

CAPITALIA AND FONDIARIA-SAI REACH AN UNDERSTANDING FOR THE SALE OF A 51% STAKE IN FINECO ASSICURAZIONI

JOINT PRESS RELEASE

Pursuant to art. 114 of Legislative Decree 58/98

- **The Capitalia Group and the Fondiaria-SAI Group have reached a multi-year agreement for the development of general casualty *bancassurance* business;**
- **Under the agreement Fondiaria-SAI S.p.A. will acquire a 51% shareholding in *Fineco Assicurazioni S.p.A.* for a total consideration of € 56 million;**
- **Fineco Assicurazioni will distribute general casualty insurance products, on an exclusive basis, through the Capitalia Group network of circa 2,000 banking branches throughout Italy as well as through its 1,300 financial advisors to reach a combined potential customer base of well over 4 million;**

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Rome / Milan, June 21, 2006

The Board of Directors of Capitalia S.p.A. ("**Capitalia**") in its meeting today examined and approved the offer of Fondiaria-Sai S.p.A. ("**FonSai**" and together with Capitalia the "**Parties**") for a multi-year exclusive agreement for the development of the Capitalia Group's general casualty *bancassurance* business.

Under said agreement Capitalia will sell a 51% shareholding in Fineco Assicurazioni S.p.A. ("**Fineco Assicurazioni**" or the "**Company**") to FonSai for a consideration of € 56 million, which corresponds to a valuation for 100% of Fineco Assicurazioni equal to circa € 110 million.

Capitalia and FonSai will also enter into a shareholders' pact setting out Fineco Assicurazioni's corporate governance rules and the business terms of the partnership, including the provision that the Company will continue to use Capitalia's distribution network through 2016, and that said term may, upon expiration, be extended by mutual agreement of the parties thereof.

Fineco Assicurazioni is the Capitalia Group general casualty insurance company. It operates using the distribution network (with circa 2,000 branches and 1,300 financial advisors) of Banca di Roma, Banco di Sicilia, Bipop Carire and FinecoBank, the 4 retail banks of the Capitalia Group. In 2005 Fineco Assicurazioni wrote premiums equal to €28.5 million (up 285% over 2004). The business plan prepared by the Parties estimates that the Company will demonstrate significant growth rates in premiums sold by over the next five years (CAGR of about 40%) and reach a net profitability in excess of 10% of premiums.

In the current market environment the partnership will enable Capitalia to benefit from the technical and commercial know-how of the Fondiaria-SAI Group, which is a leading player in Italy's casualty insurance business. In fact, the partnership will foster the development of new products and improve penetration in relation to the over 4 million customers of the Group. Thanks to the agreement Capitalia will also have access to the Fonsai Group's extensive network of claims settlement offices, which is crucial to serve customers efficiently.

The agreement represents for Fondiaria-SAI a further growth opportunity in the casualty insurance business, where the Group reported written premiums of about €7 billion in 2005. It also bears out the strategy geared to broaden the product offering through distribution channels that complement the agents' network by leveraging the distribution strength of the sales network of Italy's fourth largest banking group. Business-wise, the deal perfectly fits into the existing Fondiaria-Sai Group's bancassurance agreements, which will continue to be strategic for the Group's growth.

The *closing* of the deal, which is subject to regulatory authorizations, is to take place by the end of the current month, with the objective of rendering the partnership operational as soon as possible.



Capitalia and FonSai have been advised by the law firms *Studio Legale Carbonetti* and *Studio Legale Ashurst*, respectively.

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