

GRUPPOSANPAOLOIMI

SEMINAR ON CREDIT RISK MANAGEMENT AND SME BUSINESS

ALFONSO IOZZO

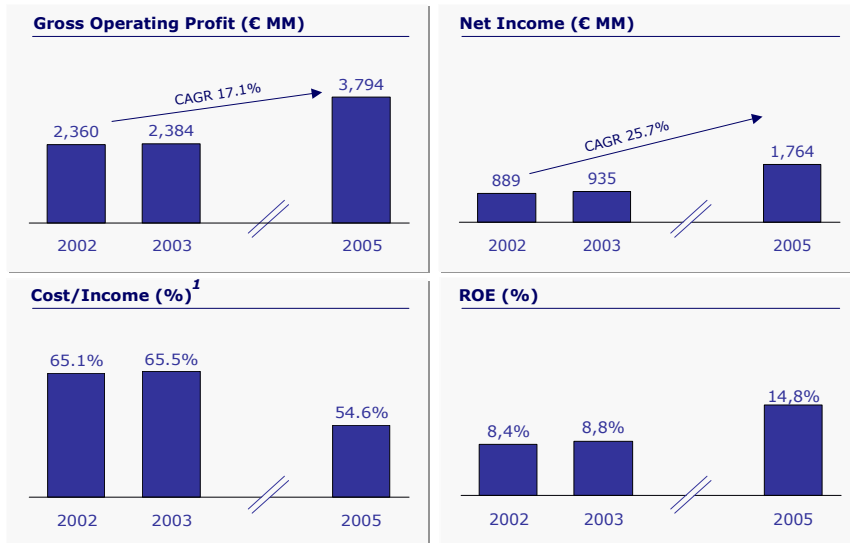
C.E.O.

Turin, June 12, 2003

AGENDA

- ✓ Group Business plan
 - Capacity to grow in household savings
 - Lending and SME business
 - Competitive positioning and business model

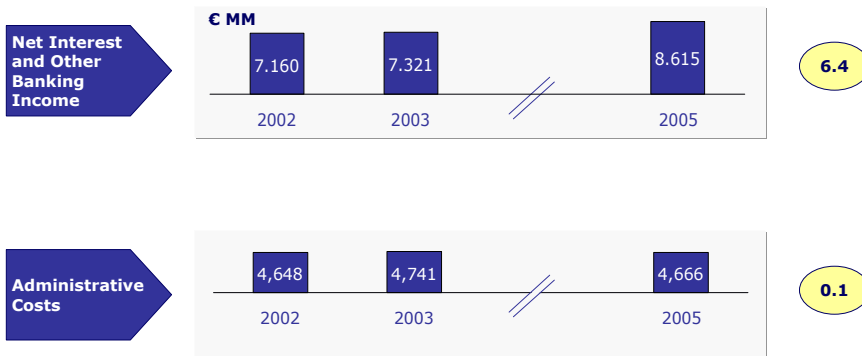
2005 GROUP TARGETS



¹ Total administrative expenses (excluding direct and indirect taxes) and amortization (excluding value adjustments on goodwill and merger and consolidation differences)/total income (including other net operating income)

2005 GROUP TARGETS

2002-2005
CAGR (%)



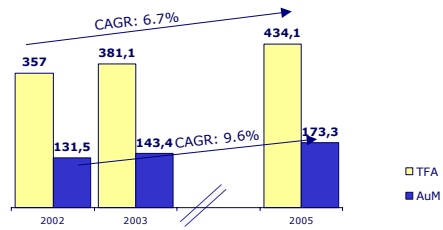
2005 GROUP TARGETS

Guidelines

HOUSEHOLDS:

Growing asset gathering revenues in a challenging environment

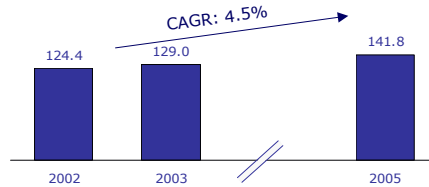
Expected TFA Evolution (€ Bn)



COMPANIES:

- growing selectively a refocused loan book
- increasing the service content

Expected Group Net Loans Evolution (€ Bn)

