

GRUPPO SANPAOLO IMI

H1 2004 RESULTS

13 September 2004

DISCLAIMER

This presentation has been prepared by Sanpaolo IMI and provides information on the management's business plans and strategies. As such, the presentation contains forward-looking information which reflects management's current views with respect to certain future events and the financial performance of the Group. These views are based upon assumptions of future events which may not prove to be accurate and actual results may differ materially from those projected or implied in the forward-looking statements. Undue reliance should not, therefore, be placed on such forward-looking information and Sanpaolo IMI assumes no responsibility to update any such forward-looking information.

- Overview of H1 2004 results
- P&L breakdown

SUMMARY OF H104 RESULTS

Good revenue growth

- Positive revenue momentum driven by net commission income +14.8% (asset management fees +19.4% Y/Y) ahead of expectations and strong increase in contribution from life companies (+94% Y/Y)
- Net interest income impacted by lower interest rates and difficult macro back-drop but operating trends remain positive

Total revenues +3.8%

Solid operating trends

- Good loan growth in retail lending (retail mortgages +17.4%)
- Selective loan growth enable stable customer spread and good asset quality
- Customer financial assets up 2.9% (assets under management +2.7%, assets under administration +3.8%, direct deposits +2.4%)

Operating income +12.2%

Costs fall on benefits of integration

- Lower 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 dynamic cost of risk and includes 27 € MM generic charge.

**Income before
extraordinaries +12.7%**

Excellent bottom line growth

- Annualised ROE and Cost/income improve to 12.6% and 58.9% respectively
- Capital ratios strengthened (Tier 1 7.7, total capital 11.3)

Net income +56.7%

SUMMARY OF Q204 RESULTS

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- **Continuing revenue growth:**

- Q204/Q104 +4.4%
 - net interest income stable
 - good commission growth driven by traditional banking fees
 - seasonal impact of dividend payments

- **Positive operating cost trend not reflected in seasonal quarterly variations:**

- Administrative costs +2.5% Q204/Q104
- Depreciation costs +7.0% Q204/Q104

- **Further improvement in operating profit:**

- +7.4% Q204/Q104

- **Quarterly credit provisions in line with dynamic cost of risk**

- **Net income:**

- -21.0% Q204/Q104 because of write down on financial holdings, lower extraordinaries and a high tax rate
- **+26.0% Q204/avQ03**

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 in 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 (October 04)

