

GRUPPO SANPAOLO IMI

Q4 2003 RESULTS

16 February 2004

DISCLAIMER

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▶ Business plan update

▶ Q4 2003 results

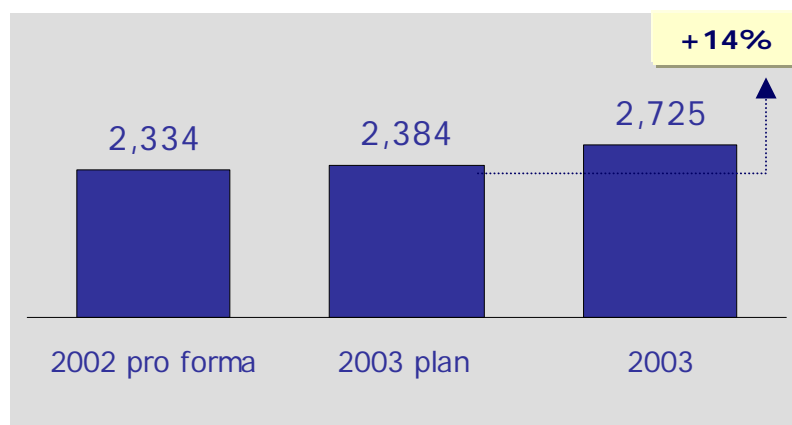
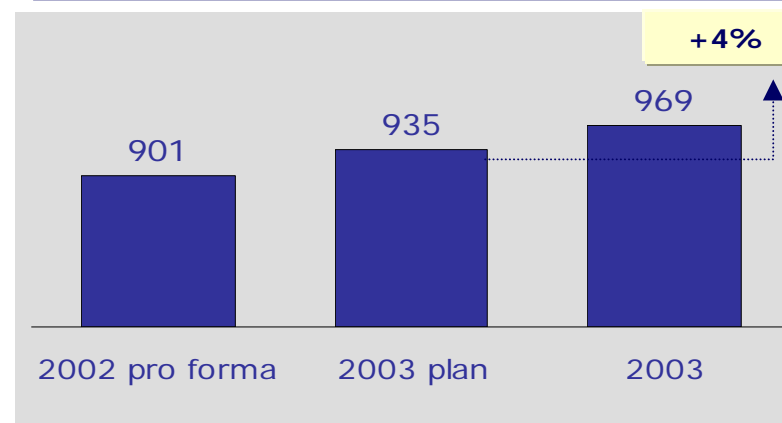
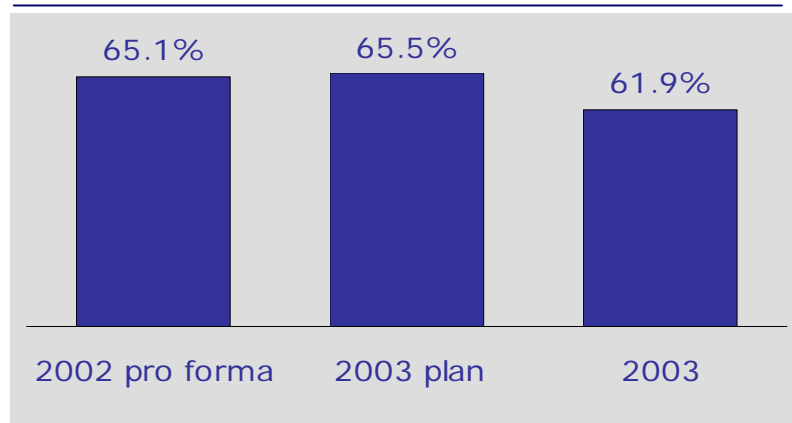
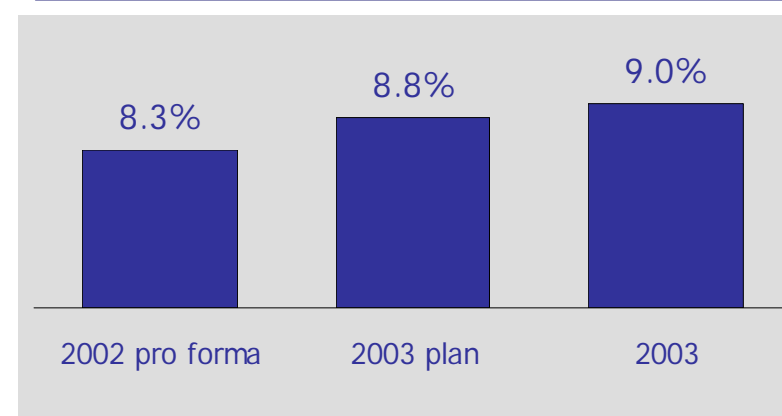
▶ Rationalise and strengthen Group's leading position in the Italian insurance market

