference for the supply of special services—M&A, capital markets, trading—to business and institutional customers, as well as the development of structured products for covering their financial needs.
- **Local Authorities and Public Companies:** this is the organization responsible for developing relations with reference organizations and has the purpose of providing financing and advice to public agencies and in relation to infrastructure projects in order to contribute to the development of the territory.

This model, which is completed by the management and governance structures making up the *Central Functions*, is better illustrated in the following diagram.

GROUP STRUCTURE



B. BANCA FIDEURAM

Type, Name and Registered Office

Banca Fideuram S.p.A., with Registered Office in Rome, Piazzale 31 and permanent Secondary Office in Milan, Corso di Porta Romana 16 is registered in the Roll of Banks, belonging to the SANPAOLO IMI Banking Group registered in the Roll of Banking Groups and subject to the management and coordination, as per Article 2497 of the Italian Civil Code, of SANPAOLO IMI, is registered in the Company Register – Rome Office at no. 00714540150; it subscribed to the *Fondo Interbancario di Tutela dei Depositi* (Interbank Fund for the Protection of Deposits).

Corporate Purpose

The Company's corporate purpose involves the collection of savings and the exercise of credit in its various forms, in Italy and overseas.

The Company may undertake, in accordance with current law, all allowable transactions and banking and financial services, as well as any other transaction that is instrumental, or in any case connected to, the achievement of its corporate purpose.

Admission to listing

The shares of Banca Fideuram are listed on the MTA.

Share Capital

The share capital of Banca Fideuram, fully paid, amounts to €254,875,564.64, represented by 980,290,564 shares with a nominal unitary value of €0.26.

Company bodies

Board of Directors

The Board of Directors of Banca Fideuram, appointed until the approval of the financial statements on 31 December 2005, is composed as follows:

Name and Position

Vincenzo PONTOLILLO, born in Melfi (PZ), on 24.6.1938, Chairman (*) (****)

Mario PRATI, born in Turin on 30.9.1933, Director (*) (***)

Ugo RUFFOLO, born in Treviso on 31.08.1949, Director (*) (**)

Franca CIRRI FIGNAGNANI, born in Ravenna on 4.9.1942, Director (*) (*)

Salvatore MACCARONE, born in Rome on 20.6.1942, Director (*) (****)

Giuseppe FONTANA, born in Monza (MI) on 4.6.1954, Director
Giorgio FORTI, born in Teramo on 25.4.1931, Director
Giampietro NATTINO, born in Rome on 9.6.1935, Director
Bruno MAZZOLA, born in Montechiaro D'Asti (AT) on 9.7.1947, Director

(*) Member of the Executive Committee
(**) Managing Director and General Manager
(***) Deputy Chairman
(****) Member of the Board of Directors co-opted on 28 May 2004

Board of Statutory Auditors

The Banca Fideuram Board of Statutory Auditors, which will remain in office until approval of the financial statements as of 31 December 2004, is composed as follows:

Name and Position

Mario PAOLILLO, born in San Biagio Saracinisco (FR) on 17.12.1930, Chairman
Vito CODACCI PISANELLI, born in Rome on 27.2.1958, Auditor
Gian Paolo GRIMALDI, born in Rome on 7.6.1939, Auditor
Lorenzo GINISIO, born in Turin on 13.8.1949, Supplementary Auditor
Ruggero RAGAZZONI, born in Turin on 27.3.1940, Supplementary Auditor

Brief history

In 1968 IMI acquired the Italian assets of International Overseas Services (IOS), integrating them in the newly established Fideuram. Fideuram's first activity was the offer, through a network of about 300 Financial Planners, of mutual investment funds regulated by Luxemburg Law. In 1984, following the approval of the law enabling the set-up and commercialization of mutual investments regulated by Italian Law, Fideuram offered its customers its first Italian mutual funds.

In January 1992, Banca Fideuram was born from the merger of two IMI Group companies, Banca Manusardi and Fideuram. In September of the same year Banca Fideuram was listed on the Borsa Valori di Milano.

The experience gained in managing private assets and cooperating with the American company Frank Russell led, in 1997, to the creation of a personalized financial planning service with technologically innovative elements: Personal Financial Planning.

After forming Fideuram Bank Luxembourg in 1998, in 2000 Banca Fideuram extended its activities to France with the acquisition of the Wargny Group. As of 2001 it also operates in Switzerland through Fideuram Bank (Suisse).

In 2002 Banca Fideuram acquired Banca Sanpaolo Invest and with about €55 billion in volumes administered and more than 4,700 financial planners (private bankers), it became the first multi-channel bank-network in Italy.

Banca Fideuram today

Banca Fideuram is one of the leaders in private banking in Italy and Europe, with about €58 billion assets under management (as of 31 December 2003) and Italian and foreign companies specialized in managing financial, insurance and welfare products. These products are joined by traditional banking services and buying and selling shares, also on-line.

The services to more than 750,000 customers are guaranteed by a total of 4,543 private bankers, 3,413 of whom belong to the Banca Fideuram network with 1,130 belonging to the Sanpaolo Invest network. Banca Fideuram, through the Fideuram Wargny subsidiary, is also present in France.

The Banca Fideuram business model is made up of:

- a unitary governance structure of the whole Bank which formulates strategies, allocates human and financial resources in order to accomplish these strategies and exercises controls;
- the individual and reciprocally independent private banker networks, called upon to maximize commercial and economic results;
- a shared infrastructure comprising the production, service and operating process areas, called upon to plan and manage the services commercialized by the networks and manage operations from an administrative and information point of view, using highly automated processes.

2.1.2 PROCEDURES, TERMS, AND CONDITIONS OF THE TRANSACTION

2.1.2.1 General outline

As previously explained, the Spin Off is part of a plan for the rationalization of SANPAOLO IMI's presence in the insurance sector; the objective is the creation of an insurance pole where the various companies currently operating in both the life insurance as well as property and casualty sectors can come together.

This plan will be implemented – as already mentioned - through a process of concentration of subsidiary insurance companies whose main steps will include the following operations:

- (i) spin off of the shareholding held by BF in FV in favor of SPIMI;
- (ii) spin off of all the shares held by SPWM, a company fully controlled by SPIMI, in SPVita in favor of Noricum, which is also fully controlled, directly and indirectly, by SPIMI;

(iii) merger by incorporation of SPVita and FV into Noricum, which will assume the company name Assicurazioni Internazionali Torino S.p.A., or A.I.T. S.p.A.

These transactions are subject to ISVAP approval, given the area of competence. The Spin Off, in particular concerning banks, was authorized by the Bank of Italy in accordance with Article 57 of the Testo Unico Bancario (Consolidated Banking Law), with a provision on 27 May 2004.

All the described transactions, even though legally and logically distinct, aim at the implementation of a unitary project—of substantially simultaneous implementation—to ensure that none of the spin off and merger transactions can be stipulated in the absence of prescribed authorizations for each of the transactions and, in particular, that the merger described under (iii) above will take effect after the spin-offs described under (i) and (ii) above.

From a statutory perspective, the Spin Off represents a partial proportional spin off of Banca Fideuram in favor of Sanpaolo Imi, whose object is Banca Fideuram's shareholding in FV. The Spin Off will be implemented in accordance with Articles 2506 et sub. of the Civil Code and according to the modalities and conditions contained in the Spin Off plan.

The balance sheet positions for spin off purposes of BF and SPIMI are replaced, in accordance with and by effect of Article 2501-*quater* of the Italian Civil Code (as per Article 2506-*ter*, first paragraph), with the financial statements as of 31 December 2003 of BF and SPIMI, respectively approved by the shareholders' meeting of BF on 22 April 2004 and the shareholders' meeting of SPIMI on 29 April 2004.

The assignment of SPIMI ordinary shares to BF shareholders (excluding SPIMI) will be proportional to the shareholding held by each shareholder in the spun-off company and the share assignment ratio will be set as follows:

0.07470 SPIMI ordinary shares for each BF share held.

There will be no cash compensation.

Considering the assignment ratio described above and the fact that SPIMI already holds 628,338,273 BF shares, the Beneficiary Company will issue a maximum of 26,290,836 ordinary shares each with a nominal value of €2.80 each in service of the transaction, for a share capital increase equal to a maximum of €73,614,340.80.

The share capital reduction of BF, consequential to the Spin Off, will take place through a reduction of the nominal value of shares and simultaneously with the assignment of 980,290,564 BF shares each with a nominal value of €0.26, which will be withdrawn and replaced by new 980,290,564 shares with a new nominal value of €0.19.

Assignment methods of SPIMI shares

No share assignment criteria other than the proportional method will be implemented. The shareholders of BF shares—excluding SPIMI—will receive 0.07470 ordinary shares of SPIMI for each BF share held, as better described in the preceding paragraph.

No single shareholder may be assigned fractional SPIMI shares.

Within the assignment methods of SPIMI shares, a service for handling any potential fractional shares will be made available to BF shareholders through authorized intermediaries in order to allow rounding to the lowest or highest unit of the newly issued ordinary shares; this will be conducted at market prices and without additional costs, stamp duties or commissions.