 SANPAOLO
BANCO DI NAPOLI

 CARISBO
CASSA DI RISPARMIO

 FRIULCASSA
CASSA DI RISPARMIO DEL FRIULI

 CASSA DI RISPARMIO
DI VENEZIA

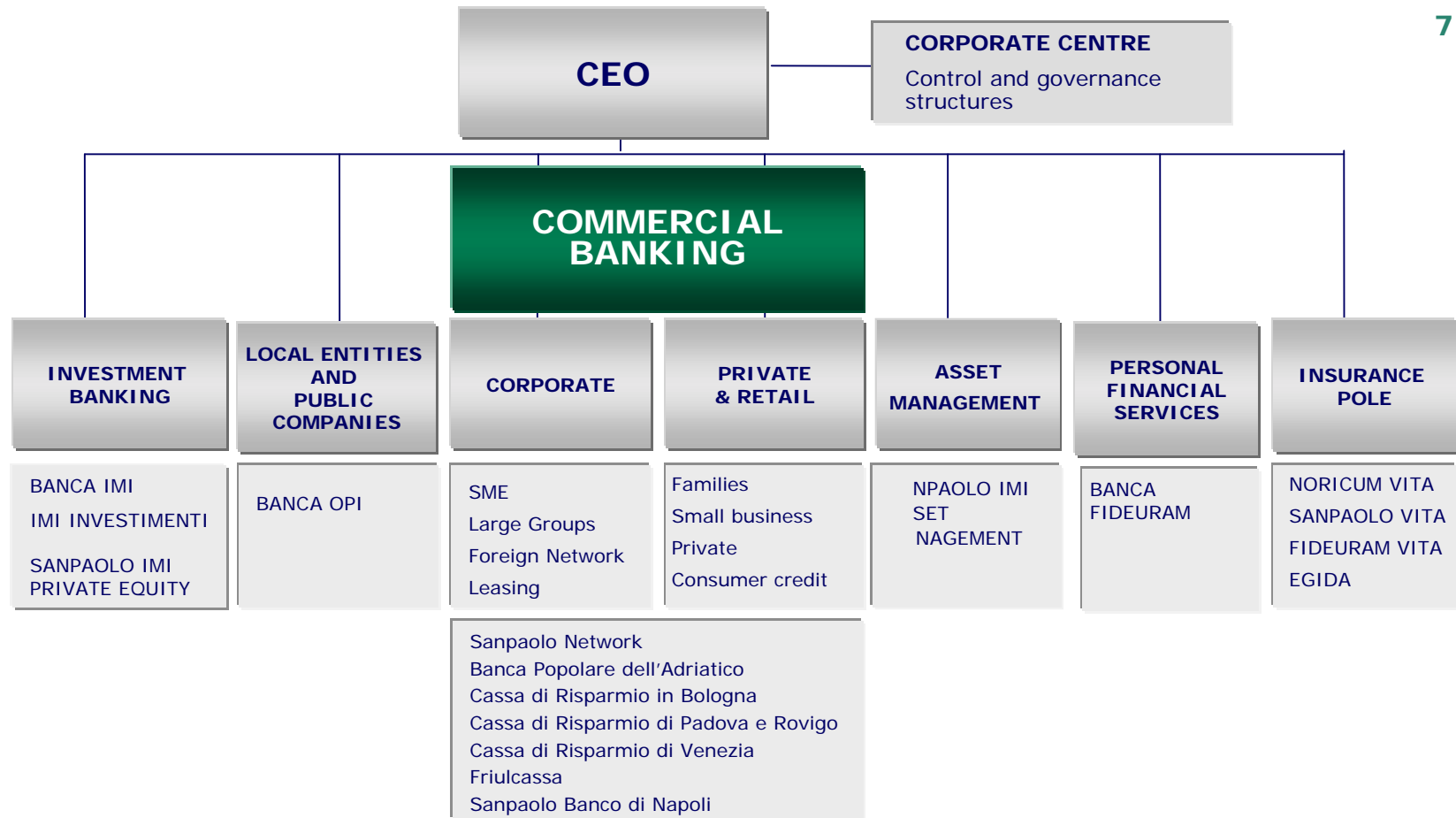
 CASSA DI RISPARMIO
DI PADOVA E ROVIGO

 BANCA POPOLARE
DELL'ADRIATICO

GRUPPO SANPAOLO IMI

NEW GROUP STRUCTURE REFLECTS RATIONALISED BUSINESS MODEL

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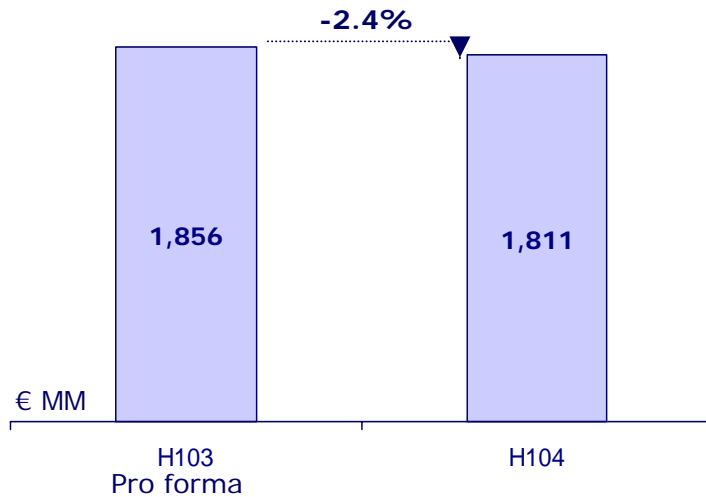


As a % of Group					
Total revenues	3.9%	2.0%	77.4%	4.3%	8.9%
Operating income	4.1%	4.3%	80.9%	7.8%	11.3%

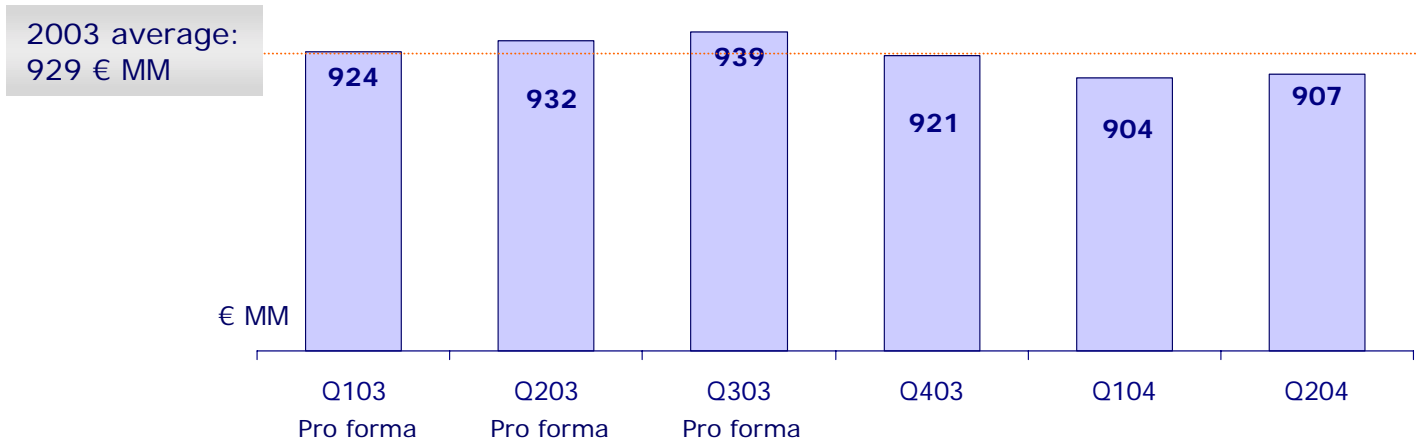
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- P&L breakdown

NET INTEREST INCOME



- Negative impact of lower interest rate (av. 3-months Euribor -46 bps)
 - Impact particularly strong on free capital
 - Customer spread held up well (-7 bps H104/H103)
- In part interest rate weakness was offset by selective growth of customer loans in a challenging domestic macro economic scenario
- Asset quality in the performing loan portfolio continues to remain good



Q204/Q203	Q204/Q104
-2.7%	+0.3%

SELECTIVE LOAN GROWTH

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- The loan policy remains focussed on:
 - asset quality
 - appropriate risk adjusted pricing
- Continuing positive trends in:
 - new mortgage lending 2 € billion H104
 - public authority business
 - specialist consumer banking up 13.1% Y/Y