UPDATE ON 2002-2005 BUSINESS PLAN

4

GUIDELINES	ACTIONS TAKEN IN 2003
1. Increase of performance in "Core business"	<ul style="list-style-type: none"> ▶ Full integration of branch network of Banco di Napoli ▶ Merger of Cardine Finanziaria ▶ Merger of C.R. Udine e Pordenone and C.R. Gorizia in Friulcassa ▶ Development of corporate derivative business ▶ Strengthening of Wealth Management with Eptaconsors ▶ Sale of Sanpaolo Vita products into ex-Cardine banks
2. Maintenance of cost discipline	<ul style="list-style-type: none"> ▶ Early retirement schemes activated and funded ▶ Reduction in headcount by 1,752 ▶ Adoption of Group IT platform by Sanpaolo Banco di Napoli
3. Optimisation of other activities	<ul style="list-style-type: none"> ▶ Banca Fideuram and Banca Sanpaolo Invest integration ▶ Development of consumer banking in Finemiro
4. Management of business portfolio	<ul style="list-style-type: none"> ▶ Sale of 50% stake in Finconsumo to SCH ▶ Sale of Banque Sanpaolo to CNCE ▶ Disposal of IMIWEB ▶ Sale of stake in Adria Vita ▶ Acquisition of total control of Noricum Vita ▶ Merger of tax collection companies in GEST Line
5. Commitment to Market Communication	<ul style="list-style-type: none"> ▶ Update on strategic guidelines and achievements

2003 GROUP TARGETS EXCEEDED

Gross Operating Profit (€ MM)**Net Income (€ MM)****Cost/Income (%)¹****ROE (%)**