The new ordinary shares issued as a consequence of the Spin Off will be assigned to those who have the right to receive them—through the respective authorized intermediaries adhering to Monte Titoli S.p.A., the Italian central securities depository—on the effective date of the Spin Off. BF shares that are not dematerialized can only be assigned upon delivery of these to an intermediary that is an authorized participant of a settlement system for dematerialized securities.

Rights relating to the shares subject to assignment

By effect of the Spin Off, shareholders of BF shares (other than SPIMI) will receive ordinary SPIMI shares with a nominal value of €2.80 each. These ordinary shares will have regular benefits and will provide equal rights to their owners with respect to ordinary shares already issued on the effective date of the Spin Off.

Evaluations on the use of withdrawal rights

The Spin Off does not provide withdrawal rights as per Article 2437 of the Italian Civil Code because, by effect of the Spin Off, none of the conditions for withdrawal included in the latter will occur.

The legal assumption for exercise of withdrawal rights in accordance with Article 2437-*quinquies* of the Italian Civil Code also do not apply, since BF's ordinary shares, listed on MTA, and those of SPIMI, also listed on MTA and on the NYSE, will retain ordinary status even after the Spin Off.

Effects of the Spin Off

In accordance with Article 2506-*quater* of the Italian Civil Code, the Spin Off will be effective on the last of the dates of registration of the Spin Off deed, or on the different later date eventually indicated in the Spin Off deed. As a consequence of the effects provided for under Article 2501-*ter* no. 6 of the Italian Civil Code, quoted by Article 2506-*quater* of the Italian Civil Code, the accounting effects of the Spin Off will be booked to the SPIMI financial statements on the same date.

It is also the intention of SPIMI and BF to proceed in completing the transaction within the envisaged timing in order to obtain the required administrative authorizations, therefore—assuming authorization from the relevant regulatory authorities—by the beginning of November 2004.

Amendments to the Articles of Association

Articles of Association of Banca Fideuram

As a result of the Spin Off, the share capital of BF (Article 5) will be reduced from euro €254,875,546.64 to €186,255,207.16. No other amendments to the Articles of Association of BF are expected as a result of the Spin Off.

The text of the Articles of Association of BF, as resulting from the Spin Off, is attached to the Spin Off plan as Attachment A and is an integral and substantial part of the plan.

The Shareholders' Meeting of BF, called to approve the spin off plan, will first be called to approve, under a separate item on the agenda, the amendments to BF's Articles of Association, also for the purpose of conforming to the corporate law reform. The text of the new provisions which—subject to approval by BF's shareholders meeting and the necessary regulatory authorization—will be inserted into the Articles of Association and attached to the Spin Off plan as Attachment B.

Articles of Association of SANPAOLO IMI

As a result of the Spin Off, the share capital of SANPAOLO IMI (Article 6) will be increased to a maximum of €73,614,340.80, through the issue of up to 26,290,836 ordinary shares with a nominal value of €2.80 each. No other changes to the Articles of Association of SPIMI are expected as a result of the Spin Off.

The text of SANPAOLO IMI's Articles of Association, as resulting from the Spin Off, is attached to the Spin Off plan as Attachment C and is an integral and substantial part of the plan.

The Shareholders' Meeting of SANPAOLO IMI, called to approve the Spin Off plan, will first be called to approve under a separate item on the agenda, the amendments to the SANPAOLO IMI Articles of Association, mainly related to the organizational structure of Management and for the purpose of conforming to the corporate law reform. The text of the new provisions which—subject to approval by SANPAOLO IMI's shareholders meeting and the necessary regulatory authorization—will be inserted

into the Articles of Association is attached to the Spin Off plan as Attachment D. Also note that, specifically concerning the text of Articles 9.1 and 19.1, letter A) of the new provisions, in consideration of the observations received in a letter from the Bank of Italy on 14 June 2004, the text was amended as follows:

Article 9.1

Shareholders with voting rights who present the special certificate attesting to participation in the centralized system for managing shares may participate in the Shareholders' Meeting. The advance deposit stated in Article 2370 of the Civil Code is not required for the operation.

[...]

Article 19.1, letter A)

The General Manager is the head of the company's operating and working structure. Based on and in consideration of the powers that the General Manager is delegated by the Board of Directors, the General Manager:

a) **has the power to make proposals concerning the management of loans and personnel, and also presents proposals regarding the delegated subject-matters to the administrative bodies;**

[...]

2.1.2.2 The share assignment ratio

The Spin Off will take place according to the following share assignment ratio:

**0.07470 SANPAOLO IMI ordinary shares
for
1 Banca Fideuram share**

In accordance with Article 2501-*sexies* of the Italian Civil Code, as per Article 2506-*ter* of the Italian Civil Code, PriceWaterhouseCoopers S.p.A. and Reconta Ernst & Young S.p.A. were appointed by the Courts of Turin and Rome – at the request, respectively, of the Beneficiary Company and the Spun-off Company – as experts in charge of writing a report on the suitability of the share assignment ratio.

2.1.2.3 Effects of the spin off on the composition of shareholding and shareholders agreements

Effects of the spin off on the composition of shareholding of companies participating in the transaction

By effect of the Spin Off, there will not be any changes to either the shareholding or control structure of BF, which will continue to be exercised by right by SPIMI, in accordance with Article 93 of Italian Legislative decree no. 58 of 24 February 1998.

Given the non-material effect—compared to the total share capital of SPIMI—of the assigned shareholding for the Spin Off, the effects on the shareholding structure of SPIMI will be negligible.

Effects of the transaction on relevant Partner Agreements in accordance with Article 122 of Italian Legislative decree no. 58 of 24 February 1998.

The parties to relevant shareholders agreements, in accordance with Article 122 of Italian Legislative decree no. 58 of 24 February 1998, regarding SPIMI have not issued any communication related to the potential effects created by the Spin Off on those agreements.

2.1.2.4 Tax effects of the transaction

In accordance with Article 173 of the Italian Consolidated Income Tax Law, approved by Presidential Decree no. 917 on 22 December 1986, as modified by Italian Legislative Decree no. 344 of 12 December 2003, the Spin Off will not result in the implementation or distribution of capital gains or losses on assets of the Spun-off company. In addition, the greater values booked in the financial statements will not create income for the Beneficiary Company up through the so-called “cancellation deficit” or the so-called “exchange deficit”.

The assets of the Spun-off Company will retain the values recognized for tax purposes in the original company.

In determining net income for the Beneficiary Company, neither the surplus booked in the financial statements because of the effects of the exchange of the shares of the Spun-off company with the shares of the Beneficiary Company, nor the cancellation surplus, is taken into account.

The suspended tax reserves of the Spun-off Company, including those only taxable in the case of distribution, will be recreated in the financial statements of the Beneficiary Company and, as a result, maintain the original fiscal structure in proportion to the respective shares of book-value shareholders' equity that are transferred or are left over. There are no suspended tax reserves of the Spun-off Company that are related specifically or as a whole to the elements of the capital assets subject to the Spin Off.

Other net income or capital reserves that moved from the Spun-off Company—unlike those for suspended tax—retain the same nature with the Beneficiary Company as they had with the original Spun-off Company.

Neither the Spun-off Company nor the Beneficiary Company have reported tax losses.

For the purposes of income taxation, the Spin Off will not have retroactive effects, in accordance with Article 2506-*quater* of the Italian Civil Code.

For shareholders of the Spun-off Company, the exchange of the shares held by the Spun-off Company with those of the Beneficiary Company will not result in the implementation or distribution of capital gains or losses, nor will it result in revenues.

The Spin Off is a VAT-free operation, in accordance with Article 2, paragraph 3, letter F) of the Decree of the President of the Republic no. 633/1972, and is subject to fixed stamp duty.

It has not been ascertained whether the Spin Off will be qualified as a fiscally neutral transaction for shareholders, in accordance with the provisions of jurisdictions outside Italy, or whether non-Italian shareholders in these jurisdictions will be subject to special tax provisions. Non-Italian shareholders should, therefore, contact their personal tax consultants regarding taxation of the Spin Off and of the ownership of SPIMI shares.

2.2 Description of assets subject to Spin Off

2.2.1 *The Spin Off Shareholding*

The item subject to the partial, proportional spin off from BF in favor of SPIMI is the shareholding (hereafter referred to as “**Shareholding**” or also as “**Spin Off Compendium**”), composed of 9,369,360 ordinary shares—equal to 100% of the share capital represented by ordinary shares—and 4,524,873 preferred shares—equal to 99.4% of the share capital represented by preferred shares and, therefore, overall equal to 99.8% of FV’s share capital.

Considering that the Shareholding is recorded in BF’s accounts for a value of €225,148,882.50, the assignment of the Shareholding to SPIMI will cause a reduction in book value of BF’s net shareholders’ equity from €795,600,752.12 to €570,451,869.62; all taking into account the allocation of net profit at year-end as of 31 December 2003.

The reduction in net shareholders’ equity is done while respecting the principle of proportionality between capital and reserves, having taken into account the relationship between the book value of the Shareholding and the book value of BF’s net shareholders’ equity, as well as the necessity of rounding the unitary nominal value of the ordinary shares of BF itself.