€ MM	Stock 30/06/04	Change 30/06/04- 30/06/03 pro forma
GROUP:	122,658	-1.0%
▪ Medium-long term	80,983	+7.3%
▪ Short term	41,675	-14.0%
PRINCIPLE BUSINESS UNIT NUMBERS:		
▪ Commercial banking	97,000	-1.7%
▪ Sanpaolo	62,417	-4.8%
▪ Finemiro	3,636	+13.1%
▪ Large Groups	7,884	-25.6%
▪ International Corporate	3,420	-28.9%
▪ Sanpaolo Banco di Napoli	7,945	+4.5%
▪ North East Network	24,163	+4.3%
▪ Banca OPI	17,939	-0.3%

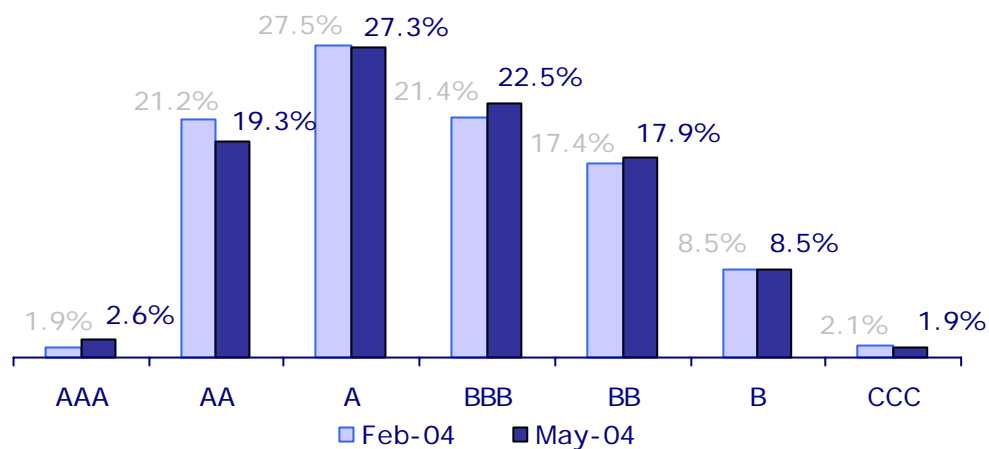
GOOD ASSET QUALITY AND SOLID MARGINS

- Falling rates impact on mark down although contained by stable mark up and repricing of liabilities

Average spread on customer business

	Change Y/Y
Average spread	-7
▪ Mark up	+1
▪ Mark down	-8
3 month Euribor	-46

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.

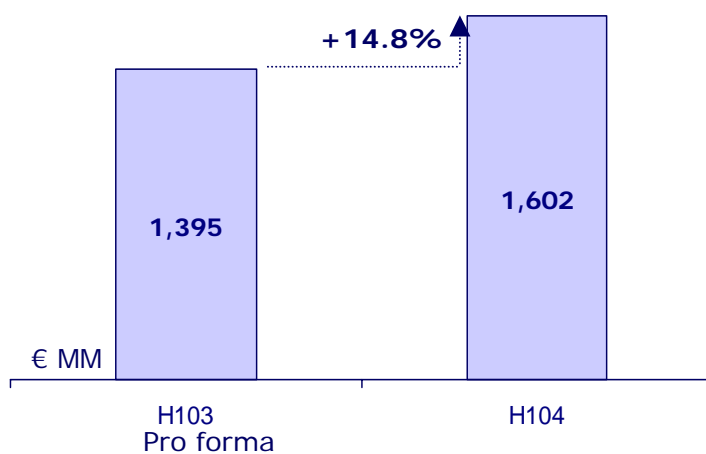
WELL BALANCED CUSTOMER DEPOSIT BASE

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- Current accounts and deposits account for more than 50% of direct deposits

€ MM	30/06/04	%	30/06/03 pro forma	%	Change 30/06/04- 30/06/03 pro forma
Current account and deposits	71,186	52.5	68,615	51.8	+3.7%
CDs	4,124	3.0	4,830	3.6	-14.6%
Bonds	40,529	29.9	38,247	28.9	+6.0%
Commercial paper	4,112	3.0	3,657	2.8	+12.4%
Repos	10,958	8.1	12,986	9.8	-15.6%
Other	4,670	3.5	4,096	3.1	+14.0%
Total	135,579	100.0	132,431	100.0	+2.4%

