

GRUPPO SANPAOLO IMI

Q1 2004 RESULTS

12 May 2004

DISCLAIMER

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AGENDA

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- Q1 2004 results
- New Group structure

SUMMARY OF Q104 RESULTS

Good revenue growth

- Revenues ahead of expectations driven by asset management fees (+19.1% Y/Y in AM commission, +138% Y/Y in contribution from life companies)
- Net interest income impacted by lower interest rate and difficult macro back-drop but operating trends remain positive

Total revenues +6.4%

Solid operating trends

- Good loan growth in retail and public sector lending
- Selective loan growth enable stable customer spread and good asset quality
- Customer financial assets up 5.1% and strong inflows of new customer funds 2,727 € MM understated by outflows from the non captive businesses of Adria Vita and Eptaconsors

Operating income +19.0%

Costs under control

- Flat costs despite ongoing integration charges and inflationary pressure, principally driven by headcount reduction

Prudential provisioning

- Good asset quality, adequate coverage levels and low NPL ratios underpin balance sheet strength
- Credit provisioning in line with average cost of risk and includes 38 € MM generic charge.

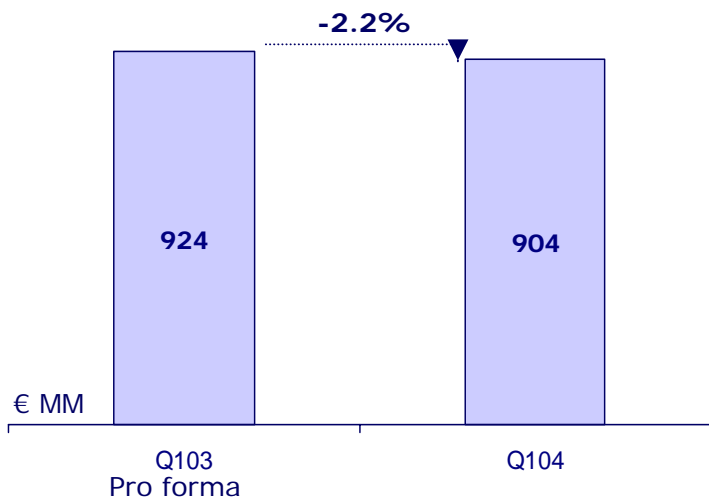
Income before extraordinary +22.4%

Excellent bottom line growth

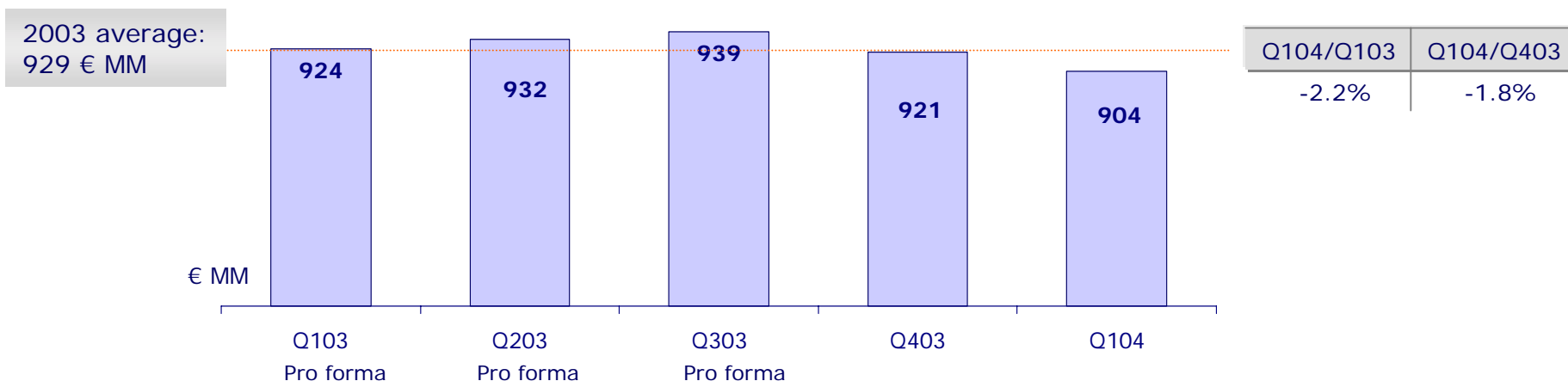
- Annualised ROE and Cost/income improve to 13.8% and 59.5% respectively
- Business plan objectives confirmed

Net income +37.4%

NET INTEREST INCOME



- Despite customer spread remaining firm (-5 bps Y/Y) lower interest rates impacted on higher balances of interest earning assets to interest bearing liabilities
- In part interest rate weakness was offset by growth in average customer loans (+3.3% Y/Y)
- Loan growth remains selective in a weak domestic macro economic scenario
- Asset quality in the performing loan portfolio remains good and has improved slightly over the last quarter



SELECTIVE LOAN GROWTH

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- The loan policy remains focussed on:
 - asset quality
 - appropriate risk adjusted pricing
- Continuing positive trends :
 - new domestic residential mortgage lending 0.9 € billion YTD
 - public authority lending up 2.1% Y/Y
 - consumer banking up 12.4% Y/Y