In particular:

- (a) share capital will decrease from €254,875,546.64 to €186,255,207.16, through a reduction in the nominal value of shares from €0.26 to €0.19;
- (b) the legal reserve will decrease from €50,975,109.33 to €37,251,041.44 (remaining equal at 20% of share capital);
- (c) the remaining reserves will decrease from €489,750,096.15 to €346,945,621.02, as follows:
 - revaluation reserve from €12,254,252.71 to €8,786,393.62;
 - share premium reserve from €52,736,602.40 to €0;
 - extraordinary reserve from €171,967,398.59 to €85,367,384.95.

The companies participating in the transaction have certified that, in accordance with Article 2506-ter of the Italian Civil Code, the effective value of the Shareholding assigned to SPIMI through the Spin Off is higher than the respective book value; in addition BF has certified that the effective value of the residual shareholders' equity of BF is greater than its respective book value.

Given the assignment of the Shareholding in its favor, SPIMI will increase its share capital up to a maximum value of €73,614,340.80 through the issuance of a maximum number of 26,290,836 ordinary shares with a nominal unitary value of €2.80.

2.2.2 The spun-off company: Fideuram Vita

Brief history

FV was founded in Genoa with the corporate name “Lloyd Italico Vita Compagnia di Assicurazioni e Riassicurazioni S.p.A.”, through a notarial deed dated 31 May 1969; it later changed its corporate name into “Fideuram Vita Compagnia di Assicurazioni e Riassicurazioni S.p.A.” and transferred its corporate registered office from Genoa to Rome pursuant to a shareholders' resolution dated 28 November 1983.

FV's corporate purpose includes—both in Italy and abroad—the exercise of insurance and re-insurance activities, as well as other transactions shown in the table attached to Italian Legislative Decree of 17 March 1995, namely:

- a. Insurance on life expectancy;
- b. insurance on marriage and birth rate;
- c. insurance related to investment funds;
- d. “permanent health insurance” (total or partial, long-term and non-rescindable disability)
- e. capitalization transactions;
- f. collective pension fund management transactions;
- g. complementary insurances for personal damage risks.

With a provision on 3 December 2003, Isvap issued an authorization for the extension of insurance and re-insurance activities to FV in the following sectors: 1. Casualties and 2. Disease as per point A) of the attachment to the Legislative Decree no. 175 of 17 March 1995.

In the first quarter of 2004, the acquisition of all the shares in Fideuram Assicurazioni S.p.A. (hereafter referred to as, “**Fideuram Assicurazioni**” or also as “**FAS**”), held by the controlling company Banca Fideuram, was completed for a price of €20.2 million.

Recent Developments

The fiscal year 2003, after a three-year period of strong growth, closed with satisfactory production results (€2,148.2 million of gross booked premiums), but lower in terms of premium volumes compared with the excellent results attained in 2002 (€3,071.3 million).

Revenue growth concentrated on products of Sector III; in this area, the determining factor was played by the unit-linked products which represented, as it was typical in the last few years, the primary part of booked premiums. Within these, the single premium component remained dominant with respect to overall collection.

In the course of 2003, Fideuram Vita enriched its product range with the launch of two new versions of the unit-linked type on the market, and which present characteristics suitable to the collection of long-term contracts.

The first quarter of 2004 should be noted for its technical balance of €13.9 million, a clear improvement compared with the €5.6 million of the first quarter of 2003.

Net operating income reached €8.3 million in the first quarter of 2004 from the €2.9 million of the first quarter of 2003.

Net income from investments—after allocation to technical reserves—increased considerably compared with the previous year (€23.0 million versus €2.9 million as of 31 March 2003).

In synthesis of the quarterly results described above, the income statement for the period shows earnings before tax equal to €31.3 million, compared to the corresponding final value of 2003 of €5.9 million.

Net income totaled €23.9 million versus €5.2 million on 31 March 2003. Shareholders' equity on 31 March 2004 totaled €463.8 million. This amount still includes the €8.7 million distributed as dividend.

2.2.3. Criteria used for the determination of the share assignment ratio and the valuation of the companies.

In order to determine the share assignment ratio relative to the expected Spin Off, Sanpaolo IMI and Banca Fideuram were advised by qualified external consultants: the company Goldman Sachs International (henceforth, "**Goldman Sachs**") and JP Morgan plc (henceforth "**JPMorgan**") for SPIMI and Citigroup Global Markets Limited (henceforth, "**Citigroup**") for Banca Fideuram, respectively.

These financial advisors, in turn, referred to formulations prepared by the actuarial consultancy firm Tillinghast-Towers Perrin (henceforth, “**Tillinghast**”) for the valuation of Fideuram Vita and to which SANPAOLO IMI and Banca Fideuram conferred a specific combined mandate.

The methods used for the estimate that were conducted by the Board of Directors of SANPAOLO IMI and Banca Fideuram for the determination of the share assignment ratio—also on the basis of information supplied by the above-mentioned consultants—are described below.

A. PROCEDURE USED BY SANPAOLO IMI

In the valuations, the advisors appointed by SANPAOLO IMI, Goldman Sachs and JP Morgan, made use of public information and data as well as information and data pre-prepared and provided by the management of SANPAOLO IMI, Banca Fideuram and their respective consultants.

The list of these documents can be found in the report of the advisors, attached to this Information Document.

In addition to the examination of the informational base described above, and information of a more general, managerial and financial nature acquired in the course of interviews with management of the SANPAOLO IMI Group and its consultants, Goldman Sachs and JP Morgan also made use of public information relating to SANPAOLO IMI and certain listed companies.

The reference date for the valuations subject to estimate is 18 May 2004, the day the Board of Directors of SANPAOLO IMI met.

Stockmarket prices of the listed companies that are referred to in the advisory report are updated as of 17 May 2004.

Having taken into account that the valuations performed are directed uniquely at providing a comparative estimate of the capital worth of the companies affected by the Spin Off and can only be interpreted in a relative fashion—exclusively with reference to the specific transaction in question—these may not be compared to market values or sales prices, and may not be considered representative of an absolute, stand-alone valuation of any of the companies that are subject to analysis.

In the application of the valuation methodologies described below, Goldman Sachs and JPMorgan have adopted independent approaches.

In particular, Goldman Sachs and JPMorgan have adopted the valuation methodologies (described below) in their analyses from a *stand-alone* perspective. In addition, Goldman Sachs and JPMorgan, in agreement with the mostly widely accredited doctrine, have considered the value of the economic benefits—net of re-organization charges—deriving from the synergies that could result from the re-organization and rationalization plan of the insurance activities of the Group. For this purpose, Goldman Sachs and JPMorgan have adopted as reference, the results of the analyses and audits conducted by the industrial consultant of SANPAOLO IMI, Bain & Co.

For the purposes of valuing the Shareholding, the advisors have proceeded to estimate the economic capital value of Fideuram Vita, taking into account the acquisition—on the part of the latter—of all the shares in Fideuram Assicurazioni, as well as to forecast economic benefits and referring to the most widespread and accepted methodologies of national and international valuation procedures for the insurance sector.

In valuing the Shareholding, the existence of preferred Fideuram Vita shares was also considered. Taking into account the goals described above, the historical and forecasted capital asset and income elements, as well as the significance of market parameters, the following valuation methods were used:

- Appraisal Value method;
- Market Multiples method;
- Comparable Transactions method.

In particular, in the valuation of the capital worth of Fideuram Vita and Fideuram Assicurazioni, Goldman Sachs and JPMorgan have referred to the actuarial valuations contained in the respective Tillinghast reports.

As far as the valuation of SANPAOLO IMI is concerned, the following valuation methods were used:

- Stock market quotation method;
- Dividend Discount Model;
- Market Multiples method;
- Statistical regression method.

In conducting the analyses on the basis of the criteria mentioned above, Goldman Sachs and JPMorgan have considered the characteristics and implied limits of each of these on the basis of professional valuation procedures—both national and international—that are normally used in the insurance and banking sectors.

In particular, in light of the specific characteristics of the companies subject to valuation—in terms of conducted activities and the significance of reference market

data, for example—the most appropriate valuation methodology was identified for each company.

Finally, in the application of these valuation methods for the Shareholding and for SANPAOLO IMI, Goldman Sachs and JPMorgan have highlighted the fact that the methods used, although representing recognized and commonly accepted methodologies in international standard procedures, should not be analyzed separately, but as an inseparable part of the whole valuation process.

A description of each of the valuation methodologies used in the analysis is provided below.

Valuation of the Shareholding

APPRAISAL VALUE METHOD

The Appraisal Value method consists in determining the value of the insurance company by valuing both the balance sheet component, as well as the capacity to generate future earnings, through the application of actuarial techniques. Using this methodology, the value of the insurance company, or the so-called Appraisal Value, is calculated as follows:

Appraisal Value = Embedded Value + Goodwill

The Embedded value, defined in the general valuation procedures of the insurance sector as “Embedded Value”, is an estimate—calculated using actuarial techniques—of the value of the insurance company without taking into account any value attributable to potential future production, or the capacity of the company in issuing new policies. Goodwill is determined by taking into account future production by discounting the flow of actuarial values attributable to new insurance policies (determined at the moment of the policy sale and capitalized at the end of the year at the discount rate that was used) for the projection period under analysis.