STRONG GROWTH IN COMMISSION INCOME

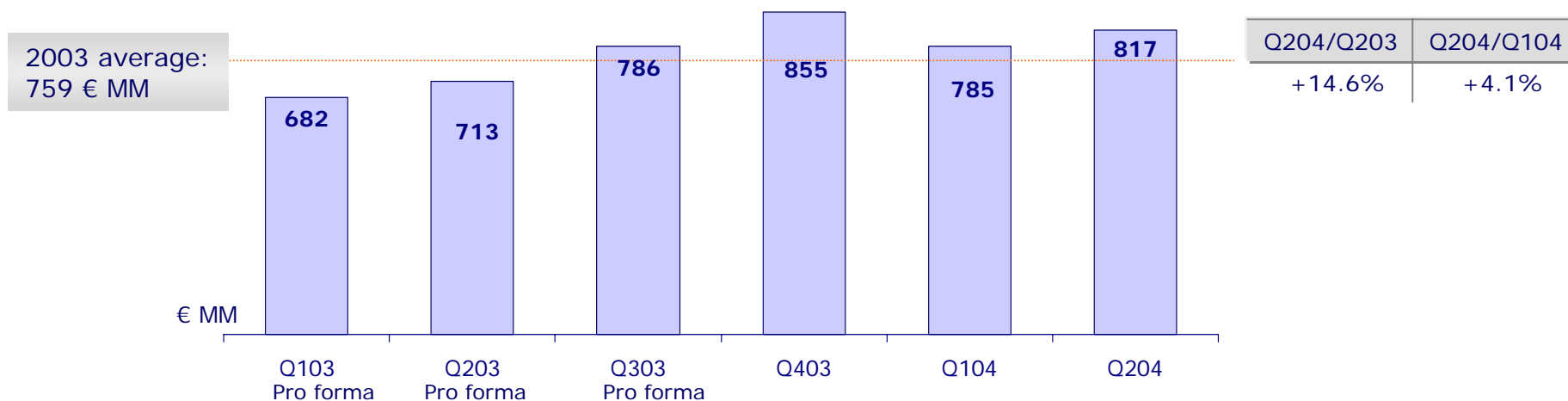


- Asset management fees driven by good operating trends and positive performance effect
- Traditional banking fees continue to make strong contribution to growth

€ MM	H104	H103 pro forma	Change H104/H103 pro forma
Asset Management, Dealing and advisory services	947	818	+15.8%
▪ <i>asset management</i>	811	679	+19.4%
▪ <i>dealing, advisory and custody, currencies</i>	136	139	-2.2%
Loans and guarantees	169	122	+38.5%
Collection and payment services	122	117	+4.3%
Deposit and current accounts	254	231	+10.0%
Other services and net dealing revenues	110	107	+2.8%
Net Commission and other dealing revenues	1,602	1,395	+14.8%

FEE INCOME QUARTERLY ANALYSIS

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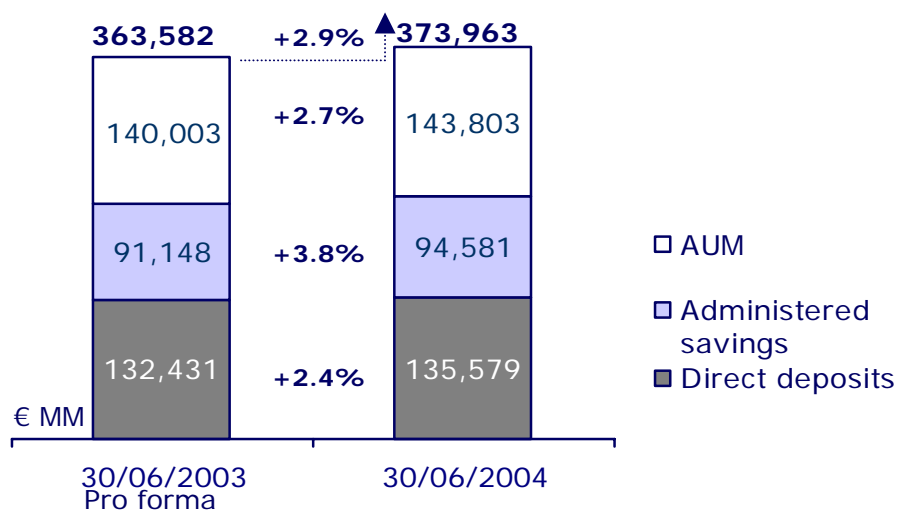


€ MM	Q204	Q104	Q403	Q303	Q203	Q103	Change Q204/Q203	Change Q204/Q104
Asset Management, Dealing and advisory services	470	477	490	468	415	403	+13.3%	-1.5%
▪ <i>asset management</i>	406	405	416	384	339	340	+19.8%	+0.2%
▪ <i>dealing and custody, currencies</i>	64	72	74	84	76	63	-15.8%	-11.1%
Loans and guarantees	93	76	93	66	59	63	+57.6%	+22.4%
Collection and payment services	60	62	58	64	60	57	0.0%	-3.2%
Deposit and current accounts	135	119	133	124	120	111	+12.5%	+13.4%
Other services and net dealing revenues	59	51	81	64	59	48	0.0%	+15.7%
Net Commission and other dealing revenues	817	785	855	786	713	682	14.6%	4.1%

DETAIL ON CUSTOMER FINANCIAL ASSETS

- 2.9% increase H104/H103 in customer financial assets as a result of growth in all the principle aggregates
- Growth in H104 as a result both of a positive performance effect (€ 2.7 billion) and of strong net inflows (€ 3.2 billion)