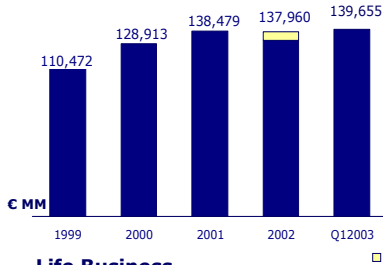


AGENDA

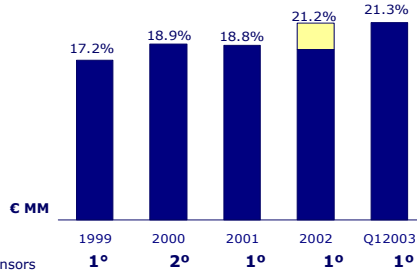
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PROVEN CAPACITY TO GROW NON-ASSET BUSINESS

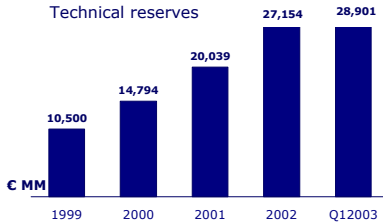
AUM



Mutual funds market share



Life Business

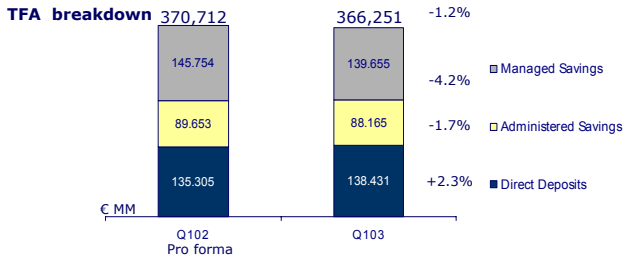


| | New production | Market share |
|------|----------------|--------------|
| 1999 | 2.3 C Bn | 8.9% |
| 2002 | 7.3 C Bn | 16.5% |

Embedded value (31/12/2002) : 1,743 Euro/mil

ASSET GATHERING IN 2003

- ▶ Strong asset gathering capacity of the Group confirmed
- ▶ Reflecting underlying strength in customer relationships



Net inflows April-May 2003

| | |
|-----------------|-------|
| Mutual funds: | 1,445 |
| Life insurance: | 675 |

| Aggregate | Q12003 stock | Q12003 inflows | Q12003 Performance | Net change year to date | |
|------------------|----------------|----------------|--------------------|-------------------------|--------------|
| AFI | 366,251 | +6,952 | -2,863 | +4,089 | +1.1% |
| AUM | 139,655 | +3,919 | -2,224 | +1,695 | +1.2% |
| ▶ Life assurance | 28,901 | +1,649 | +98 | +1,747 | +6.4% |
| ▶ Mutual funds | 101,607 | +2,448 | -2,196 | +252 | +0.2% |
| Administered | 88,165 | +1,499 | -639 | +860 | +1.0% |
| Direct deposits | 138,431 | +1,534 | - | +1,534 | +1.1% |

BREAKDOWN OF REVENUES: ASSET MANAGEMENT FEES

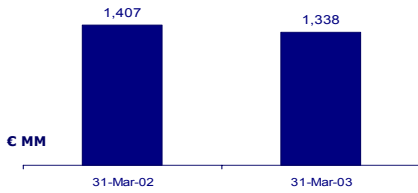
| | 31/03/2003 | 31/12/2002 | 31/12/2001 |
|---|--------------|--------------|--------------|
| Net interest income | 955 | 3,773 | 3,959 |
| Net commission and other net dealing revenues | 692 | 2,809 | 3,056 |
| ▪ <i>Management, dealing and advisory services</i> | 410 | 1,673 | 1,957 |
| ▪ <i>Asset management</i> | 344 | 1,387 | 1,588 |
| ▪ <i>Dealing, custody and currency</i> | 66 | 286 | 369 |
| ▪ <i>Loans and guarantees</i> | 61 | 245 | 249 |
| ▪ <i>Collection and payment services</i> | 56 | 227 | 228 |
| ▪ <i>Deposits and current accounts</i> | 115 | 438 | 385 |
| ▪ <i>Other services and net dealing revenues</i> | 50 | 226 | 237 |
| Profits and losses from financial transactions and dividends on shares | 83 | 286 | 300 |
| Profits from companies carried at equity and dividends from shareholdings | 48 | 292 | 228 |
| Net interest and other banking income | 1,778 | 7,160 | 7,543 |
| Management fees/Net interest and other banking income | 23.0% | 23.4% | 25.9% |
| Management fees/Total fees | 59.2% | 59.6% | 64.0% |