€ MM	Stock 31/03/04	Change 31/03/04- 31/03/03 pro forma
GROUP:	120,647	-2.0%
▪ Medium-long term	79,816	+6.3%
▪ Short term	40,831	-14.9%
PRINCIPLE BUSINESS UNIT NUMBERS:		
▪ Sanpaolo Network combined(*)	55,152	+3.9%
▪ North East Network	24,134	+6.4%
▪ Consumer Banking	3,493	+12.4%
▪ Banca OPI	18,434	+2.1%
▪ Large Groups and Structured Finance	8,834	-31.0%
▪ International Activities	4,591	-20.8%

(*) Includes Sanpaolo Network, Sanpaolo Banco di Napoli and BPA

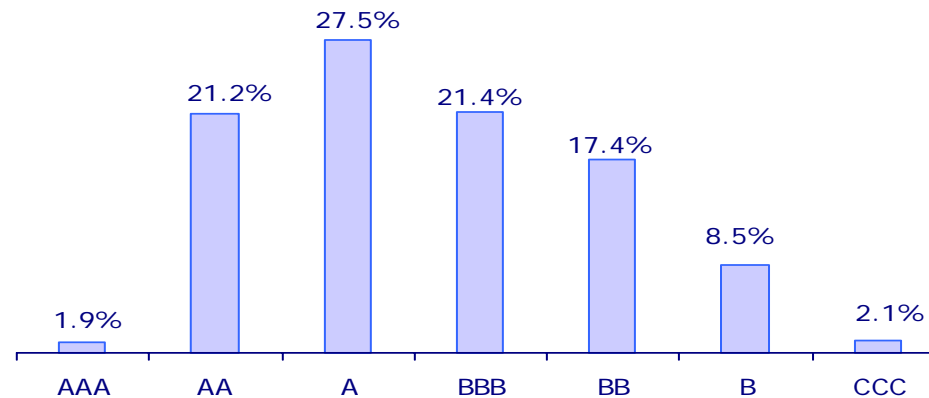
GOOD ASSET QUALITY AND SOLID MARGINS

- Falling rates impact on mark down although contained by improvement in mark up and repricing of liabilities
- Treasury management enables reduction of interest rate risk on sight deposits

Average spread on customer business

	Change Y/Y
Average spread	-5
▪ Mark up	+4
▪ Mark down	-10
3 month Euribor	-62

Customer loans by rating



(*)The portfolio includes analytically rated performing loans to customers on and off-balance sheet which represent approximately 75% of the total portfolio. The remaining portion of the portfolio is principally retail lending of which approximately 70% in residential mortgage lending.

WELL BALANCED CUSTOMER DEPOSIT BASE

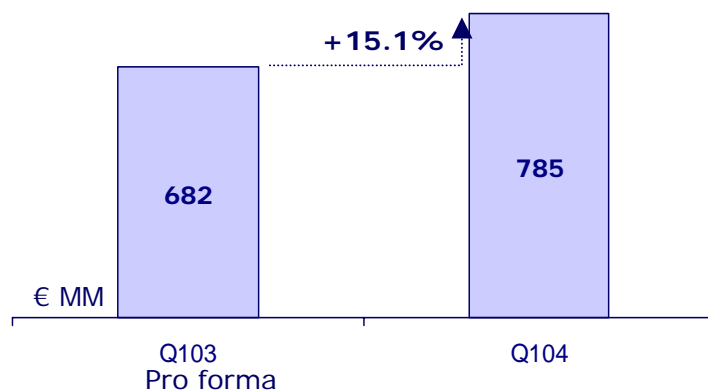
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- Current accounts and deposits account for 50% of direct deposits
- Demand for low risk investments with income has seen a sharp rise in demand for bonds and repos

€ MM	31/03/04	%	31/03/03 pro forma	%	Change 31/03/04- 31/03/03 pro forma
Current account and deposits	67,741	50.2	67,853	50.5	-0.2%
CDs	5,355	4.0	5,926	4.4	-9.6%
Bonds	41,479	30.8	38,432	28.6	+7.9%
Commercial paper	3,659	2.7	4,408	3.3	-17.0%
Repos	12,757	9.4	12,817	9.6	-0.5%
Other	3,872	2.9	4,822	3.6	-19.7%
Total	134,863	100.0	134,258	100.0	+0.5%

STRONG GROWTH IN COMMISSION INCOME

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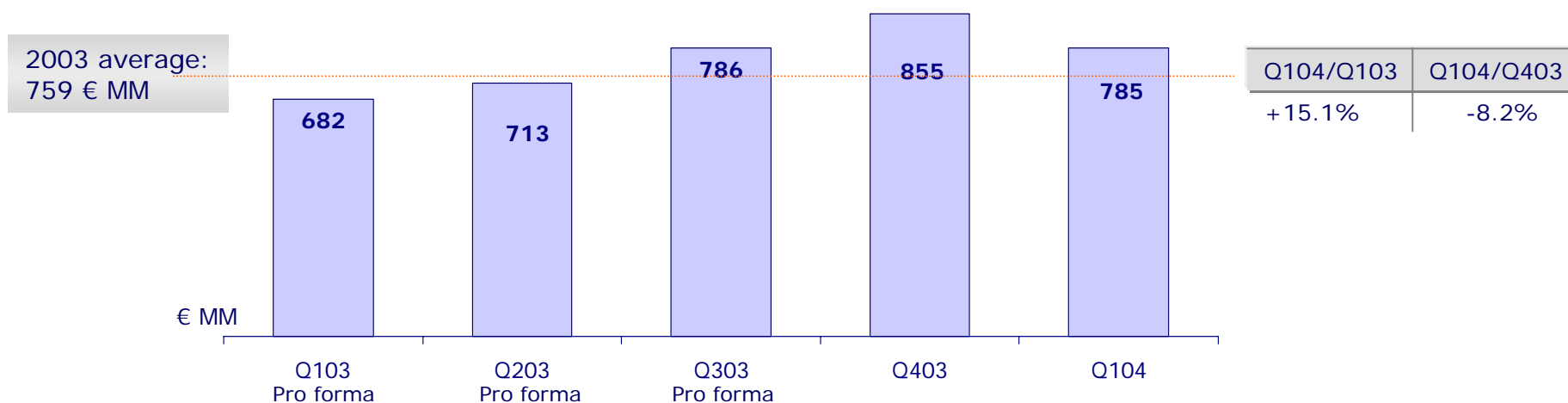