TFA stock breakdown

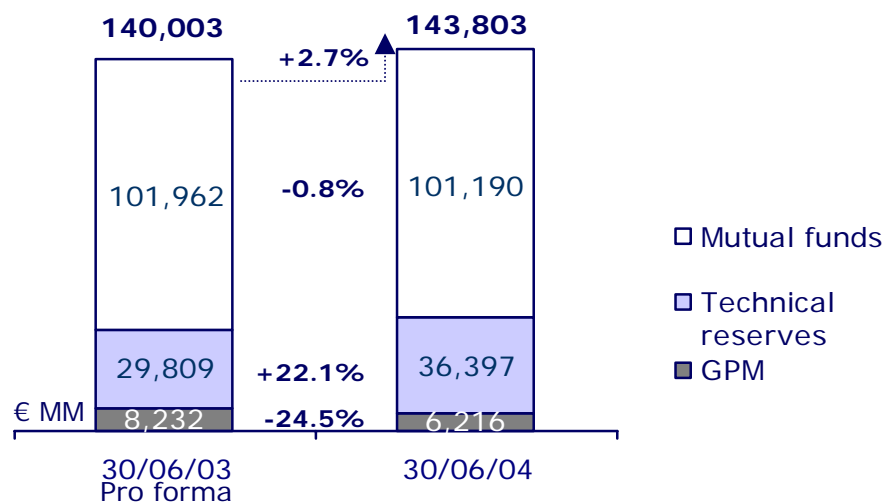


€ MM	30/06/04 stock	H104 flows	H104 performance	Net change year to date
TFA	373,963	3,212	2,709	5,921
AUM	143,803	-1,945	+2,037	+92
▪ Life assurance	36,397	+2,441	+420	+2,861
▪ Mutual funds	101,190	-3,011	+1,463	-1,548
▪ GPM	6,216	-1,375	+154	-1,221
Administered	94,581	+1,299	+672	+1,971
Direct deposits	135,579	+3,858	-	+3,858

DETAIL ON ASSETS UNDER MANAGEMENT

- Market performance effect positive for 2 billion euro in H104
- Net outflow of € 1.9 billion wholly a result of non operational factors:
 - the sale of Adriavita (€ 424 million)
 - the negative impact of non captive business (Eptaconsors, € 727 million)
 - the accounting impact of an investment into life business (€ 950 million)

Assets under Management



€ MM	H104 Flows				30/06/04 Stock		
	Life assurance	Mutual funds	GPM	Total	Total	Var. Y/Y	Var. Q/Q
Sanpaolo combined (*)	1,794	-1,525	-661	-392	79,638	+3.6%	-0.1%
North East Network	88	-406	-717	-1,035	11,611	-5.1%	-2.4%
Fideuram	372	-179	5	198	45,461	+7.4%	-1.5%
Other	188	-900	-2	-714	7,092	-17.3%	-6.0%
Total	2,441	-3,010	-1,375	-1,944	143,803	+2.7%	-1.0%

(*) 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 32.9%

Mutual fund portfolio composition

€ MM	30/06/04	30/06/03 Pro forma
▪ Equity	25.4%	20.4%
▪ Balanced	7.5%	8.4%
▪ Bond	41.2%	43.3%
▪ Money	25.9%	27.9%
Mutual funds stock	100.0%	100.0%

Market share: 20.7% as of June 2004

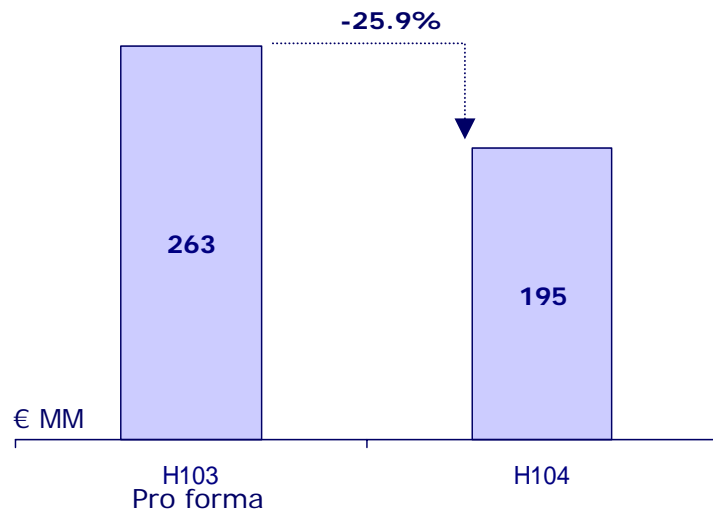
DETAIL ON LIFE ASSURANCE

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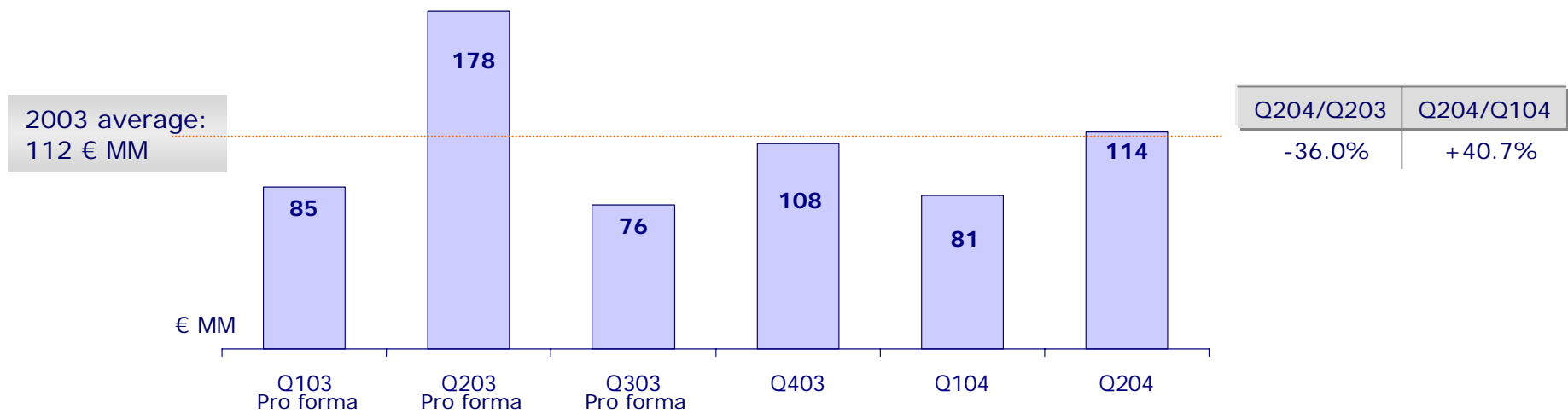
- Leading bancassurance Group in Italy with a 12% market share of technical reserves
- Technical reserves up 22% Y/Y
- 17.7% share of the bancassurance market for new business of H104
- **Significant embedded value in life portfolio: 2,447 € MM (as at 30/06/2004)**

