

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

THE BOARD OF DIRECTORS' REPORT
Point 4 of the Agenda

Determination of the remuneration payable to the Members of the Board of Statutory Auditors

Shareholders,

In relation to the nomination of the Board of Statutory Auditors in compliance with point 3 of the agenda for today's Meeting, it is necessary to determine the remuneration payable to the Members of the Control Body.

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In this respect, we point out that the necessity to conform to US regulations on the matter of an audit committee establishes an amplification or rather, further valuation of the areas of operation of the Board of Statutory Auditors, resulting in a strengthening of the responsibilities of the Control Body.

In this context, we also invite you to consider the fact that, in addition to the remuneration which will be determined by the Shareholders' Meeting, the Board of Statutory Auditors must allocate funds deemed by the latter to be necessary as remuneration to any external independent consultants appointed to perform the tasks of the audit committee, as required by US standards.

For this purpose it would be opportune for the Shareholders' Meeting to authorize the provision of a *plafond* to be utilized by the Board of Statutory Auditors for the aforementioned costs in order to comply with the regulations regarding the audit committee. The Board of Statutory Auditors shall provide detail of the utilization of such provision in their annual report.

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Lastly, we would like to remind you that SANPAOLO IMI holds insurance cover in the form of "Civil liability for company directors, statutory auditors and executives" for employees of the Group as well as other subjects (not employees) appointed as directors and statutory auditors to Group companies or subsidiaries. The maximum sum insured per year for each claim at Group level is around 103 million euro, for a total annual premium at Group level in the region of 1.5 million euro. It should be noted that the burden to SANPAOLO IMI in 2004 was around 544,000 euro.

It is currently expected that the Statutory Auditors of the Parent Bank can also be included in the same insurance policy against payment.

The insurance policy holds harmless those insured – within the limits of the aforementioned maximum sum insured – against any amounts they may be liable to pay to third parties and/or the company itself, for civil liability, including legal expenses, in respect of actions or neglect by way of fault in violating the duties required of their respective appointments. The policy does not cover responsibility deriving from malicious or fraudulent behavior or sanctions of a criminal nature or administrative sanctions issued by Regulatory Authorities, which cannot be insured by law.

To this end, it should be noted that the aforementioned insurance policy allows the Company to convey to the insurer the risk of having to respond with the Company's own assets to any damaging behavior by its representatives, it being understood that they shall be exposed to the excess in respect of the maximum sum insured.

In this context it can be noted how major companies have decided to hold harmless the directors and statutory auditors from civil liability and from legal expenses by way of forms of insurance cover and within the limitations of such cover. This practice is becoming more common nationally, in line with what is already an internationally widespread practice. This is also in relation to the expansion of responsibility of the Company bodies, as a result of the recent evolution in national and, for companies listed in the United States, such as yours, international regulations.

In light of the above, it may be possible to authorize the extension of the insurance cover to the Statutory Auditors, with the Bank bearing a total additional amount not in excess of 3% of the cost of the annual premium at Group level. Such authorization would also extend to future years for the duration of the mandate.

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Shareholders,

Given the above, you are hereby invited to resolve on the proposal, taking into account that, in compliance with Art. 20 of the Articles of Association, the Shareholders' Meeting can, in addition to the aforementioned remuneration, determine to pay each Statutory Auditor a fixed sum for every Board meeting attended. We would also remind you that the Statutory Auditors are also entitled to reimbursement of expenses incurred for performing their duties, for the amounts approved by the Shareholders' Meeting.

Turin, 22 March 2005

The Board of Directors