With regards to Fideuram Vita, and for the purposes of determining the Embedded Value as of 31 December 2003, as well as the Value as of New Production for the years 2003 and 2004—defined as the actuarial value of the new insurance policies issued during the year in question, determined at the moment of the policy sale and capitalized at the end of the year at the discount rate that was used—reference was made to the commission agreements currently effective with the distribution network and with the company managing the assets underlying the policies. On the other hand, with respect to the determination of the value of new production starting from the year 2005, the main economic terms agreed upon by SANPAOLO IMI and Banca Fideuram were taken in account; these related to the distribution, on the part of Banca Fideuram, of the products and insurance services which will be

implemented with the future New Insurance Pole, and which will be effective starting 1 January 2005. In applying the Appraisal Value methodology, the impact attributable to new production was taken into account, deriving both from the “migration” of asset management products (such as mutual funds and capital asset management funds) to unit-linked policies, as well as from the “transformation” of traditional policy portfolios to unit-linked policies.

In applying the Appraisal Value methodology for Fideuram Vita, the advisors referred to the Tillinghast report for both the Embedded Value as of 31 December 2003, as well as the Value of New Production for the year 2003 and for the years included in the projected analysis which were developed on the basis of hypotheses shared by SANPAOLO IMI and Banca Fideuram for the years 2004-2006.

Finally, with reference to Fideuram Assicurazioni, Goldman Sachs and JPMorgan, in applying the Appraisal Value methodology, referred to the Tillinghast report on Fideuram Assicurazioni for both the Embedded Value as of 31 December 2003 as well as the estimated goodwill based on the hypotheses developed by Banca Fideuram.

MARKET MULTIPLES METHOD

According to this method, the value of a company is determined by referring to indicators supplied by the market on companies with similar characteristics to the one subject to the valuation.

This method is based on the determination of multiples—calculated as the ratio of stock market values and economic/balance sheet/actuarial item values of a selected sample of representative companies—applied to the corresponding value size of the company subject to valuation.

It should be noted that since there are no listed companies in the market that are closely comparable to Fideuram Vita and Fideuram Assicurazioni, as the latter's profitability is necessarily influenced by their nature of “captive” companies lacking their own distribution network, the advisors believed that—for this case—the most significant characteristics for the selection of comparable companies would be constituted by the country of incorporation and their product mix; foreign companies were also inserted into the sample, given the greater number of comparable companies in terms of product mix.

On the basis of characteristics of the insurance sector itself and general market rules, the following multipliers were chosen:

- Price/Future Earnings Ratio (“**P/E**”);
- Price/Embedded Value Ratio (“**P/EV**”).

For income and dividend data of the year 2003, the data published by the companies included in the sample were used, and for the forecast data for 2004 and 2005, management projections for Fideuram Vita and Fideuram Assicurazioni were taken into account; the estimates supplied by the Institutional Brokers Estimate System (“**IBES**”) for the insurance companies in the representative sample were also used.

The multiples obtained in this manner were finally applied to the net income values of 2004 and 2005, and to the Embedded Value (and the New Production Value) of Fideuram Vita and FAS.

COMPARABLE TRANSACTIONS METHOD

The comparable transactions method is based on the application of multipliers—used in comparable acquisition transactions—to balance sheet/income/actuarial values of the company subject to the valuation. In applying the multipliers determined from these similar transactions, it is important to keep in mind that these multiples may also implicitly express the strategic value and therefore the completely peculiar, specific and hard-to-quantify value attributed to the transaction by the parties involved, as well as the value of potential economic benefits that are expected as an effect of the transaction itself.

In applying the comparable transactions method, the inability of identifying similar circumstances for all profiles resulted in focusing on those transactions that have certain significant elements in common with the one subject to analysis.

In applying the comparable transactions method, the advisors proceeded in examining acquisitions of shareholdings of insurance companies in the recent past within the Italian *bancassurance* sector.

Given the above, and considering the specificity of the transaction and of the companies subject to analysis, as well as the absence of listed companies and strictly comparable transactions, Goldman Sachs and JPMorgan have preferred to use the *Appraisal Value* method for the valuation of the economic capital of the Spin Off Compendium in order to determine the share assignment ratio.

Valuation of SANPAOLO IMI

STOCK MARKET QUOTATION METHOD

The stock market quotation method consists in attributing to a company a value equal to the average stock market value in the market where the company’s shares are traded. The stock market quotation method therefore assumes the efficiency of the stock market in which the company is listed and results in the analysis and comparison of the quoted stock market values of the shares over sufficiently wide periods of time.

In particular, the advisors have given preference to—in the valuation of the economic capital of SANPAOLO IMI—the valuation method based on stock market prices with respect to other valuation methodologies. The market capitalization of SANPAOLO IMI was, in fact, considered representative of its economic value, since the company is positioned among the thirty companies with the highest capitalization in the Italian Stock Market, with high levels of daily traded volume and coverage from the main Italian and financial intermediaries which contribute to the diffusion of information and analysis required for the formation of prices that adequately reflect the economic and financial status, as well as the risk profile, of the bank.

In order to neutralize the effects of exceptional events, short-term fluctuations and speculative tensions, while at the same time reflecting the information made available during the most recent periods, advisors have used, in order to estimate the share assignment ratio, the more significant values resulting from the average of the official Stock Market prices of the last month.

DIVIDEND DISCOUNT MODEL

The Dividend Discount Model is based on the hypothesis that the value of a bank is equal to the present value of the future cash flows for shareholders, which are assumed to be equal to the flow of dividends distributed by the bank while maintaining the latter maintains a suitable asset structure—on the basis of considerations related to current law and of an economic nature—that is necessary for expected future growth. These cash flows therefore depend on the dividend policy that is actually forecast or adopted by the bank.

Using this methodology, the value of a banking company is equal to the sum of the discounted value of future dividends and the terminal value of the company. The discount rate of the dividend cash flows, known as the **Cost of Equity**, is calculated on the basis of the *Capital Asset Pricing Model (CAPM)*.

It should be highlighted that the application of this method can determine an estimate of economic capital that is significantly different from that resulting from market methodologies, since a significant component of the valuation is represented by forecast dividend generation beyond the temporal planning horizon of the bank that is subject to valuation, and is therefore necessarily appraisable in a subjective manner.

MARKET MULTIPLES METHOD

According to this method, the value of a company is determined by referring to the indications provided by the market, particularly companies with similar characteristics to the one subject to valuation. In this specific case, advisors considered the most significant characteristics for the selection of comparable companies to be size, nation of origin and territorial coverage. Foreign banks were not inserted into the sample since they present

different profitability profiles from Italian companies; this is mainly due to the different legal, fiscal, accounting and regulatory structures of the Italian market with respect to foreign markets.

On the basis of the characteristics of the credit sector itself and the accepted market practice, the following multipliers were chosen:

- Price/earnings ratio (“**P/E**”);
- Price/shareholders’ equity ratio (“**P/SE**”);

For income and dividend data of the year 2003, the data published by the companies included in the sample were used, and for the forecast data for 2004 and 2005, management projections for SANPAOLO IMI were taken into account; the estimates supplied by the Institutional Brokers Estimate System (“**IBES**”) for the insurance companies in the representative sample were also used.

The multiples obtained in this manner were finally applied to the net income values of 2004 and 2005, and to the shareholders’ equity of SANPAOLO IMI.

STATISTICAL REGRESSION METHOD

This method consists in the analysis of the relationship between the profitability of a bank (Return on Average Equity, “**RoAE**”) expected by the market and the market capitalization/shareholders’ equity ratio for the same bank. This relationship can be approximated by using a regression of the RoAE and the market capitalization/shareholders’ equity ratio for a representative sample of banks. Once this relationship is calculated, the parameters obtained can be applied to the forecast RoAE and the shareholders’ equity of the bank—if considered statistically significant—in order to derive a theoretical market value.

In this specific case, a sample composed of a wide number of Italian credit companies were used; these listed companies had market capitalizations and liquidity levels that made the analysis relevant.

For the purposes of this valuation, the RoAE analysis was done for 2004 and 2005, calculated as the ratio of expected net income between 2004 and 2005 and the average shareholders’ equity for each period, using the IBES estimates for expected net income and dividends of the banks included in the sample. The regression applied to the sample was linear.

The attained relationship presents a satisfactory level of statistical significance, allowing these parameters to be applied to the shareholders’ equity and profitability values of the bank in order to derive a theoretical market value.

Given the above, and considering the high liquidity of SANPAOLO IMI shares, their use as the form of payment within the Spin Off and the substantial consistency of results deriving

from the analyses conducted according to the other mentioned methodologies, Goldman Sachs and JPMorgan have preferred to use the stock market quotation method for the valuation of the economic capital of SANPAOLO IMI in order to determine the share assignment ratio.

Results and conclusions

On the basis of assumptions noted above and the analyses conducted according to the criteria described in the attached report (in particular the application of the Appraisal Value method for the valuation of the economic capital of the Shareholding and the application of the stock market quotation method for the valuation of the economic capital of SANPAOLO IMI), the advisors produced the following results:

<u>Economic capital value (millions of Euro)</u>	<u>Demerged Assets*</u>	<u>SANPAOLO IMI**</u>
Goldman Sachs	627-733	17,026
JP Morgan	638-720	17,026

* *The minimum value does not include the value of the expected economic benefits*

** *Average of last month official prices*

On the basis of the estimates shown above, dividing the value of the economic capital of the Shareholding and of SANPAOLO IMI by the number of shares of Banca Fideuram and SANPAOLO IMI, respectively, and taking into account the overall overlap area of the intervals identified by Goldman Sachs and JPMorgan, the advisors identified the following shared interval for share assignment ratios:

0.07025 – 0.07923 SANPAOLO IMI ordinary shares for each Banca Fideuram share held

Within this interval, Goldman Sachs and JPMorgan have identified 0.07470 as the exact value for the share assignment ratio.

