

**BANCA ITALEASE AND FONDIARIA-SAI
ENTER INTO STRATEGIC PARTNERSHIP**

JOINT PRESS RELEASE

Pursuant to Article 114 of Italian Legislative Decree 58/98

Banca Italease and Fondiaria-SAI have reached an agreement to develop a strategic alliance in their respective core businesses, through:

- **the acquisition of a part of Fondiaria-SAI's consumer credit and funds management activities, as part of Banca Italease's strategy to develop its business in the retail market;**
- **the execution of a bancassurance agreement which provides for the distribution of Fondiaria-SAI's life insurance products through Banca SAI and Banca Italease;**
- **As part of the partnership, Banca Italease will acquire the following from Fondiaria-SAI: 50% of Banca SAI, 80% of SAI Asset Management SGR, and 5% of Effe Vita for a total price of roughly Euro 71 million;**
- **the closing of the transaction is subject to the procurement of the necessary approvals from the regulatory authorities and is expected to occur in the second half of 2007.**

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Milan, 26 April 2007

MASSIMO FAENZA, Chief Executive Officer of Banca Italease, and **FAUSTO MARCHIONNI**, Chief Executive Officer of Fondiaria-SAI, signed an agreement today covering the development of a business partnership which calls for Banca Italease's acquisition of a part of Fondiaria-SAI's consumer credit and funds management operations and the start-up of a joint venture for the distribution of life insurance products.

The perfection of the agreement expected during the second half of 2007 is subject to the procurement of the necessary authorizations and nulla osta required as by prevailing regulations, to be provided by the Bank of Italy, the insurance regulatory authority (ISVAP) and the anti-trust authority.

STRUCTURE OF THE TRANSACTION

As part of the strategic partnership, Banca Italease and Fondiaria-SAI today signed a series of agreements which provide for the following:

- Banca Italease's initial acquisition of **50%** of **Banca SAI's** share capital at a price of roughly **Euro 61 million**. On agreement of the parties, Banca Italease's investment may be increased **up to 70%** during the 18 months following the initial acquisition, through the exercise of put and call options for up to another 20% of the capital, whose value will be equal to the same transfer price as revalued to take into account the time value of money.
Banca SAI controls 100% of the share capital of Finitalia S.p.A., a consumer credit company that is active in providing financing for the payment of insurance premiums on policies underwritten by Fondiaria-SAI's networks as part of a 5-year distribution agreement, starting from the closing date, with Fondiaria-SAI's agency networks. As of the acquisition, Banca Italease will take over the activity of management and coordination of Banca SAI's business and the company will be consolidated in the Banca Italease Group's financial statements.
- Banca Italease's acquisition of **80%** of share capital of **SAI Asset Management SGR** (f/k/a Effegestioni SGR) at a price of **Euro 9.6 million**.
- the setting up of a joint venture in life insurance through Banca Italease's initial acquisition of **5%** of the share capital of **Effe Vita** at a price of roughly **Euro 0.7 million**, with the option of increasing the investment in the 18 months after the perfection of the initial acquisition, through the exercise of call options for **another stake of up to 10%** of the capital, whose value will be equal to the same transfer price as revalued to take into account the time value of money.
- The joint venture calls for signing a **business agreement** between Effe Vita and Banca Italease for the distribution of the life insurance products through the Banca Italease branches and agent/intermediary network **through 31 December 2014**.
- the signing of a shareholder agreement for the *corporate governance* and the management of the companies involved in the acquisitions; the agreement will also address certain business aspects of the partnership. The shareholder agreement will govern the make-up of the boards of directors of the companies in which the joint investments are held, the lock-up of the investment stakes, the joint participation in any extraordinary business development transactions, the strategies of the businesses in which the partnership is involved. Finally, the shareholder agreement will provide certain non-compete commitments and the terms and conditions for dissolving the partnership.

The aforementioned transactions will be entirely settled by cash at the closing and will entail a roughly **Euro 11 million capital gain** for Fondiaria-SAI (excluding the effects of the put and call options) with respect to the carrying values reported in the financial statements as of 31 December 2006 approved by the Board of Directors.

PROFILES OF THE COMPANIES INVOLVED IN THE PARTNERSHIP

Set up in 2001, **BANCA SAI** is Fondiaria-SAI's bank active in the distribution of funds management and banking products. It operates through various distribution channels, including 4 branches (Turin, Milan, Florence and Genoa), and about 1,400 financial advisors, some of whom are insurance agents for Fondiaria-SAI.