- Asset management fees driven by good operating trends and positive performance effect
- Traditional banking fees continue to make strong contribution to growth

€ MM	Q104	Q103 pro forma	Change Q104/ Q103 pro forma
Asset Management, Dealing and advisory services	477	403	+18.4%
▪ <i>asset management</i>	405	340	+19.1%
▪ <i>dealing, advisory and custody, currencies</i>	72	63	+14.3%
Loans and guarantees	76	63	+20.6%
Collection and payment services	62	57	+8.8%
Deposit and current accounts	119	111	+7.2%
Other services and net dealing revenues	51	48	+6.3%
Net Commission and other dealing revenues	785	682	+15.1%

FEE INCOME QUARTERLY ANALYSIS

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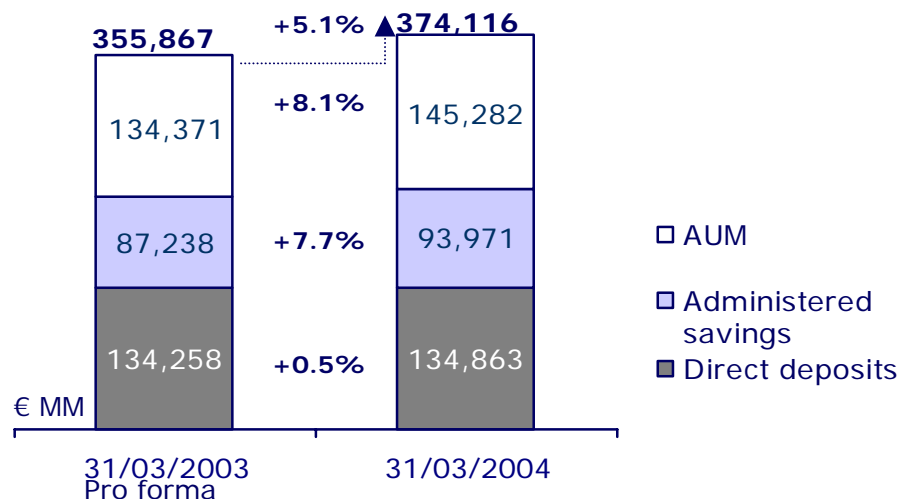
€ MM	Q104	Q403	Q303	Q203	Q103	Change Q104/Q103	Change Q104/Q403
Asset Management, Dealing and advisory services	477	490	468	415	403	+18.4%	-2.7%
▪ <i>asset management</i>	405	416	384	339	340	+19.1%	-2.6%
▪ <i>dealing and custody, currencies</i>	72	74	84	76	63	+14.3%	-2.7%
Loans and guarantees	76	93	66	59	63	+20.6%	-18.3%
Collection and payment services	62	58	64	60	57	+8.8%	+6.9%
Deposit and current accounts	119	133	124	120	111	+7.2%	-10.5%
Other services and net dealing revenues	51	81	64	59	48	+6.3%	-37.0%
Net Commission and other dealing revenues	785	855	786	713	682	+15.1%	-8.2%

DETAIL ON CUSTOMER FINANCIAL ASSETS

- Positive asset gathering performance understated in Q104 net inflows numbers because of outflows of approximately 725 € MM from non captive business (Adriavita and Eptaconsors)
- Marked preference for low risk products in Q104

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TFA stock breakdown



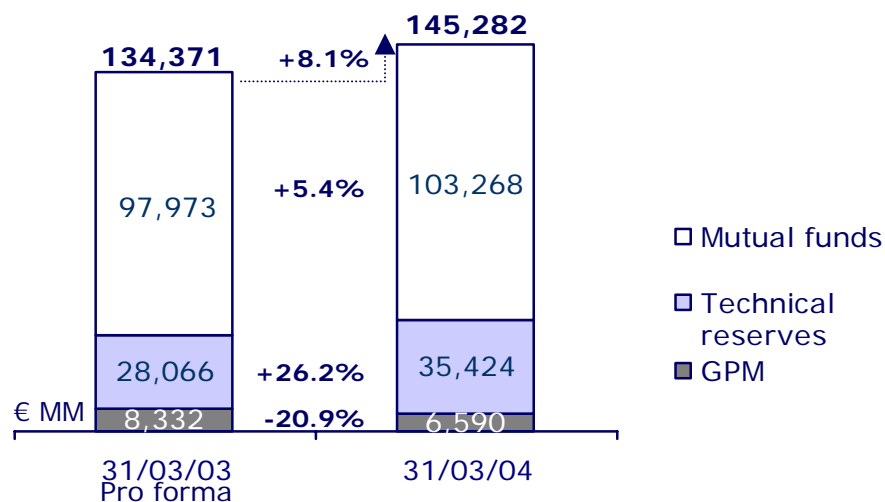
€ MM	31/03/04 stock	Q104 flows	Q104 performance	Net change year to date
TFA	374,116	2,727	3,347	6,074
AUM	145,282	-882	+2,453	+1,571
▪ Life assurance	35,424	+1,352	+536	+1,888
▪ Mutual funds	103,268	-1,233	+1,763	+530
▪ GPM	6,590	-1,001	+154	-847
Administered	93,971	+467	+894	+1,361
Direct deposits	134,863	+3,142	-	+3,142