The Board of Directors of SANPAOLO IMI has agreed with the valuation considerations expressed by the appointed advisors, both in terms of methodology as well as results. The Board believes that the valuation methods used—consistent with the best national and international commonly accepted practices and doctrines—should be considered for the valuation of the respective values of economic capital of the two companies together (and not separately), while paying particular attention to the determination of the value of economic capital of SANPAOLO IMI based on the stock market quotation method, and the determination of the economic value of the Shareholding based on the Appraisal Value method. On the basis of these valuation elements, the Board agreed upon the determination of the following share assignment ratio:

0.07470 SANPAOLO IMI ordinary shares for each Banca Fideuram share held.

B. PROCEDURE USED BY BANCA FIDEURAM

In its valuations, the advisor appointed by Banca Fideuram, Citigroup (the “**advisor**”), made use of public information and data as well as information and data pre-prepared and provided by the management of SANPAOLO IMI, Banca Fideuram and their respective consultants.

The list of these documents can be found in the report of the advisors, attached to this Information Document.

The reference date for the valuations and conclusions is 18 May 2004.

Since the estimate of the share assignment ratio for the Spin Off involves the valuation of the Shareholding as well as of the SPIMI ordinary shares (henceforth, the “**Shares**”), the methodologies used for this purpose have taken into account the fact that the Shareholding refers to a non-listed company operating in the life insurance sector, while the Shares represent a limited quota of the capital of a listed company operating in the banking sector.

Taking into account the above considerations, the following methodologies were used for the valuation of the Shareholding and the Shares.

Valuation of the Shareholding

In order to reach an estimate of the value of the Shareholding, the distinguishing characteristics of Fideuram Vita as well as other qualitative and quantitative circumstances capable of influencing the valuation of the Shareholding were taken into account in the choice of valuation methodologies, in addition to historical and forecasted economic/financial results.

The valuation methods used for the estimate of the Shareholding refer to widespread methodologies accepted and used in national and international valuation practices for the insurance sector:

- Appraisal Value method;
- The method of multiples paid in comparable operations.

In particular, in the valuation of the economic capital of Fideuram Vita and Fideuram Assicurazioni, Citigroup referred to formulations prepared by Tillinghast.

In the selection and application of the methods mentioned above, the characteristics, advantages and implied limits of each method were considered—with the assistance of the advisor—on the basis of professional valuation practices that are normally used

nationally and internationally in the insurance sector. In particular, the Appraisal Value method was considered the most significant methodology since it allows the determination of the value of the Shareholding on the basis of an actuarial analysis and of the forecasted growth of Fideuram Vita, taking into account the distribution agreement that will be undersigned between Fideuram Vita and the New Insurance Pole. The method of multiples paid in comparable operations was used as a control methodology. Given the absence of a significant sample of listed firms comparable to Fideuram Vita, the market multiples method or statistical regression method were not used.

The share capital of Fideuram Vita is composed of ordinary and preferred shares. Taking into account the characteristics of these shares, it was considered correct to consider the preferred shares with the same standard as the ordinary shares.

Valuation of SPIMI

In order to reach an estimate of the value of the Shares, the following was taken into consideration:

- SPIMI ordinary shares were listed on the MTA and SPIMI is among the Italian companies of greatest capitalization;
- The volume of SPIMI ordinary shares traded on a daily basis highlights the fact that the shares are highly liquid;
- The main financial intermediaries regularly publish research documents on SPIMI, thereby contributing to the distribution of information and analyses necessary for the market price to adequately reflect share value, and
- The Shares to be assigned to the shareholders of Banca Fideuram only represent a limited quota of the ordinary share capital of SPIMI.

As agreed with the advisor, the stock market quotation method was chosen as the main valuation method for the estimate of the value of the Shares and the market multiples method was chosen as a control methodology. In the selection and application of the prementioned methods, the characteristics, advantages and implied limits of each method were considered—with the assistance of the advisor—on the basis of professional valuation practices that are normally used nationally and internationally in the banking sector.

Valuation methodologies chosen for the valuation of the Shareholding

APPRAISAL VALUE METHOD

The Appraisal Value method estimates the value of the insurance company on the basis of the following elements:

- The Embedded Value, which is an estimate, using actuarial techniques, of the value of the firm, equal to the sum of the adjusted shareholders' equity and the value of the existing portfolio (Value In-Force, "VIF") on the date of the valuation;
- The Goodwill, or the net present value of future profits derived from new production which will be realized in a fixed temporal period.

METHOD OF MULTIPLES PAID IN COMPARABLE TRANSACTIONS

The method of multiples paid in comparable transactions is based on the analysis of the multiples paid in acquisition transactions within the Italian insurance market and with companies considered comparable to Fideuram Vita. For the application of this model, a series of ratios (multiples)—between the inherent value attributed to the companies on the basis of the price paid for the acquisition of a quota of the capital of the former, and certain significant parameters, in particular the Embedded Value—are calculated. The average ratios obtained in this way are then applied to the results of Fideuram Vita in order to obtain the value of the insurance company itself.

The application of the method of multiples paid in comparable transactions has allowed for the determination of a value range for FV that includes the range defined with the Appraisal Value method.

Valuation method used for the valuation of SPIMI

STOCK MARKET QUOTATION METHOD

The stock market quotation method expresses the value of the company subject to the valuation on the basis of the capitalization expressed on the basis of share prices, negotiated on regulated share markets, and representative of the company itself. In particular, the stock market quotation method is considered essential for the valuation of listed companies in cases where the average traded volumes are significant.

In applying this method, it is necessary to identify the right balance between the necessity, on the one hand, of mitigating, through observation across sufficiently extended temporal periods, the effect of volatility on a daily basis and, on the other hand, of using current data indicating the recent market value of the company subject to valuation. In particular, we referred to the official average of the last month.

Given that on 29 April 2004 the Shareholders' Meeting of SPIMI approved a dividend issue and—considering the timing of the Spin Off for which the Shares will be assigned to the shareholders of Banca Fideuram after the payment of these dividends—in defining the share assignment ratio, the value of the official stock market prices net of the economic effects from the dividend payment was referred to. Through the subtraction of

the value of the dividend from the value of the official stock market price estimated in the referenced time period, the ex-dividend value of the shares was reached.

MARKET MULTIPLES METHOD

According to the market multiples method, the value of a company is determined by referring to indicators supplied by the market on companies with similar characteristics to the one subject to the valuation.

This method is based on the determination of multiples calculated as the ratio of stock market values and economic/balance sheet/actuarial item values of a selected sample of representative companies. These multipliers are then applied—with any necessary integrations and adjustments—to the corresponding value size of the company subject to valuation, in order to estimate a range of values in the case that the former is not listed or to verify if these multipliers are in line with those expressed by the market for the company subject to valuation, in the case that the latter is listed.

The multiples may be adjusted in cases where there are differences in the situations between the comparable companies and the company subject to valuation.

The application of this method did not generate substantially different results from those obtained using the stock market quotation method.

Results and conclusions

Considering the highlighted assumptions and on the basis of the analyses conducted according to the methods described, the advisor attained the following results:

Values	Minimum	Maximum
Value of the Fideuram Vita Shareholding (in millions of Euro)		
- Appraisal Value Method	654	703
- Method of multiples paid in comparable transactions	603	724
Value per SPIMI Share (in Euros)		
- Stock market quotation method (1)	9.27	

Note: (1) Ex-dividend value per share resulting from the average official Stock market price of ordinary SPIMI shares in the last month.

Based on the estimates shown above, dividing the minimum/maximum value of the Shareholding per share of Banca Fideuram, obtained through the Appraisal Value

method, by the value of a Share determined by applying the stock market quotation method, the advisor identified the following range of share assignment ratios:

0.07020 – 0.0774 ordinary SPIMI shares for every Banca Fideuram share

The Board of Directors of Banca Fideuram has agreed with the valuation considerations expressed by the appointed advisor, both in terms of methodology as well as results. The Board believes that the valuation methods used—consistent with the best national and international practices and doctrines—should be considered, for the valuation of the respective values of economic capital of the two companies, together and not separately, while still paying particular attention to the determination of the value of economic capital of the Shareholding based on the Appraisal Value method and the determination of the value of economic capital of SPIMI based on the stock market quotation method. On the basis of these valuation elements, the Board agreed upon the determination of the following share assignment ratio:

0.07470 SPIMI ordinary shares for every Banca Fideuram share held

2.2.3.1 Evaluation of the experts appointed in accordance with Articles 2506 ter and 2501 sexies of the Italian Civil Code.