€ MM	30/06/04 stock	30/06/2003 pro forma stock	Change 30/06/04- 30/06/03 pro forma
Total	36,397	29,809	+22.1%
▪ Traditional	14,247	12,248	+16.3%
▪ Unit linked	12,098	9,457	+27.9%
▪ Index linked	8,219	5,957	+38.0%
▪ Third parties	1,833	2,147	-14.6%

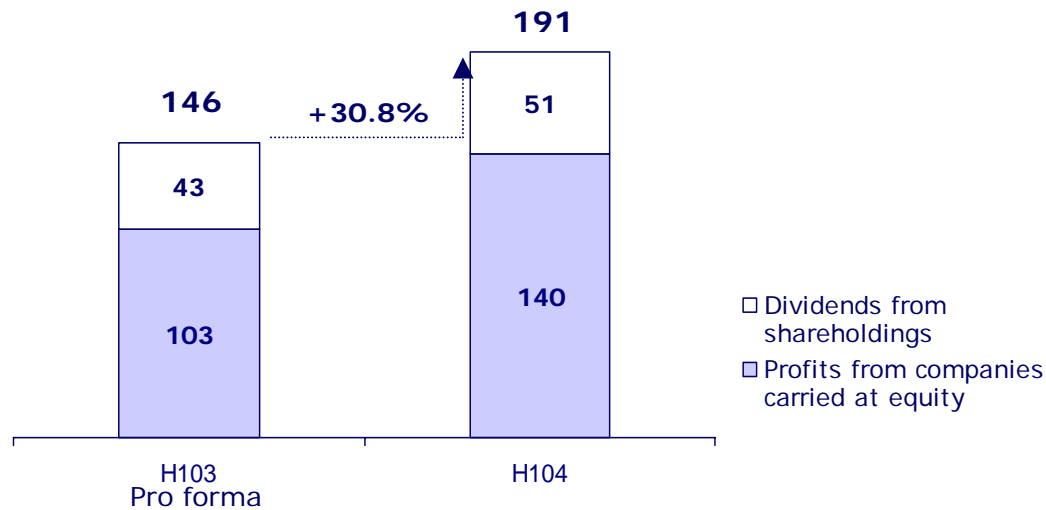
PROFITS ON FINANCIAL TRANSACTIONS AND DIVIDENDS ON SHARES



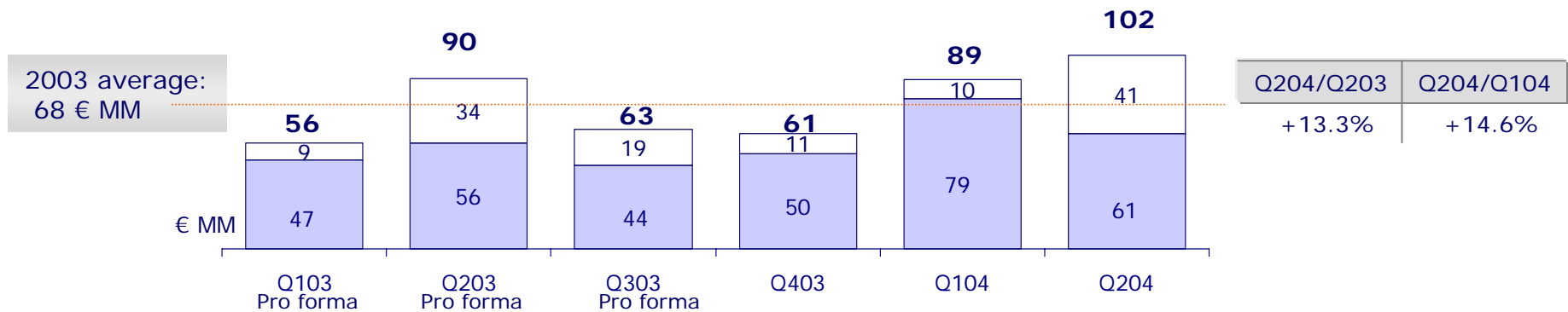
- Revenues ex-exceptional items -7.6% H104/H103
- Low risk trading portfolio
Average Var in H104 9.1 € MM



PROFITS OF COMPANIES CARRIED AT EQUITY AND DIVIDENDS ON EQUITY INVESTMENTS



▪ Contribution from life companies (105 € MM) up 94% Y/Y reflecting strength of insurance business