DETAIL ON ASSETS UNDER MANAGEMENT

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- Market performance effect positive for 2.5 billion euro in Q104
- Restated for the negative impact of non captive business, the impact of new money flows was essentially neutral in Q104

Assets under Management



€ MM	Q104 Flows				31/03/04 Stock		
	Life assurance	Mutual funds	GPM	Total	Total	Var. Y/Y	Var. Q/Q
Sanpaolo combined (*)	+865	-652	-391	-178	79,697	+7.8%	+0.9%
North East Network	+126	-270	-622	-766	11,903	+2.2%	-4.4%
Fideuram	+225	+103	+20	+348	46,141	+15.0%	+3.5%
Other	+136	-414	-8	-286	7,541	-13.0%	-2.4%
Total	+1,352	-1,233	-1,001	-882	145,282	+8.1%	+1.1%

(*) Includes Sanpaolo Network, Sanpaolo Banco di Napoli and BPA

DETAIL ON MUTUAL FUNDS

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- Over 20% market share confirms Sanpaolo IMI as the leading domestic mutual funds manager
- Strengthening of the asset mix over the last 12 months with equity and balanced funds now accounting for 32.3%

Mutual fund portfolio composition

€ MM	31/03/04	31/03/03 Pro forma
▪ Equity	24.9%	19.4%
▪ Balanced	7.4%	8.6%
▪ Bond	41.5%	43.0%
▪ Money	26.2%	29.0%
Mutual funds stock	100.0%	100.0%

Market share: 20.9% as of April 2004

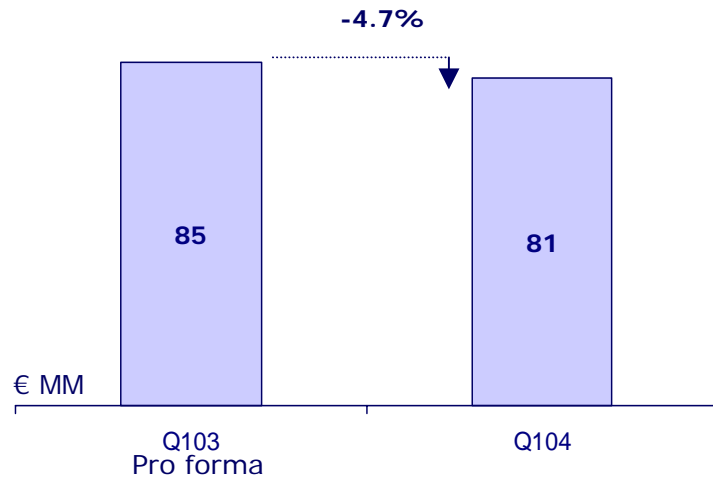
DETAIL ON LIFE ASSURANCE

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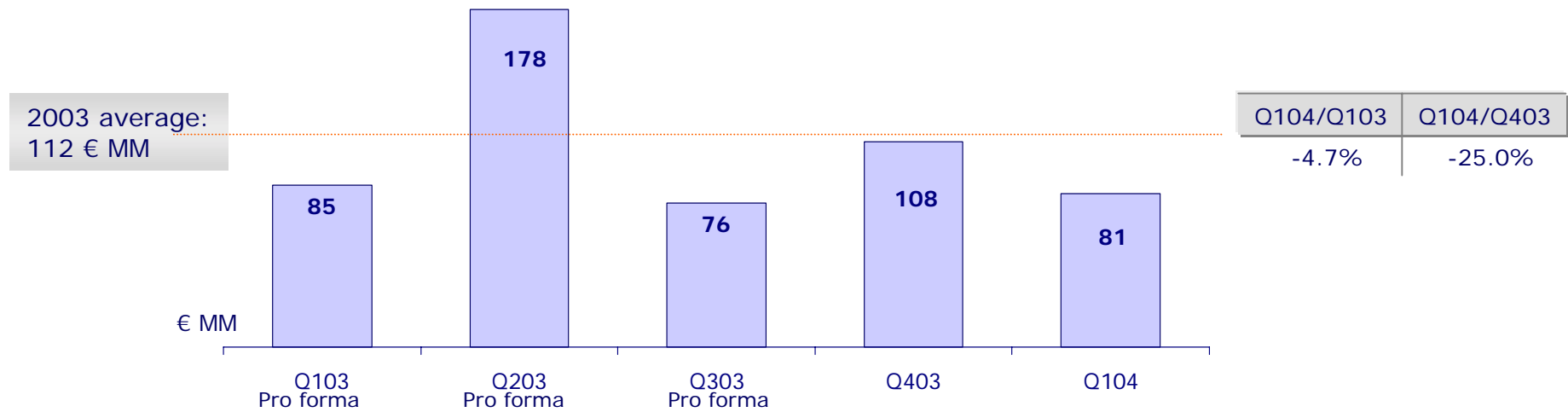
- Leading bancassurance Group in Italy with a 11.6% market share of technical reserves
- Technical reserves up 26% Y/Y
- 16.1% share of the bancassurance market for new business of Q104
- **Significant embedded value in life portfolio: 2,306 € MM (as at 31/12/2003)**