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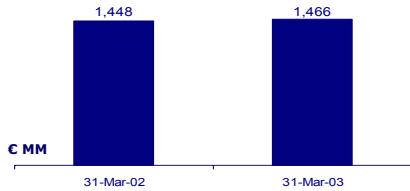
ASSET QUALITY TRACK RECORD

NET NPL'S

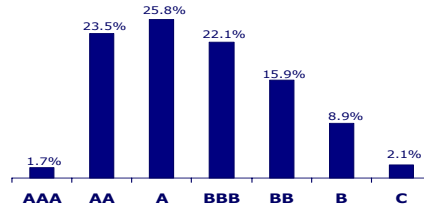


| | 31/03/03 |
|---------------------------|------------------------------|
| NPL ratio | 1.0% |
| Net Watchlist ratio | 1.1% |
| General Reserve: | 90 b.p. (perf. Loans) |
| NPL coverage ratio: | 68.7% |
| Watchlist coverage ratio: | 30.2% |

NET WATCHLIST (*)



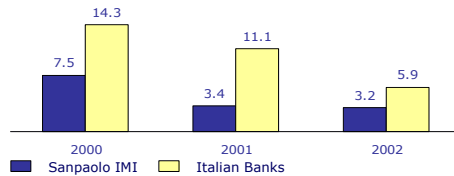
PORTFOLIO RATING PROFILE



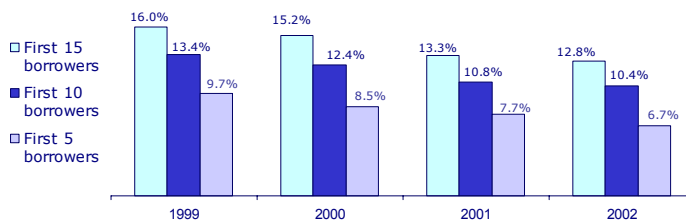
(*) Includes watchlist, restructured and in course of restructuring loans.

A CONSERVATIVE AND BALANCED APPROACH TO LOAN GROWTH

Domestic Loan Growth (%)⁽¹⁾



Concentration(*)



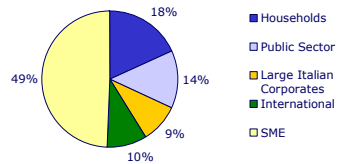
(*) In terms of loans, commitments and guarantees on net customer loans

GROWING SELECTIVELY A REFOCUSSED LOAN BOOK

Business objectives:

- Preserve asset quality
- Price correctly risk
- Focus on key domestic sectors

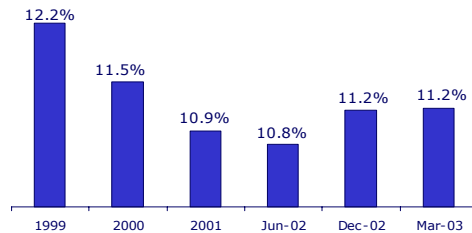
2002 Loan Book Breakdown (%)



| | Stock Q103 | Var. Y/Y |
|---|----------------|--------------|
| GROUP: | 126,371 | +2.5% |
| PRINCIPLE BUSINESS UNIT NUMBERS: | | |
| ▶ Sanpaolo Network | 53,737 | +7.0% |
| ▶ Cardine | 25,086 | +7.0% |
| ▶ Large Domestic Groups | 11,539 | +0.5% |
| ▶ Banca OPI | 18,056 | +14.2% |
| ▶ Consumer Banking | 3,725 | +16.5% |
| ▶ Foreign corporate | 4,978 | -33.8% |