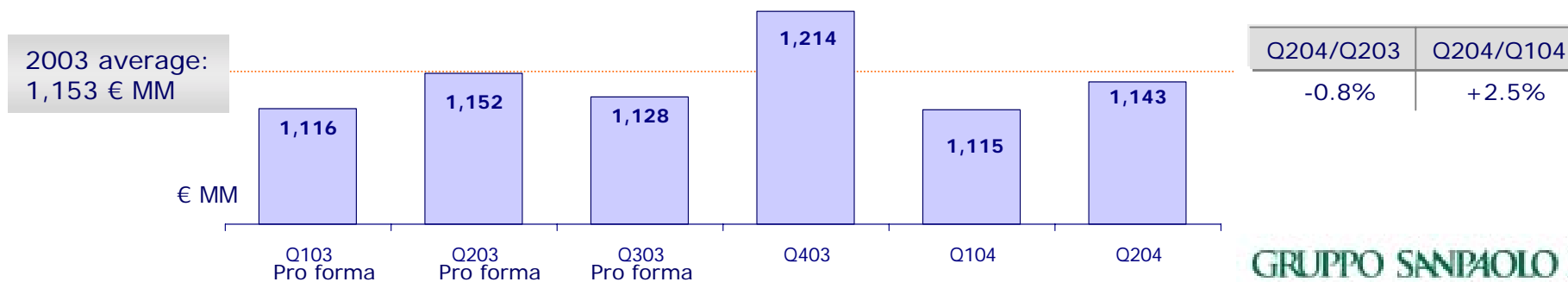


BENEFITS FROM INTEGRATION LEADS TO LOWER COSTS

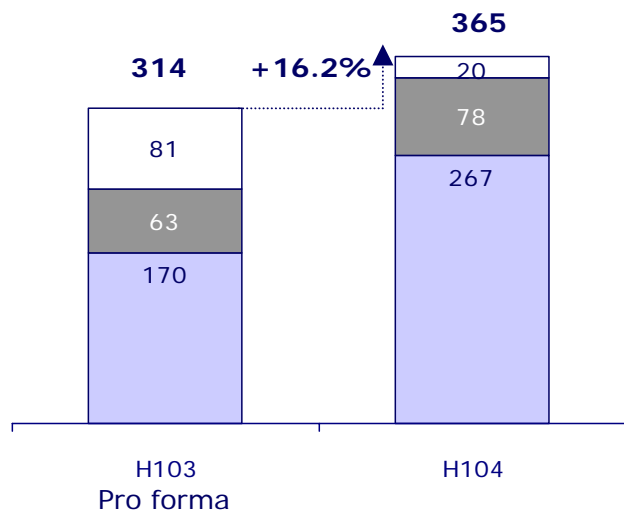
- Fall in personnel expenses driven by average net headcount reduction of 3.9% Y/Y
- Increases in indirect personnel costs and real estate costs reflect integration expenses

€ MM	H104	H103 pro forma	Change H104/H103 pro forma
Administrative costs	2,258	2,268	-0.4%
▪ Personnel expenses	1,388	1,410	-1.6%
▪ Other administrative costs	738	725	+1.8%
▪ <i>IT costs</i>	206	206	-
▪ <i>Real estate costs</i>	145	138	+5.1%
▪ <i>General costs</i>	123	127	-3.1%
▪ <i>Professional and insurance costs</i>	131	128	+2.3%
▪ <i>Utilities</i>	44	45	-2.2%
▪ <i>Advertising and marketing costs</i>	40	38	+5.3%
▪ <i>Indirect personnel costs</i>	49	43	+14.0%
▪ Indirect duties and taxes	132	133	-0.8%
Depreciation	207	223	-7.2%

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 27 € million generic charge
- Prudential accounting of financial assets