€ MM	31/03/04 stock	31/03/2003 pro forma stock	Change 31/03/04- 31/03/03 pro forma
Total	35,424	28,066	+26.2%
▪ Traditional	12,410	11,235	+10.4%
▪ Unit linked	11,279	7,843	+43.8%
▪ Index linked	8,343	5,690	+46.6%
▪ Third parties	3,393	3,298	+2.9%

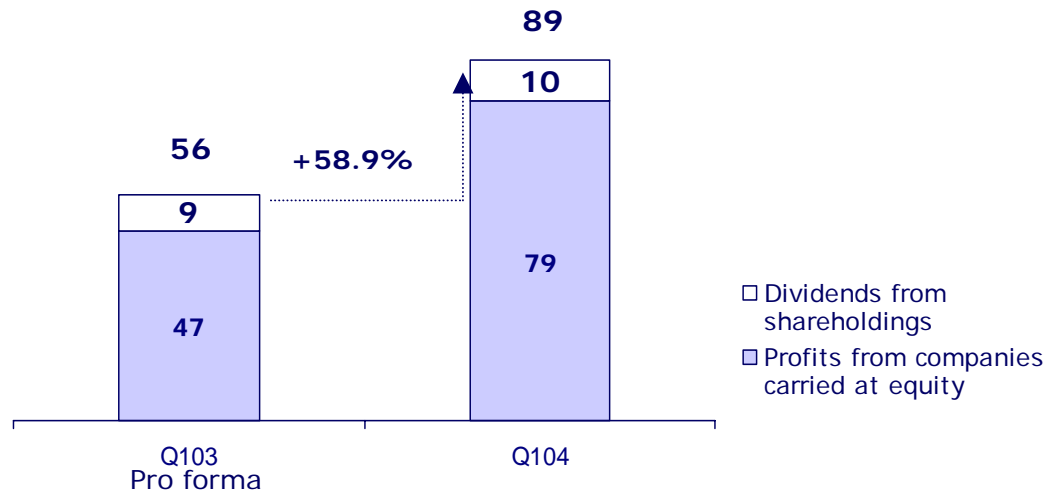
PROFITS ON FINANCIAL TRANSACTIONS AND DIVIDENDS ON SHARES



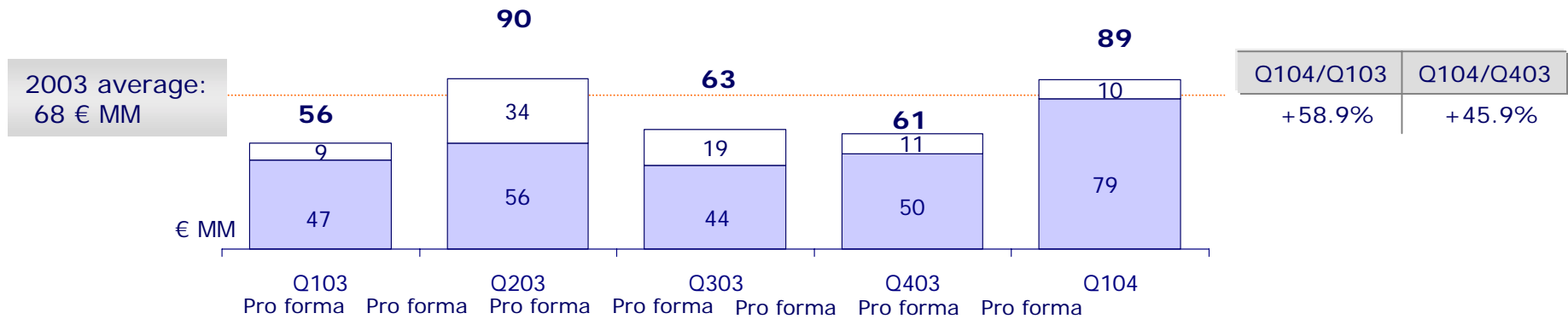
- Low risk trading portfolio
Average Var in Q104 13 € MM



PROFITS OF COMPANIES CARRIED AT EQUITY AND DIVIDENDS ON EQUITY INVESTMENTS



▪ Contribution from life companies (69 € MM) up 138% Y/Y reflecting strength of insurance business