Operating from a head office in Turin and staff by around 160 employees, as of 31 December 2006, Banca SAI reported on a consolidated basis assets under management of roughly Euro

660 million, a consolidated shareholders' equity of roughly Euro 110 million, customer loans of around Euro 280 million and an annual net loss of about Euro 7 million.

FINITALIA, a company 100% owned by Banca SAI, is active in consumer credit and in particular, in providing financing for the payment of insurance premiums on policies underwritten by Fondiaria-SAI's networks (more than 2,000 active agencies). With a registered office in Milan and work force of 58 employees, the company disbursed new financing of Euro 148 million in 2006 and reported a net profit of roughly Euro 2.5 million for the year.

SAI ASSET MANAGEMENT SGR is a funds management company offering forms of individual and collective investments through the Banca SAI network of more than 1,400 financial advisors. With a Milan-based head office and staff of 46, as of 31 December 2006, the company had around Euro 1.042 billion under management, a shareholders' equity of roughly Euro 6 million and reported earnings of roughly Euro 0.2 million for the year.

EFFE VITA is a Fondiaria-SAI life insurance company through which the life insurance joint venture in **bancassurance** will be developed between Banca Italease and Fondiaria-SAI. Effe Vita has its head office in Florence, and for 2006, reported premiums of around Euro 6 million, a shareholders' equity of roughly Euro 11 million and a net profit of roughly Euro 1 million.

The transaction provides that Effe Vita will sign a distribution agreement with Banca SAI and with Banca Italease's direct network for the sale of life insurance products. The distribution agreement - which will expire as of 31 December 2014 - calls for the generation of roughly Euro 2 billion of life premiums per year starting from the fifth year.

LOGIC FOR THE TRANSACTION

For the **FONDIARIA-SAI GROUP**, the partnership with Banca Italease offers two strategic advantages. From the standpoint of insurance, the accord represents an important opportunity to expand in the life business at a time when there is increasing saturation of the market. The expansion can be achieved through an innovative approach to distribution based on accessing "alternative" networks that are not in competition with Fondiaria-SAI's traditional networks (agents/bank branches) which continue to remain critical as part of Fondiaria-SAI's growth policies and with which the partnership agreement is perfectly integrated.

The accord will also make it possible for Fondiaria-SAI to increase the value of part of its assets in the banking and the funds management businesses, through the access to the know-how and the synergies of a leader such as Italease, improving the quality and range of services available to its agents and customers. At the same time, by retaining a significant interest in Banca SAI, Fondiaria-SAI does not lose the opportunity to participate in the creation of value linked to Banca SAI's new mission within the framework of Banca Italease's strategy to develop retail business.

From **BANCA ITALEASE'S** perspective, the partnership provides an opportunity for accessing a complete operating platform in funds management and consumer credit, and falls fully within the framework of the strategies to diversify the business mix so as to round out the range of products offered to the clientele and to reduce the overall risk profile.

Consistent with the introduction of mortgage loans for individuals, Banca Italease is pursuing business development in the retail market, providing another impulse to the Group's overall growth. The new strategic agreement will make it possible for Banca Italease to:

- build up distribution channels through access to a network of around 1,400 financial advisors;

- enhance cross-selling opportunities for the Group's products;
- improve the cost of funding through entry into the retail deposit market;
- broaden the range of products distributed to its clientele, including through the supply of life insurance products.

According to preliminary estimates, the transaction - which is not part of the Banca Italease Group's current business plan – should have an essentially neutral impact on EPS for the first two years, and should be accretive as from the third year. The Banca Italease's capital ratios after the transaction will remain in line with the targets set out in the business plan that was updated by the Banca Italease Board of Directors on 28 July 2006.

FAUSTO MARCHIONNI, Chief Executive Officer and Director General of FONDIARIA-SAI commented on the transaction, indicating *"The alliance with a banking leader such as Italease represents an impressive growth opportunity in the life business, through access to an innovative distribution arrangement that dovetails with our current networks. It is also a valid alternative to competing effectively in a market such as banking and funds management which has been marked by a rapid process of consolidation and high entry barriers from the standpoint of size. Finally, the agreement will also allow us to provide our networks and customers with a quality service."*

MASSIMO FAENZA, Chief Executive Officer of BANCA ITALEASE emphasized that *"The partnership with Fondiaria-SAI, the third largest insurer in Italy, is a unique opportunity for further differentiating the range of products available to the customers, building up the distribution networks, and supporting the cross-selling efforts."*

Banca Italease and Fondiaria-SAI completed their negotiations on the agreement with the assistance of financial consultants respectively represented by Rothschild and Accenture and KPMG CF, and outside counsel respectively represented by Pavesi Gitti Verzoni and Ashurst.

FONDIARIA-SAI

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