PricewaterhouseCoopers S.p.A. and Reconta Ernst & Young S.p.A., the experts respectively appointed at the request of the Beneficiary Company and the company subject to spin off by the Courts of Torino and of Rome in accordance with the requirements of Article 2501 *sexies* of the Italian Civil Code, as per Article 2506 *ter*, for the purposes of drafting a report on the consistency of the share assignment ratio, have concluded their reports by affirming that they consider the methods of valuation used to be adequate—since they are reasonable and not arbitrary—also on the basis of the indications of their consultants and their correct application for the purpose of determining the share assignment ratio of the shares contained in the spin off project.

The reports prepared by the experts were submitted in time and in accordance with applicable law and are reported in the attachments of this Information Document.

2.3 REASONS FOR AND GOALS OF THE TRANSACTION

2.3.1 Managerial objectives

The evolution of the socio-economic scenario presents trends with potential impact on asset management and banking of assurance activities.

Of these trends, the following should be noted:

- a progressive entry into the contraction/consolidation phase of the financial wealth management business;
- the convergence of the legislative scenario towards greater regulation protecting the saving customer, to the advantage of market transparency and, more generally, of the system's stability and efficiency.
- uncertainty in relation to social security and pension coverage which in Italy, in the next few years, will be influenced by phenomena common to most of the countries with an elevated degree of development (increased life expectancy of the population and insufficient public financial resources needed to meet the increased demand for social security).

This results in the formation of a growing demand for social security which, in response to the primary needs for “security, protection and conservation” can be more effectively satisfied with products which are more insurance-based rather than financial content, and in which there is an adequate mix between growth objectives of family wealth and coverage from the risk of unexpected events.

Given the central nature—in this approach—of real risk understanding, the insurance model appears to be favored—from this perspective, with respect to a financial model—in satisfying the demand for security and offering an integrated range of products for savings/social security/protection.

At a European level, supply models are in fact under development—particularly by the main insurance groups—which, having gone beyond the current distinction between life insurance products and property/casualty insurance products, attempt to understand these new demands.

Despite the fact that the Italian market of “*Personal and Property Protection*” is still moderately large—very far from European standards—the evolution of this scenario and the new demands of customers present a real problem for banks adjusting the organizational models of the insurance business developed so far and strengthening existing structures.

Considering the above, SPIMI has the opportunity of further innovating its business model through the creation of a strong insurance pole, by:

- unifying the Group's special structures;
- exploiting the market's full potential through the Group's distribution network;

- developing an offer system and an innovative service model in the Personal & Property protection sector.

2.3.2 The Industrial Plan

The SANPAOLO IMI Group is the leader in Italy for the Wealth Management and Banking and Assurance sectors.

The presence of the Group is also broken out into several product plants that are not integrated amongst themselves, with a substantially non-differentiated offer, that is replicated on autonomous distribution channels:

- **Sanpaolo Vita**, a company 100% controlled by SPWM, which in turn controls the Irish company Sanpaolo Life Ltd (“**Sanpaolo Life**”), specialized in Sector III policies (unit- and index-linked). The two life insurance companies issued insurance policies in the course of 2003 with premiums totaling €5.7 billion and detain year-end technical reserves for over €19.8 billion. The market share for 2003 can be estimated at 8.8%(*);
- **Fideuram Vita**, 99.8% controlled by Banca Fideuram. The residual share is held by private individuals. The company issued gross premiums for €2.1 billion, mostly unit linked products. Reserves reached €10.4 billion. Market share can be estimated at 3.3%
- **Noricum Vita**, 57.85% owned by Sanpaolo Vita and 42.15% by SANPAOLO IMI. The company issued premiums for about €371 million in 2003, mostly through the networks of Cassa di Risparmio di Bologna and Banca Popolare dell’Adriatico (with which Unipol had concluded commercial agreements), confirming a market share of 0.6%. Reserves total €1.4 million.

In the property and casualty sector, on the other hand, the Group holds a marginal position, operating through the following companies:

- **Egida Compagnia di Assicurazioni S.p.A.** (henceforth “**Egida**”), a 50% joint venture with Reale Mutua Assicurazioni, which in 2003 issued premiums for €26.9 million, a 53% increase compared with the previous year. Egida still shows a weak market position with a market share of 0.08%;
- **Fideuram Assicurazioni**, 100% controlled by Fideuram Vita, with total issued premiums of €11.2 million in 2003, and an unassuming market share (0.03%).

The production scenario is completed by Universo Servizi S.p.A. (“**Universo Servizi**”), a company to which the activities inherent in the administrative and technological services for insurance companies—and directed at both companies of the

(*) (Source: ANIA, direct work premiums in Italy integrated with placements of cross-border companies)

group as well as third party companies—were conferred by spin-off from Sanpaolo Vita.

The concentration of the insurance activities of the Group will result in the creation of the third largest Italian operator in premium collection (€8.2 billion at the end of 2003), with technical reserves of over €31 billion, a market share greater than 12% and further growth potential as a result of exploiting the full commercial potential of the Group.

The specific *mission* of the New Insurance Pole will involve:

- becoming the leading pole in the Italian insurance market;
- increasing critical mass with selective positioning that exploits the bank matrix;
- creating the foundations for realizing further growth options.

In order to attain this, the New Insurance Pole will have to develop a new product offer strategy and a new business model.

As far as the product range is concerned, the New Insurance Pole will develop the offer of individual and collective life insurance policies, integrating the financial product range with “pure risk” products, as well as new products, even in the property and casualty sector, or complex packages that include insurance coverage and financial investment in order to satisfy the growing demands of “Personal & Property Protection”.

The range will have to be developed on the basis of the needs of the different commercial platforms which are initially represented by the network of branches of the Group’s banks and the network of financial planners/private bankers of Banca Fideuram and Sanpaolo Invest.

Generally, it is already possible to envisage the following product lines:

- *Investment and savings:*
 - traditional policies;
 - unit-linked and index-linked policies;
- *Social Security:*
 - Individual Social Security Forms and Open Pension Funds;
 - immediate and deferred returns, to be associated with other financial products;
- *Personal & Property Protection:*
 - Personal protection: accidents, disease, insurance in case of death;
 - protection of goods: theft, fire, general compulsory insurance;
 - Credit Protection Insurance: coverage of lending risk for mortgages/personal credit/consumer credit (covering death, disability, unemployment, etc..)
 - Transaction risks protection: bundling products with bank accounts and credit cards (theft, assistance, general insurance)

A further area of opportunity is linked to the development of an offer directed at corporate customers.

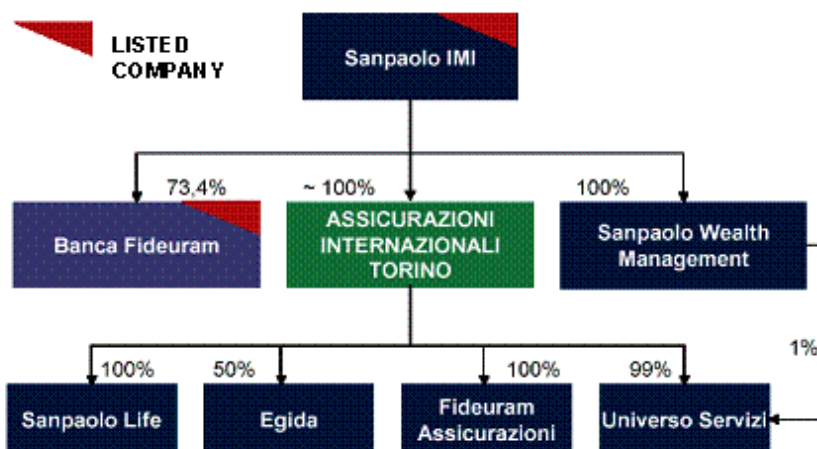
As better described in paragraph 3 below, the Spin Off also aims to contribute to the creation of economic value for the shareholders of Banca Fideuram by allowing a concentration of financial resources—otherwise required for maintenance and development of the insurance department—on the growth and strengthening of the core business of financial and private banking consulting.

In particular, the exit of Banca Fideuram from the technical/insurance management, following the Spin Off will allow the creation of three benefits:

- cancel the absorption of required capital (even following the introduction of the principles set in Basel II) to sustain the growth of insurance activity, freeing resources to be directed towards strengthening financial activity;
- relieve the vulnerability of the business system of Banca Fideuram to (i) financial risks linked to interest rate trends and (ii) demographic risks.
- contribute to the creation of an insurance pole within the SPIMI Group that can make a complete range of insurance products available to the customers of Banca Fideuram, allowing Banca Fideuram to avoid the necessary investments to remain competitive in a market situation of growing complexity (such as, for example, the integration of financial and social security elements, the evolution towards pure insurance risk, etc.).

2.3.3. Steps of project's implementation. The New Insurance Pole

At the end of the operation, SANPAOLO IMI will directly control Assicurazioni Internazionali Torino S.p.A. as a sub-holding company, and in turn will control the Irish company SANPAOLO LIFE, the property and casualty insurance companies and the service company, as shown in the following diagram:



The corporate activities linked to the upcoming New Insurance Pole will be coupled with a redefinition of future commercial relations relating to insurance products currently distributed by BF's network between the New Insurance Pole—in the process of being created—and the distribution networks headed by BF and its subsidiaries.