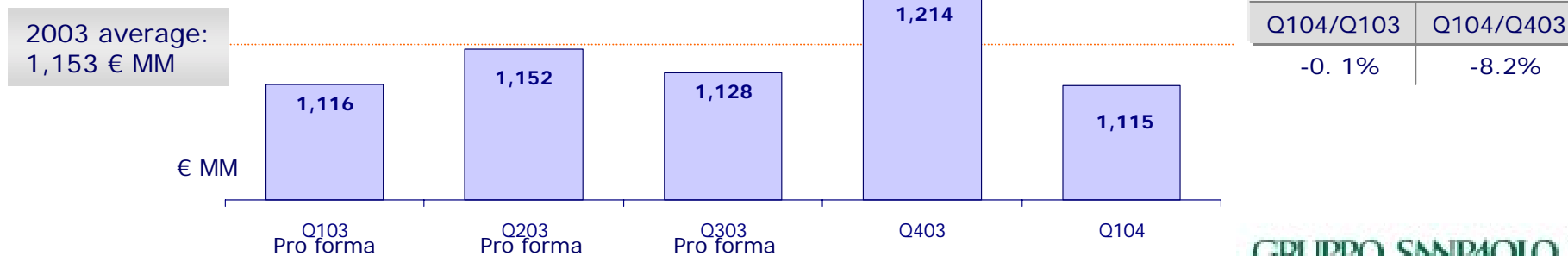


GOOD COST CONTROL

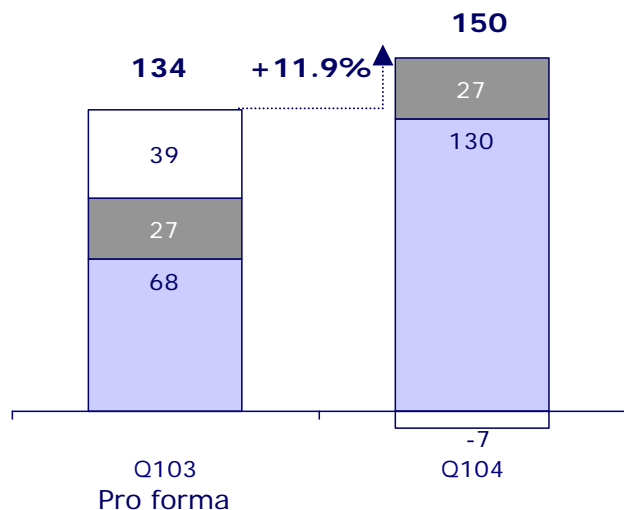
- Fall in personnel expenses driven by average net headcount reduction of 3.7% Y/Y
- Increases in IT spending and indirect personnel costs reflect integration expenses

€ MM	Q104	Q103	Change Q104/Q103 pro forma
Administrative costs	1,115	1,116	-0.1%
▪ Personnel expenses	693	697	-0.6%
▪ Other administrative costs	358	353	+1.4%
▪ <i>IT costs</i>	102	100	+2.0%
▪ <i>Real estate costs</i>	73	68	+7.4%
▪ <i>General costs</i>	65	62	+4.8%
▪ <i>Professional and insurance costs</i>	55	64	-14.1%
▪ <i>Utilities</i>	21	22	-4.5%
▪ <i>Advertising and marketing costs</i>	19	18	+5.6%
▪ <i>Indirect personnel costs</i>	23	19	+21.1%
▪ Indirect duties and taxes	64	66	-3.0%
Depreciation	100	107	-6.5%

Administrative costs



TOTAL NET PROVISIONS



- Adj. to financial fixed assets
- Provisions for risks and charges
- Adj. to loans and provisions for guarantees and commitments

- Credit provisioning in line with average cost of risk and includes 38 € million generic charge
- Prudential accounting of financial assets

Adjustments

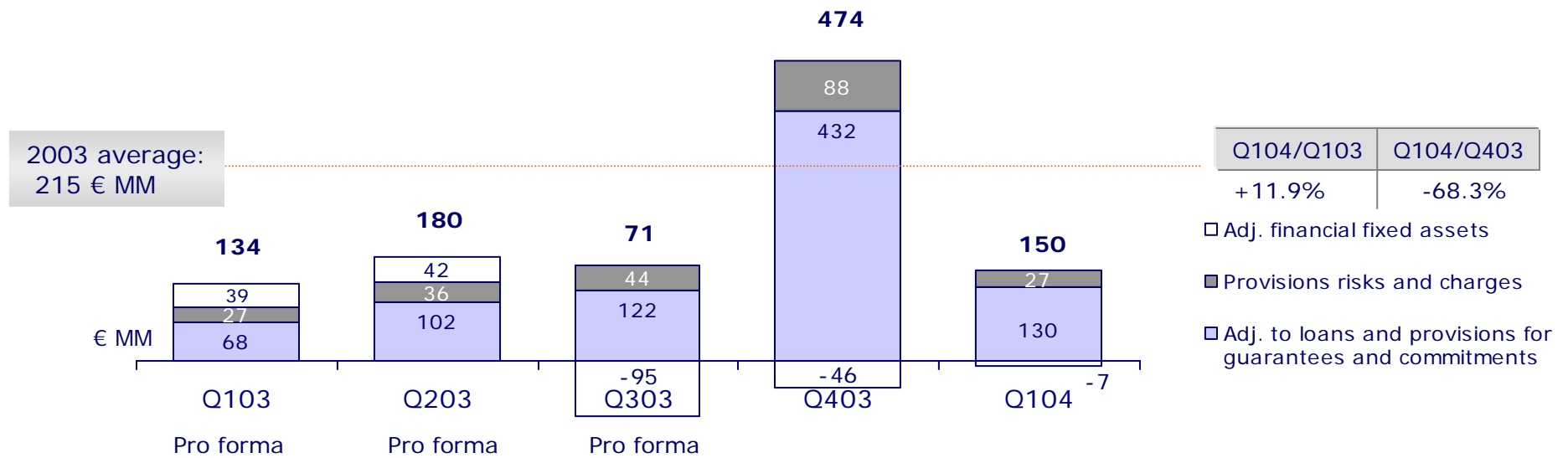
Financial assets

FIAT	-5 € MM	5.87 euro Book value p.s.
H3G	-30 € MM	not quoted
CDC	-50 € MM	not quoted
SCH	+92 € MM	8.75 euro Book value p.s.

