

SANPAOLO IMI S.p.A.
Shareholders' Meeting of the 28th and 29th April 2005

THE BOARD OF DIRECTORS' REPORT
Point 3 of the Agenda

*Nomination of the Board of Statutory Auditors for the financial years
2005/2006/2007
(pursuant to Art. 20 of the Articles of Association)*

Shareholders,

The term of the Board of Statutory Auditors appointed by the Shareholders' Meeting held on 30 April 2002 expires with the approval of the financial statements as of 31 December 2004.

In compliance with Art. 20 of the Articles of Association, the election of the Controlling Body must take place by way of a voting list.

Shareholders, you are therefore invited to vote in compliance with the Articles of Association.

In this context, we highlight that, being a company quoted on the United States stock exchange and registered with the SEC (*Securities and Exchange Commission*), SANPAOLO IMI is obliged to set up an audit committee in compliance with US regulations which are also applicable to foreign issuers.

In this respect, the Company has empowered the Board of Statutory Auditors with the functions of the audit committee, as provided by American regulations, which above all consist of performing controls on the company's financial reporting process and on the audit of the issuer. As a matter of fact, the Board of Statutory Auditors is qualified to perform such functions, in consideration of the institutional tasks and responsibilities assigned by current legislation and by way of the professional and independent characteristics which distinguish its components.

Therefore, the Board of Statutory Auditors of Sanpaolo Imi has been assigned the powers in observance of the rules of the Sarbanes Oxley Act and the regulations issued by the SEC.

Furthermore, it is the intention of the Board of Directors to adopt appropriate measures so that the Board of Statutory Auditors can, in accordance with US and Italian regulations, fully perform the tasks assigned, specifically in terms of relations with the auditors and of the management of complaints in respect of financial information.

Lastly, in respect of the nomination of new Auditors, your attention is brought to SANPAOLO IMI's obligation to comply with Italian legislation concerning the respectability and professionalism of the Auditors of quoted banks. In addition, in the light of US standards, it must also notify in its periodical reports, whether at least one financial expert has been appointed to the Bank's audit committee. In this context it should be noted that the term *financial expert* implies the knowledge of the accounting

principles applicable in Italy and not necessarily those applicable in the US. On the other hand, being listed on the US stock market establishes the obligation to report to the market in compliance with the regulations applicable to a foreign order and therefore it is considered that specific professional knowledge of such matters would be appropriate for at least one of the members of the Controlling Body of the company.

Turin, 22 March 2005

The Board of Directors