

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

THE BOARD OF DIRECTORS' REPORT
Point 5 of the Agenda

Decisions in respect of the remuneration payable to the Directors

Shareholders,

As you are already aware, Art. 15 of the Articles of Association provides that the Members of the Board of Directors and of the Executive Committee are entitled to annual remuneration, part fixed and part variable, to be established by the Shareholders' Meeting.

In compliance with this provision, the Shareholders' Meeting of 29 April 2004, established that for the year 2004 the total gross variable part payable to the Members of the Board of Directors should be composed as follows:

- 1 per thousand of the net income recorded to the consolidation financial statements of that year, in the event that the growth in such income should be less than 10% of the consolidated net income for the year 2003;
- 1.5 per thousand of the net income recorded to the consolidation financial statements of that year, in the event that growth in such income should be more than 10% on the consolidated net income for the year 2003.

The aforementioned Meeting decided not to set any reference base for the year 2005, postponing the calculation to be decided at the meeting called to approve the financial statements for the year 2004. Such decision was made for the purpose of a more correct valuation, in the light of having access to more precise data concerning the forecast of the Bank's performance.

We also remind you that the same Meeting set the fixed annual gross emolument payable to each Member of the Executive Committee at euro 65,000.

Lastly, we 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 for 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 Directors 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 to any damaging behavior by its representatives with the Company's own assets, it being understood that it 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 now 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 extending the insurance cover to the Directors, with the Bank bearing not more than 10% of the cost of the additional annual premium at Group level. Such authorization would also extend to future years for the duration of the mandate.

Shareholders,

you are therefore invited to take the necessary decisions in respect of the above.

Turin, 22 March 2005

The Board of Directors