Credit provisions

Generic provisions	38 € MM (total generic provision: 1.1 € BN)
Specific provisions	88 € MM

QUARTERLY ANALYSIS TOTAL NET PROVISIONS



MAINTAINING GOOD ASSET QUALITY AND ADEQUATE COVERAGE RATIOS

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- Good asset quality, adequate coverage levels and low NPL ratios underpin balance sheet strength
- Gross NPLs and problem loans +8.5% and +5.9% Y/Y
- Net NPLs and problem loans –5.6% and +2.7% Y/Y

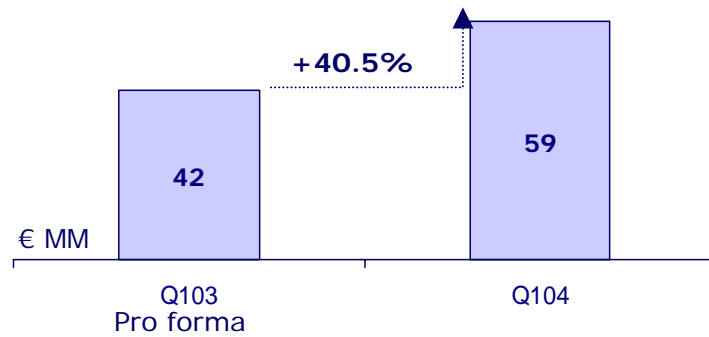
	31/03/04							
	Gross exposure	Var. Y/Y	Var. Q/Q	Total adjustments	Net exposure	Var. Y/Y	Var. Q/Q	Coverage
Doubtful loans	6,735	7.6%	4.7%	3,974	2,761	-1.0%	8.7%	59.0%
▪ Non-performing loans	4,402	8.5%	0.9%	3,224	1,178	-5.6%	0.6%	73.2%
▪ Problem loans	2,333	5.9%	12.8%	750	1,583	2.7%	15.5%	32.1%
Performing loans	121,099	-2.1%	-1.6%	1,045	120,054	-2.2%	-1.6%	0.9%(*)
Total loans	127,834	-1.7%	-1.3%	5,019	122,815	-2.2%	-1.4%	3.9%

	31/03/04	31/03/03 pro forma
NPL'S ratio	1.0%	1.0%
Watchlist ratio	1.2%	1.2%

(*) Includes 94.7 € MM of reserve for credit risks

NET EXTRAORDINARY INCOME

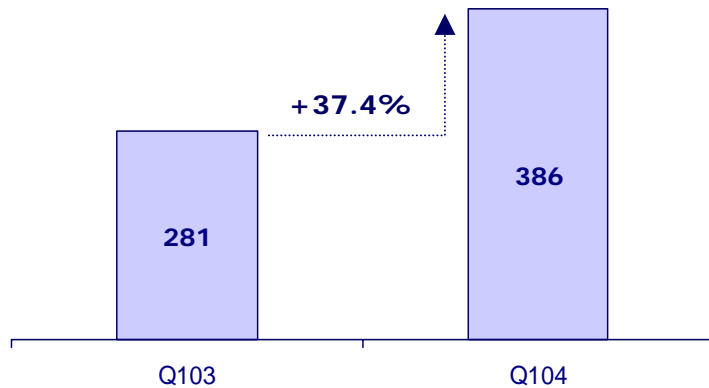
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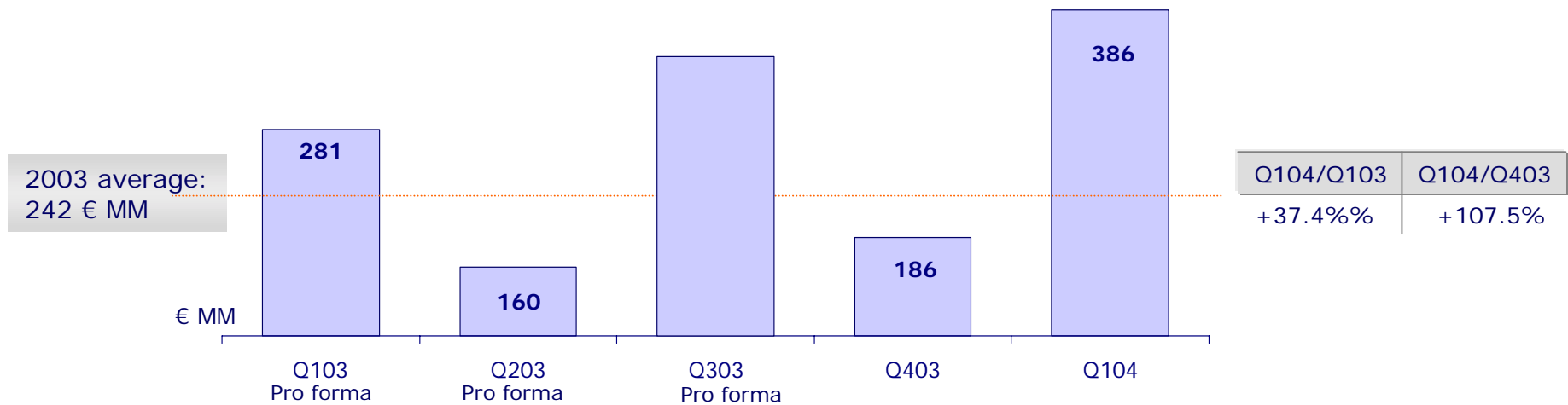
Principal contributions

