

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

THE BOARD OF DIRECTORS' REPORT
Point 2 of the Agenda

Authorization for the purchase and sale of own shares

Shareholders,

The Board of Directors has called you to the meeting to resolve on the proposal to authorize the purchase and sale of own shares, in order to renew the authorization already granted at the previous meeting of 29 April 2004, prior to its imminent expiry.

The appropriate sections of the Report on Operations and the Explanatory Notes to the 2004 Financial Statements illustrate the transactions in own shares carried out by Sanpaolo Imi S.p.A. during the year.

The intention of the proposal is to continue to take advantage of the diverse opportunities which may arise for the Company, even in respect of the need to optimize the capital structure.

It is also deemed opportune that Directors be empowered with the authorization necessary in order to be able to perform strategic operations such as special transactions or deals involving share exchanges or other situations where a company might need to have its own shares available, including stock option plans in favor of employees.

Such operations must, in any case, be carried out in compliance with current laws and regulations. Purchases of own shares will also be made according to the procedures provided for and permitted by the first subsection of Art. 132 of D.Lgs. 58 of 24 February 1998, to ensure fair treatment to all shareholders (pursuant to subsection 3 of Art. 132 of the same Decree Law).

Taking account of the above, we propose that you pass a resolution in accordance with Art. 2357 of the Civil Code and Art. 132 of D. Lgs. 58 of 24 February 1998, authorizing for a period of 18 months from the date of the resolution the purchase of own shares with a nominal value of 2.8 euro per share at a price, net of related purchase costs, of not less than 30% below and not more than 10% above the reference price that the stock will have posted during the stock exchange session on the day prior to each purchase transaction, up to a maximum of 180 million shares and in any case, within the limits set by the law. According to these limits, suitable procedures are implemented in order to monitor the total shareholding held by the Group. Purchases can take place on one or more occasions.

We propose that you confirm the Reserve of 1,000 million euro for the purchase of own shares, which corresponds to the total of the amount already accrued. The amount of own shares held in portfolio at any moment in time should not exceed this limit.

We also propose that, pursuant to Art. 2357-ter of the Civil Code, you authorize the disposal of all or part of the own shares held, at a price not less than 10% below the reference price that the stock will have posted in the session on the day prior to each transaction. On the other hand other parameters can be used, in line with international best practice, for share transfers involved in the acquisition of shareholdings by the Bank, or in connection with the setting up of stable relationships of cooperation or special financial operations which imply the availability of own shares.

For the above reasons, subsequent purchase and sale transactions can be made.

Own shares can also be used as part of incentive plans for:

- the employees of the Company or its subsidiaries for allocations free of charge, also in substitution of other forms of remuneration, taking into account tax benefits provided for by current tax regulations;
- sales for payment following the exercise of option rights and at a price equal to the “normal value” of the stock calculated according to current tax regulation, to employees of the Bank or of its subsidiaries, as well as, in compliance with Art. 2389 of the Civil Code, to Directors of the Bank.

In this respect, we inform you that, as mentioned in the consolidated Report on operations, and without affecting the powers of the Shareholders’ meeting in matters concerning the authorization of how own shares can be used, the Board of Directors has on separate occasions:

- in accordance with Art. 15 of the Articles of Association, decided that the remuneration for the three year period 2001/2003 of the Chairman Mr. Rainer Masera and of the Managing Directors Mr. Alfonso Iozzo and Mr. Luigi Maranzana should be supplemented by way of a stock option plan which assigns to each of them 450,000 rights;
- in accordance with Art. 15 of the Articles of Association, decided that, for his appointment for the two year period 2002/2003, the remuneration of Mr Pio Bussolotto should be supplemented by way of a stock option plan which assigns him 300,000 rights;

in both cases the purchase price is equal to 12.6244 euro, whilst the period of exercise of the rights commenced after the issue of the dividend for 2003 and will terminate on 15 May 2006.

Therefore, we invite you to formally approve the above proposals – and consequently revoke, for the part not executed, the resolution passed on 29 April 2004 authorizing the purchase and sale of own shares – thereby authorizing the Board of Directors to delegate all or part of the power to initiate purchases and disposals of own shares.

Turin, 22 March 2005

The Board of Directors