Adjustments

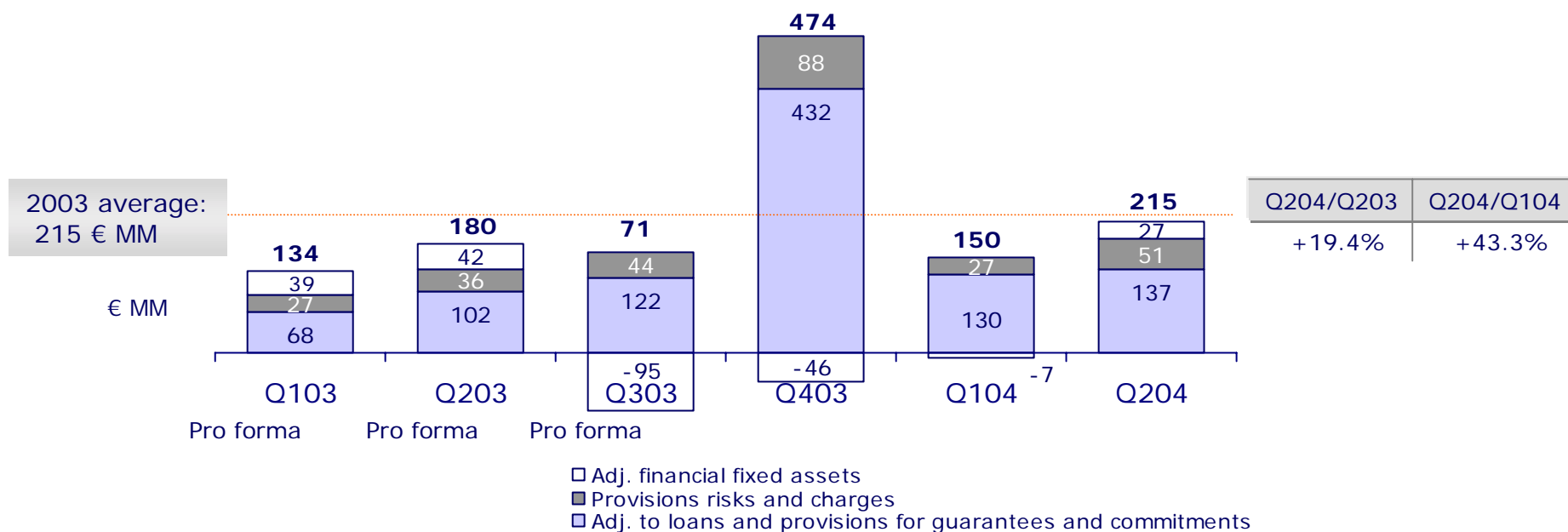
Financial assets

FIAT	0 € MM (-5 1Q04, +5 2Q04)	6.39 euro Book value p.s.
H3G	-61 € MM	not quoted
CDC	-50 € MM	not quoted
SCH	+92 € MM	8.75 euro Book value p.s.

Credit provisions

Generic provisions	27 € MM (total generic provision: 1.1 € BN)
Specific provisions	239 € MM

QUARTERLY ANALYSIS TOTAL NET PROVISIONS



GOOD ASSET QUALITY, ADEQUATE COVERAGE LEVELS AND LOW NPL RATIOS UNDERPIN BALANCE SHEET STRENGTH

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- Net NPLs and problem loans –1.6% and –9.2% Y/Y
- Net loans to countries at risk only 22 million euro
- NPL and net watchlist coverage levels up to 73.7% and 34.6% respectively
- NPL and watchlist ratios both at 1%
- High level of general reserve maintained at around 2X average cost of risk

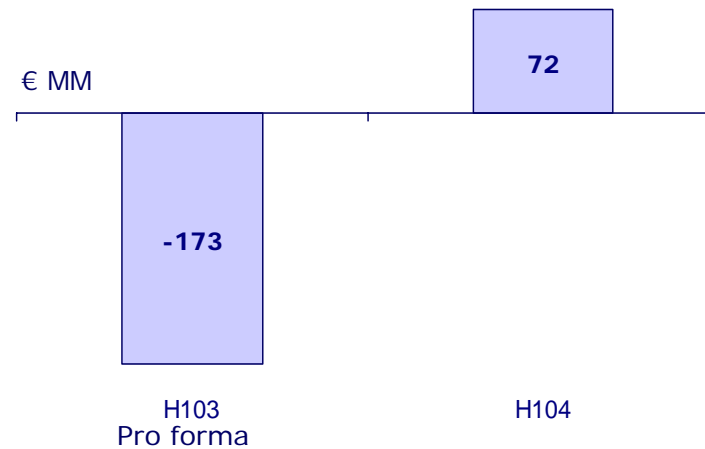
€ MM	30/06/04							
	Gross exposure	Var. Y/Y	Var. Q/Q	Total adjustments	Net exposure	Var. Y/Y	Var. Q/Q	Coverage
Doubtful loans	6,736	6.1%	0.0%	4,117	2,619	-5.8%	-5.1%	
▪ Non-performing loans	4,569	12.8%	3.8%	3,367	1,202	-1.6%	2.0%	73.7%
▪ Problem loans	2,167	-5.8%	-7.1%	750	1,417	-9.2%	-10.5%	34.6%
Performing loans	123,189	-1.1%	1.7%	1,031	122,158	-1.1%	1.8%	0.9% (*)
Total loans	129,925	-0.7%	1.6%	5,148	122,158	-1.2%	1.6%	

	30/06/04	30/06/03 pro forma
NPL'S ratio	1.0%	1.0%
Watchlist ratio	1.0%	1.2%

	30/06/04	30/06/03
Core Tier 1 ratio	6.9%	6.3%
Tier 1 ratio	7.7%	7.1%
Total risk ratio	11.3%	10.4%

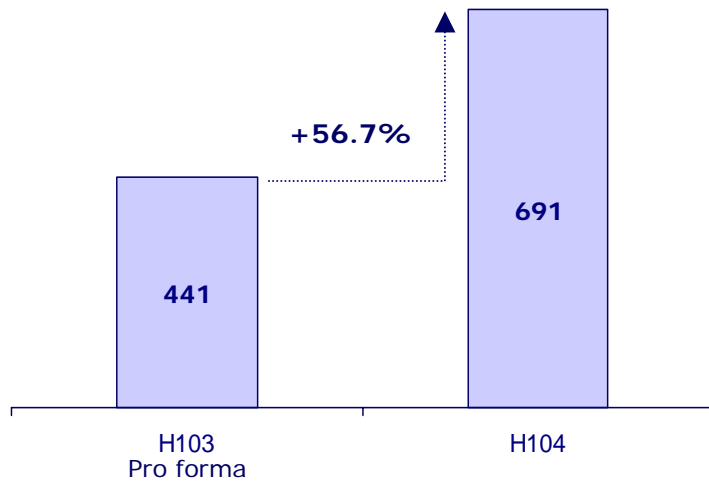
(*) Includes 98 € MM of reserve for credit risks

NET EXTRAORDINARY INCOME



Principle contributions	
Sale of 30% stake in Finconsumo	+55 € MM

NET INCOME +56.7% H104/H103 AND +26% Q204/AVQ03



- Positive net income results driven by strong operating performance
- Cost/income 58.9%
- Annualised Return on Equity 12.6%