Sale of 30% stake in Finconsumo	+55 € MM
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NET INCOME ON TRACK TO MEET BUSINESS PLAN TARGETS



- Positive net income results driven by strong operating performance
- Lower tax rate principally due to increased asset management fees especially from life companies, the new fiscal treatment of capital gains on shareholdings and the lower corporate tax rate
- 2005 business objectives confirmed



- Q1 2004 results

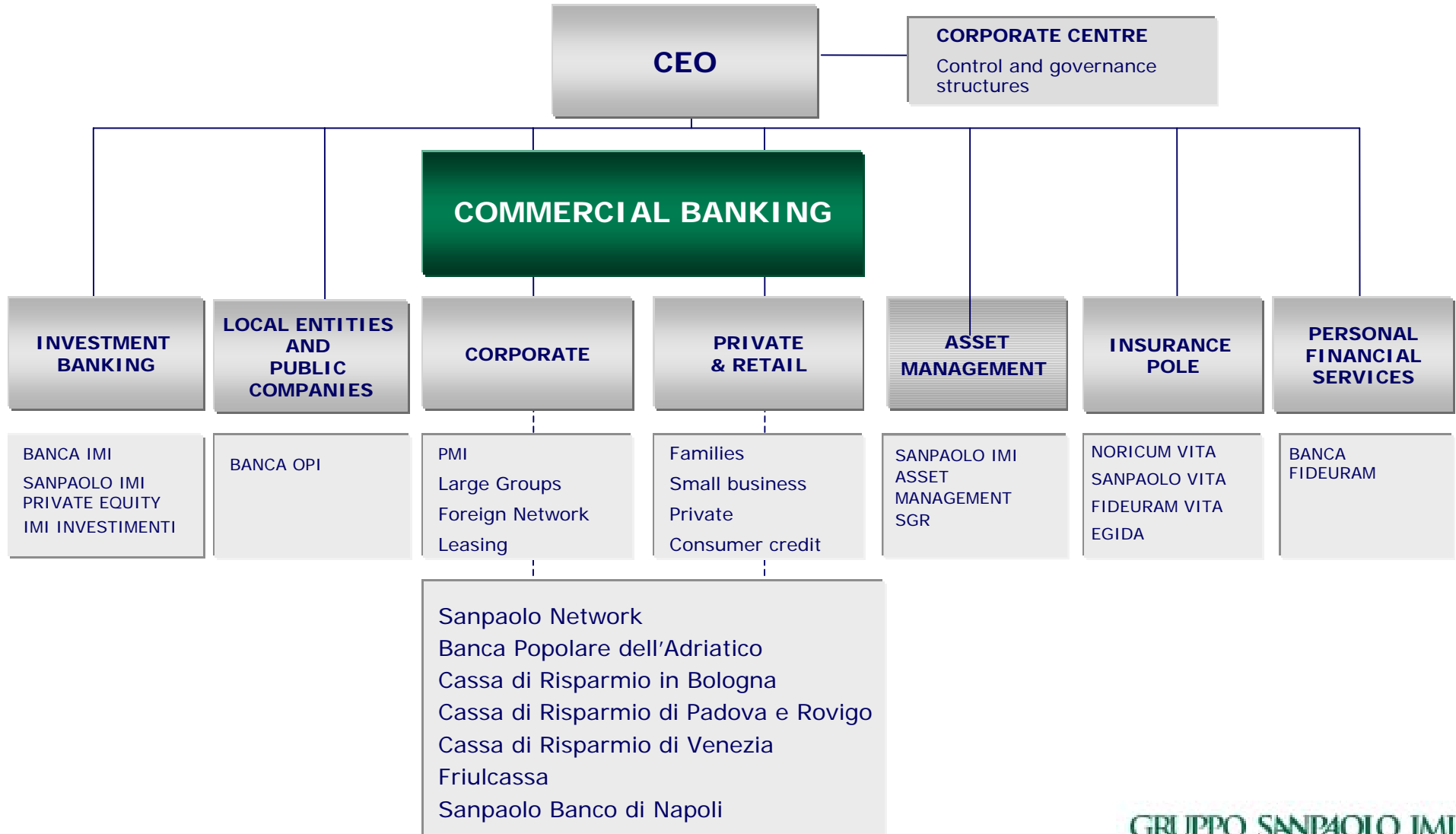
- New Group structure

NEW GROUP STRUCTURE

RATIONALE



- to unify the governance of the Commercial Banking Network
- to further strengthen the specialist customer service model
- to simplify the corporate centre structure



INTEGRATION OF THE BRANCH BANKING NETWORK ON TRACK

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2003

Integration of Banco di Napoli

Full acquisition of Banca Popolare dell'Adriatico

Integration of Cerea Bank in Cariparo

Merger of Cardine Finanziaria

Merger of Crup and Carigo

Rebranding of all networks banks

2004

Migration of Cassa di Risparmio di Venezia onto SPIMI IT platform (March 04)

Migration of Cassa di Risparmio di Bologna onto SPIMI IT platform (April 04)

Migration of Friulcassa onto SPIMI IT platform (June 04)

Migration of Cariparo onto SPIMI IT platform (July 04)

IT Merger of Banca Popolare dell'Adriatico (September 04)