GROWING SELECTIVELY A REFOCUSSED LOAN BOOK

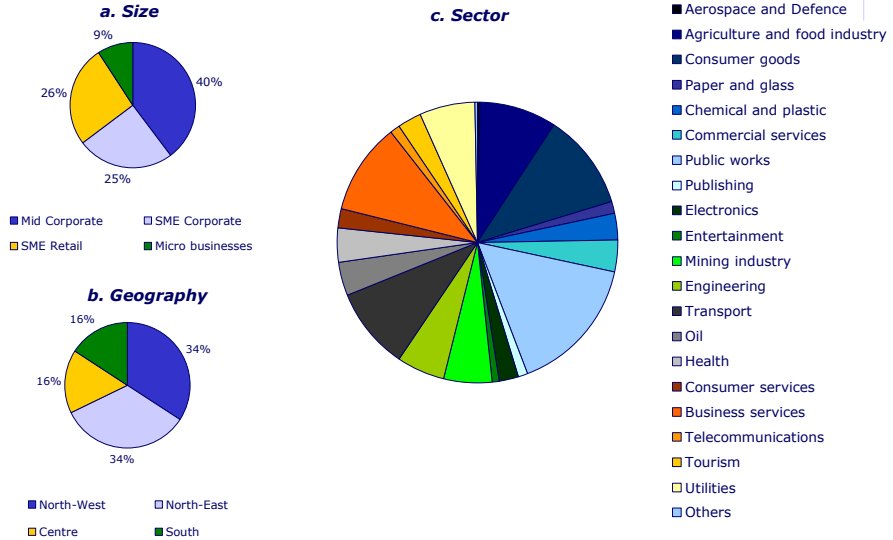
Market share in domestic lending



| | Var. Y/Y | Var. Q/Q |
|-----------------|----------|----------|
| Average spread | +21 bsp | -1 bsp |
| ▶ Mark up | +29 bsp | +21 bsp |
| ▶ Mark down | -8 bsp | -22 bsp |
| 3 month Euribor | -68 bsp | -43 bsp |

A CONSERVATIVE AND BALANCED APPROACH TO LOAN GROWTH The SME sector brings significant diversification to loan portfolio

Breakdown of Italian SME customer base by:



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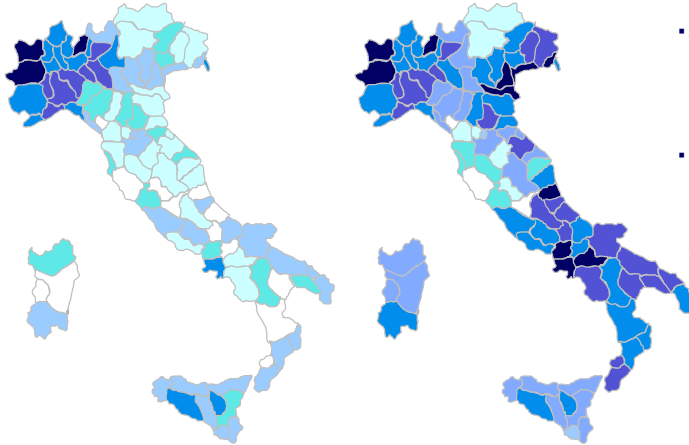
RETAIL BANKING DISTRIBUTION MODEL