SPIMI and BF have in fact agreed to undersign an agreement (the “**Framework Agreement**”) which provides that Assicurazioni Internazionali Torino S.p.A. and its subsidiary, operating in the property and casualty branch, (Fideuram Assicurazioni), on the one hand, and BF and its subsidiaries, on the other hand, will enter in the following agreements:

- i. an agreement for the distribution of life insurance products currently marketed by FV;
- ii. an agreement for the distribution of property and casualty insurance products currently marketed by FAS;
- iii. a consulting agreement and a management agreement with Fideuram Investments Sgr S.p.A. related to the investments of assets from internal funds connected to unit linked products.

The Framework Agreement also contains an effective clause which requires BF to refund or restore any out of period expenses deriving from potential case in point sanctions or for any potential controversies concerning dues to the tax authority—both referring to FV and in any case beyond a pre-established threshold.

The stipulation of the commercial agreements listed above is expected to occur before the legal effects of the merger take place.

The distribution agreements, as per points (i) and (ii) above, and regulated at market conditions, will have a duration of six years from the execution date (except in the case of automatic renewal for another three years in the absence of a cancellation notice) and will discipline the distribution of insurance products in the life and property and casualty branches of the New Insurance Pole on the part of the networks of Banca Fideuram and its subsidiaries, as well as premium inflow and customer assistance activities.

The structuring of new insurance products to be offered through the networks of Banca Fideuram will be conducted jointly by the New Insurance Pole and by Banca Fideuram. All the mathematical reserves of the unit-linked policies distributed by Banca Fideuram and its subsidiaries will be invested in UCITS that are promoted or managed by companies of the Banca Fideuram group.

The commercial agreements will include reciprocal binding exclusivity clauses: Banca Fideuram and its subsidiaries will not be able to distribute insurance products of third party insurers (with the exception of new products developed in conjunction with such third party following a renunciation on the part of the New Insurance Pole), and the New Insurance Pole will not be able to distribute insurance products through third channels that are marked by the brand and logo of Banca Fideuram.

The upcoming New Insurance Pole will make exclusive use of the consulting of Fideuram Investimenti SGR, which will be required to elaborate and monitor the asset allocations relative to investment of assets of internal funds connected to unit linked products distributed by Banca Fideuram and its subsidiaries.

The consulting agreement will be substituted, by 1 July 2005, with a management agreement which will require the commitment of SGR in managing—on an individual basis—the investment portfolios composed of assets from unit-linked policies issued by the New Insurance Pole and allocated by the distribution networks of Banca Fideuram.

The consulting and management services will be performed for a compensation, at market conditions, calculated on the basis of growing tiers as a function of the mathematical reserves related to policies that are part of the application realm of the contract in question.

2.3.4 Operational advantages and economic synergies

The rationale at the basis of offer integration is represented by the exploitation of complementary insurance, financial and investment needs. The business model therefore provides for the development of protection/social security insurance products to be offered in bundling with banking products or as stand alone in light of synergies in the sales phase, taking advantage of the commercial network's knowledge of the habits and expectations of customers.

A success factor will therefore be the combination of an efficient production capacity with efficient and extended distribution facilities, composed of the bank networks of the Group and the network of financial planners of Banca Fideuram and Sanpaolo Invest.

This combination will evolve along three strategic lines:

- The consolidation of the life insurance business with a progressive re-alignment of the networks' productivity to best internal practices;
- The development of the damages branch along strategic lines linked to (i) lending products, (ii) wealth management and, in the extra captive area, the entrance in market niches and the maximization of returns from the joint venture with Poste Italiane (the Italian post service);
- The improvement of the cost position with gross synergies forecasted between €8 to €12 million deriving from savings in personnel, technology and administrative costs.

2.4 DOCUMENTS AVAILABLE TO THE PUBLIC

The Information Document was deposited and made available to the public at the corporate registered offices of SANPAOLO IMI, in Turin, Piazza San Carlo 156, as well as at the registered office of Banca Fideuram, in Rome, Piazzale Douhet, 31, and with Borsa Italiana S.p.A., in Milan, Piazza Affari 6.

The corporate registered offices of the two companies also make available—in addition to the documentation reproduced within the Information Document—any further documentation whose submission is required by applicable law. In particular, the financial statements of the last three years for the companies participating in the operation are available in conjunction with their related annual reports.

3. SIGNIFICANT EFFECTS OF THE OPERATION ON THE COMPANY SUBJECT TO SPIN OFF

As described in detail in this Information Document, the proposed Spin Off operation sets the objective, on the one hand, of creating a New Insurance Pole in the life and property and casualty branches within the Sanpaolo IMI Group and, on the other hand, of focusing the resources of Banca Fideuram on the growth and strengthening of its core business in the financial consulting, asset management and private banking sectors.

The exit of Banca Fideuram from the insurance sector will allow the Company subject to Spin Off to prospectively reduce the need for capital required by the Basle II criteria and necessary to cover the increasing demand for diversified products, while at the same time limiting its exposure to economic and financial risks deriving from margin and rate trends pressures.

The development of the insurance business of Fideuram Vita—in the current regulatory and competitive scenarios characterized by consolidation and specialization processes—

in fact appears not to be feasible for Banca Fideuram while it still commits significant resources to the more profitable financial advisory, asset management and private banking areas.

The Spin Off operation will therefore allow Banca Fideuram to strengthen its business model and leverage control for the creation of economic value, given the primarily financial nature of the activity conducted by Banca Fideuram (only 20% of the managed assets at Banca Fideuram are invested in life insurance products or unit-linked policies—and in any case of primarily financial connotation—while the remaining 80% is invested in financial products, and largely mutual funds and asset management).

The creation of value for Banca Fideuram with the completion of the Spin Off will also be created, from an operational perspective, through the stipulation, as previously mentioned, of a commercial agreement for the distribution of insurance products between the upcoming insurance pole and Banca Fideuram which—at market conditions and for a finite period of time—will guarantee (i) the qualitative and quantitative expansion of the range of insurance products offered by Banca Fideuram and (ii) the maintenance of current levels of commercial efficiency and customer service.

In synthesis, the Spin Off will allow Banca Fideuram to strengthen its business model with a focus on financial consulting, asset management and private banking activities, and to distribute the products of a large insurance company (such as the upcoming New Issuance Pole) capable of competing with the main national and foreign players (and therefore to be itself more competitive in terms of the range of products offered to its customers).

4. PRO FORMA INCOME STATEMENT AND BALANCE SHEET DATA OF THE COMPANY SUBJECT TO SPIN OFF

The following are provided below:

- The description of pro forma balance sheet and income statement effects on the consolidated financial statements of the Banca Fideuram Group on 31 December 2003 derived from the shareholding held by Banca Fideuram in Fideuram Vita in favor of SANPAOLO IMI;
- The related pro forma indicators per share.

The pro forma information was created by assuming, by convention, that the Spin Off took place:

- for balance sheet purposes, on 31 December 2003;
- for income statement purposes, on 1 January 2003.

The pro forma figures, supplied to guarantee a more complete picture, must not be considered as a forecast of the Group's future results and therefore do not reflect the forecast economic effects stated in the industrial plan.

4.1 *PRO FORMA BALANCE SHEET AND INCOME STATEMENT EFFECTS*

The effects of the Spin Off on the Banca Fideuram Group are linked to the loss of control over Fideuram Vita and the resulting exclusion of the insurance company from the scope of consolidation through the “shareholders’ equity valuation” method.

In particular, as far as the pro forma balance sheet effects—defined with respect to the consolidation on 31 December 2003—are concerned, the transaction will cause a reduction in the assets of the shareholding account for €434.3 million as an offset of the decrease in net consolidated shareholders’ equity, of which €69 million affecting share capital.

Concerning the effects on the pro forma income statement for 2003, these consist in a reduction of the year’s net income of the Banca Fideuram Group for a total of €31.9 million, corresponding to the contribution of Fideuram Vita to the consolidated result, and shown in the entry “net income from shareholdings valued at shareholders’ equity” (€36 million), net of the effect of the write-off of the amortization of the positive difference in shareholders’ equity versus the insurance subsidiary (€4.1 million).

For the sake of completeness and in order to allow greater knowledge of the accounting effects of the operation, it should be noted that the consolidated income statement of the Banca Fideuram Group in 2003 will include the net income generated by Fideuram Vita up until the legal date of the Spin Off, at which time it will be deconsolidated.

4.2 *PRO FORMA INDICATORS PER SHARE*

The main indicators per share, both historical and pro forma, as of 31 December 2003 are shown below.

From a methodological point of view, the following items were considered for the calculation of these indicators:

- With regards to indices for shareholders’ equity, the total amount of outstanding shares on 31 December 2003, adjusted by subtracting the number of own shares held by Banca Fideuram on the same date;
- With regards to the indices for economic margins, the weighted average of the circulating shares in 2003, taking into account the trading of own shares conducted by Banca Fideuram in the same period.

Banca Fideuram Group – Data per share

	31 December 2003 Historical data	31 December 2003 Pro forma data
No. total shares as of 31 December 2003	980,290,564	(**)
No. total outstanding shares on 31 December 2003 (between the float and profit sharing held directly and indirectly by SPIMI)	965,290,564	(**)
No. weighted average circulating shares in 2003	965,290,564	(**)
Net income from ordinary activities/Average number of circulating shares (euro)	0.23	0.19
Net income /Average number of circulating shares (euro)	0.18	0.15
Net income in cash/Average number of circulating shares (euro) (*)	0.19	0.15
Net shareholders' equity/ Average number of circulating shares (euro)	1.05	0.60
Gross unitary dividend (euro)	0.16	(**)

(*)Net income increased by “value adjustments on goodwill, merger and consolidation differences”.

(**)The examined data coincide with official ones, since the reduction in share capital of Banca Fideuram following the spin off of Fideuram Vita will take place—given equal numbers—through the reduction in the nominal value of the shares (from €0.26 to €0.19 per share).

5. PRO FORMA INCOME STATEMENT AND BALANCE SHEET DATA OF THE BENEFICIARY COMPANY

The following data are furnished:

- the description of the impact of the pro forma economic and balance sheet figures on the consolidated financial statements of the SANPAOLO IMI Group as of 31 December 2003 as a result of the spin off of the FV shares held by Banca Fideuram in favor of SANPAOLO IMI;
- the related pro forma ratios per share.

The pro-forma information was issued conventionally assuming that the transaction under examination has taken place:

- for balance sheet purposes, on 31 December 2003;
- for income statement purposes, on 1 January 2003.

The pro forma figures, supplied to guarantee a more complete picture, must not be considered as a forecast of the Group's future results and therefore do not reflect the forecast economic effects stated in the industrial plan.

5.1 PRO FORMA BALANCE SHEET AND INCOME STATEMENT EFFECTS

The reorganization of the SANPAOLO IMI Group's insurance sector affects the consolidated balance sheet structure and income results with sole regard to the Banca Fideuram Spin Off, as the company is subject to full consolidation and held by minority shareholders.

As regards the pro forma balance sheet effects in relation to the consolidated schedule as of 31 December 2003, the spin off mentioned above involves the shareholders' equity acquisition of to the SANPAOLO IMI Group of the Fideuram Vita share of shareholders' equity previously attributed to the minority shareholders of (and previously recorded under "minority interests"), totaling €115 million. Of this amount, €74 million represent the share capital increase, €41 million the reserves and net income.

In particular, the pro forma economic impact of the transaction of the result of the SANPAOLO IMI Group for 2003 consists in the increase in consolidated net income due to the 2003 income of Fideuram Vita previously attributed to the minority shareholders of Banca Fideuram (and as such previously recorded under "minority interests"), totaling €9 million.

5.2 PRO FORMA INDICATORS PER SHARE

The main historical and pro forma ratios as of 31 December 2003 are listed below.

In calculating the historical ratios as of 31 December 2003 the following items were considered:

- as regards the indexes of shareholders' equity, the amount of the shares outstanding as of 31 December 2003 adjusted by the number of own shares held by the parent bank SANPAOLO IMI on the same date;
- as regards economic margins, the weighted average of shares circulating in 2003, considering the purchase and sale of own shares by SANPAOLO IMI in the same period.

In determining the pro forma ratios per share as of 31 December 2003 the same methodological criteria used for the historical figures were applied. To determine the number of pro forma shares, the historical figure – as of 31 December 2003 – was conventionally increased to serve the spin off exchange (no. 26,290,836). For the purposes of determining the average weighted number of pro forma shares outstanding in 2003, consistency for the whole year of the increase mentioned above was conventionally assumed.

SANPAOLO IMI Group – Data per share

	Historical data	Pro forma data
No. of total shares as of 31 December 2003	1,837,166,000	1,863,456,836
No. of outstanding shares as of 31 December 2003	1,833,945,081	1,860,235,917
No. of weighted average outstanding shares in 2003	1,835,013,540	1,861,304,376
Income before extraordinary items / Average number of outstanding shares (euro)	0.93	0.91
Net income/ Average number of outstanding shares (euro)	0.53	0.53
Net income in cash / Average number of outstanding shares (euro) (*)	0.62	0.61
Net shareholders' equity / Number of outstanding shares (euro)	6.00	5.97
Dividend per share (euro) (**)	0.39	0.38

(*) Net income comprising “adjustments to goodwill and merger and consolidation differences”.

(**) The pro forma unitary dividend was calculated by relating the total dividend from the 2003 deliberated profit (€716,494,740) to the total number of pro forma shares as of 31 December 2003.

6. PROSPECTS OF THE COMPANY SUBJECT TO SPIN OFF

In the first quarter of 2004 Banca Fideuram achieved consolidated net income of €67.1 million, which represents the highest ever quarterly economic result, with an annual increase of 129% (65% without considering certain non-recurrent profitability components).

As regards flows, Banca Fideuram effectively pursued its commercial strategy aimed at increasing the weight of asset management within the volumes administered.

Net flows of asset management recorded a positive balance of €0.3 billion in the first quarter, (compared with €0.8 billion in the first quarter of 2003 and €0.9 billion in the fourth quarter of 2003) thanks to the satisfactory results achieved in the placement of insurance products and, especially, portfolio management.

The positive results achieved in the quarter confirm Banca Fideuram among the first three market operators in terms of net flows to mutual funds (source: Assogestioni), contrasting with the negative total result of the system.

Banca Fideuram's Assets under Management reached €59.5 billion at the end of the first quarter of 2004, registering a significant increase compared with the value as of 31 December 2003, when they were €58.1 billion, and especially with the value as of 31 March 2003, €54.2 billion.

This aggregate – which has registered a constantly rising trend for more than a year – includes the “assets managed” component, which exceeded 78% of the total at the end of March (it was 77% at the end of the year and 74% in March 2003).

The analysis of the management and economic results for each individual quarter – from the first quarter of 2003 to the first quarter of 2004 – confirms the linear growth of Banca Fideuram.

This improvement must be associated mainly with the constant increase of the average asset management volumes, an improved product mix and, to a lesser extent, the higher share content of the volumes.

In the first five months of 2004, these three elements (especially the first two), represented “leading indicators” of revenue performance, maintaining decidedly netter levels in terms of company profitability compared with the first five months of 2003.

Consequently, excluding significant negative market changes or currently unforeseeable events, the economic results expected for the whole of 2004 are better than 2003.

It should also be emphasized that this expected improvement refers to a consistent comparison between the two years, without taking account of the accounting, economic and balance sheet effects deriving from the spin off described in this document.

7. PROSPECTS OF THE BENEFICIARY COMPANY AND ITS GROUP

The macro economic scenario for 2004 is still conditioned by elements of uncertainty: on the one side, anticipatory ratios of the real cycle of the early months of 2004 strengthened the growth prospects of the mature economies, and on the other, this trend

is reduced by the increase in the price of oil linked with the delicate situation in the Middle-East.

The increasing trend of medium and long-term rates in the United States reflects the expectations of a “gradual” monetary restriction phase by the Federal Reserve, aimed at reducing the inflation-related pressure which is linked with the price of oil, as well as the sustained level of consumption and increased employment. Rates in the Euro-zone are rising slower: the European Central Bank does not intend to increase interest rates during the year due to the low level of consumer spending which has offset the positive trend in exports. In Italy and Germany in particular, the weakness of the economic recovery is attributable to the lack of confidence by households and the stagnant industrial situation.

Despite the backward slide in May 2004, the leading international stock exchanges have shown a fairly positive trend since the beginning of the year. The prospective evolution of the stock markets was positively conditioned by the positive income results of the companies and negatively conditioned by the rise in interest rates and uncertainty linked with international tension.

In this context, Group transactions in the first four months 2004 showed moderate growth in financial assets (+1.7%) thanks to the increase in direct deposits (2.6%) and, to a lesser extent, indirect deposits (+1.1%); in this context the placement of insurance products was characterized by more accentuated movement (+6,8%). Loans on the other hand registered a downtrend (-0.7%) attributable to greater selectivity which involved the reduction of exposure to domestic and international corporate counterparts.

The high quality of the portfolio is confirmed by the non performing loans/loans ratio of 1%; the value of this ratio is just over 2%, comprising problem and restructured loans. Prudent loan policies are reflected in the high coverage 73% of non performing loans and 33% of problem and restructured loans. Reserves destined to cover the performing portfolio physiological risk are 0.9%.

The Group’s operating results for the first four months of 2004, despite a less positive than expected economic situation, performed well in terms of revenues, thanks to the effectiveness of commercial steps to defend margins and commissions, as well as constant cost control. In particular, compared with the first four months of 2003, net interest and other banking income is up 5.2%, thanks to commissions (+16,6%); operating costs are largely stable (-0.5%) allowing a 15.8% increase in the operating result. These performances confirm total consistency with that presented in the budget. The cycle’s continuing weakness, which has so far determined reduced erosion of the total spread of interest-earning assets and interest-bearing liabilities, could negatively influence net interest and other banking income in the second part of the year. On the other hand, cost savings could be consolidated and increased.

In line with the methods and the schedule indicated in the 2003-2005 plan, certain significant transactions aimed at rationalizing the commercial networks and companies specialized by business areas and increasing their efficiency were achieved in the first part of the year. In the context of the adoption by all the commercial networks of the Sanpaolo network distribution model, the IT procedures of three bank networks migrated, with two more expected to follow by September 2004. Lastly, the Group's new organizational model has been in operation since 1 May 2004, focusing on the commercial banking activity, optimization of specialized business and further rationalization of headquarters, aimed at creating the cost and revenue synergies presented in the plan.