The Group has built a national distribution network

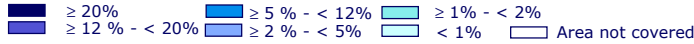
1999

2002

Results

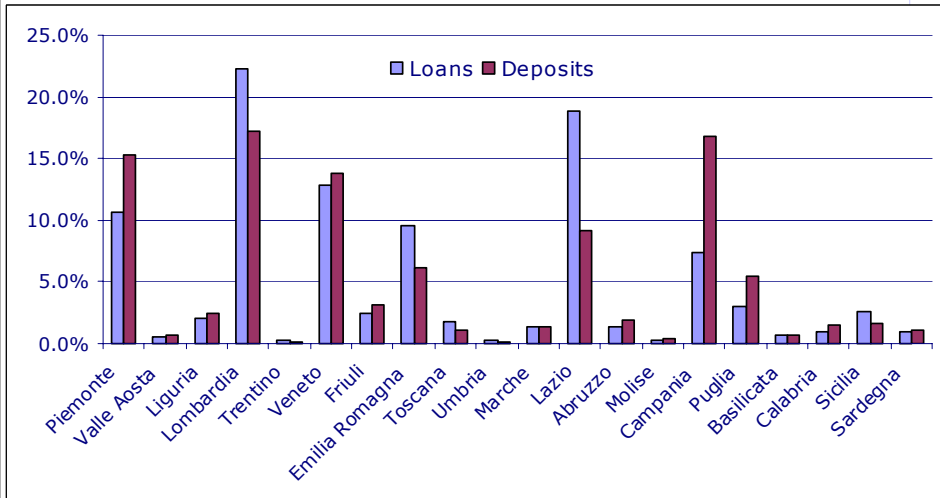


- A significant increase in the number of retail branches – from 1,355 in 1999 to 3,069 in 2002
- Excellent geographical coverage through its branch distribution footprint



LOANS AND DEPOSITS: REGIONAL BRAKDOWN

As of 31/12/2002



DEPOSIT REGIONAL MARKET SHARE AND NETWORK COMPLEMENTARITY

| | Sanpaolo Network Market share % | Banco di Napoli Market share % | Cardine Market share % | Group Market share % |
|-----------------------|------------------------------------|-----------------------------------|---------------------------|-------------------------|
| Piemonte | 22.3 | - | - | 22.9 |
| Valle d'Aosta | 28.4 | - | - | 28.4 |
| Liguria | 9.7 | - | - | 10.1 |
| Lombardia | 5.8 | 0.2 | 0.1 | 6.4 |
| Trentino Alto Adige | 0.3 | - | - | 0.4 |
| Veneto | 0.9 | - | 16.7 | 17.9 |
| Friuli Venezia Giulia | 0.6 | - | 12.8 | 13.8 |
| Emilia Romagna | 0.7 | 0.1 | 5.5 | 6.6 |
| Toscana | 0.9 | 0.3 | - | 1.8 |
| Umbria | 0.4 | 0.6 | 0.2 | 1.5 |
| Marche | 0.8 | 0.1 | 4.9 | 6.0 |
| Lazio | 3.6 | 2.3 | 0.6 | 7.3 |
| Abruzzo | 0.9 | 4.5 | 6.6 | 12.2 |
| Molise | 2.4 | 9.3 | 2.5 | 14.2 |
| Campania | 4.6 | 24.3 | - | 29.4 |
| Puglia | 2.8 | 10.2 | - | 13.2 |
| Basilicata | 0.6 | 10.5 | - | 11.1 |
| Calabria | 1.1 | 8.2 | - | 9.3 |
| Sicilia | 3.0 | - | - | 3.3 |
| Sardegna | 1.4 | 4.0 | - | 5.7 |
| Total Italy | 4.7 | 2.6 | 2.5 | 10.2 |

RETAIL BANKING DISTRIBUTION MODEL
and is extending the successful branch distribution model

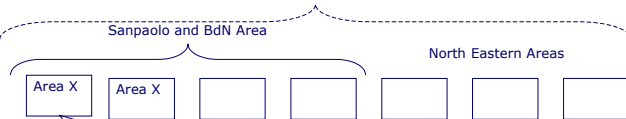
Retail Headquarters

- Single head office on single operating and back office platform
- Divisional model to meet needs of customer segments and ensure necessary co-ordination



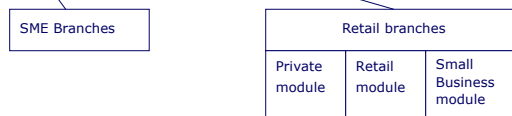
Area Management

- Local nature maintained through brand and legal entity
- Coordination of division at local area level



Branch network

- 3,000 branches with good coverage and high concentration
- Specialisation through dedicated branches and modular approach to branch business
- Multi-channel approach



Disclaimer:

As in most presentations, forward looking statements are made and our actual results may differ from those discussed here. Additional information concerning factors that could cause such a difference can be found in our annual report and other publicly disclosed financial reports.