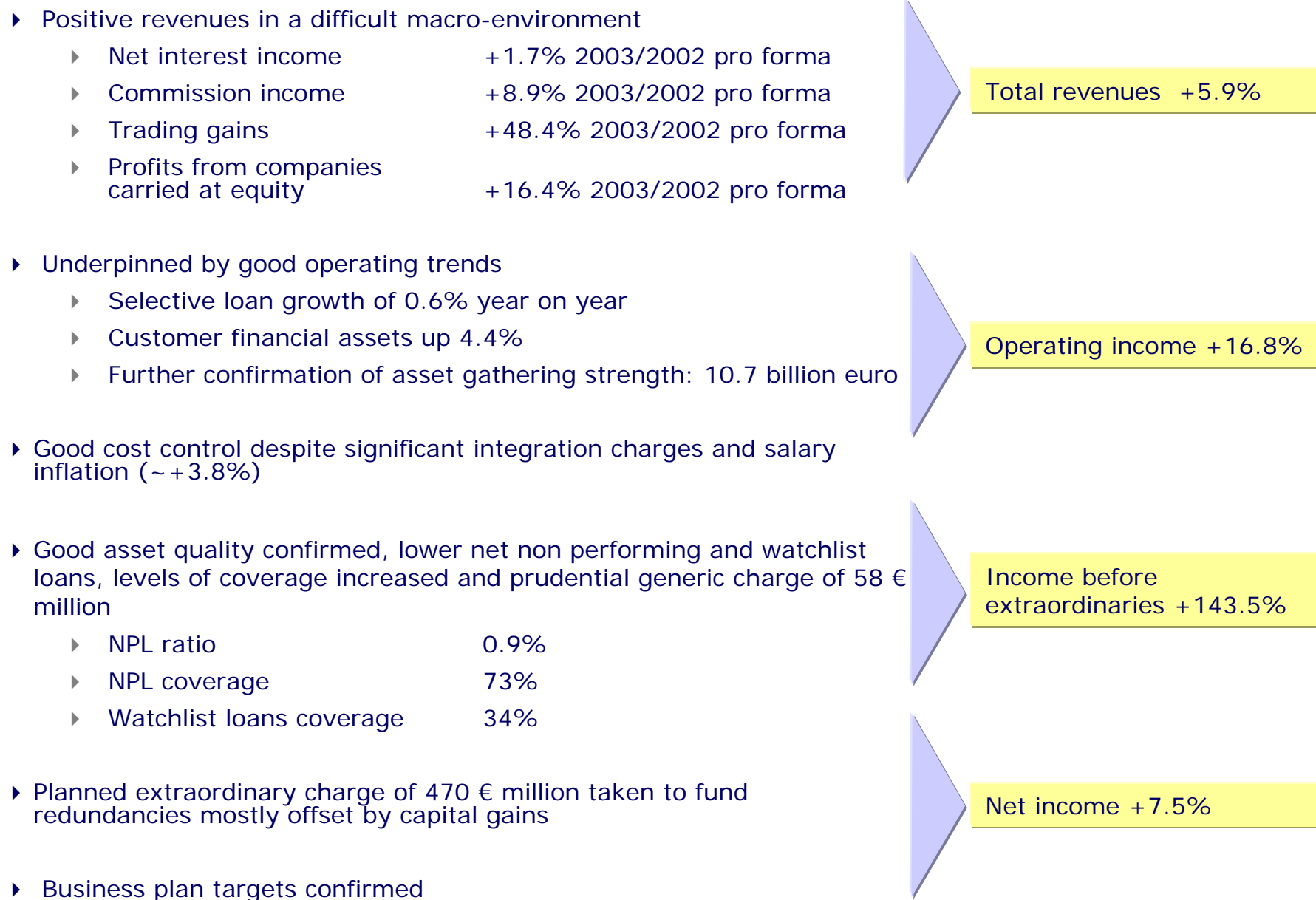
¹ Total administrative expenses (excluding direct and indirect taxes) and amortization (excluding value adjustments on goodwill and merger and consolidation differences)/total income (including other net operating income)

▶ Business plan update

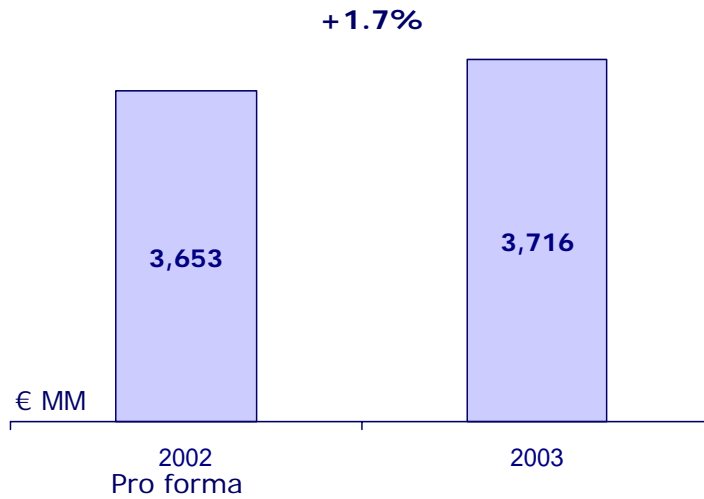
▶ Q4 2003 results

▶ Rationalise and strengthen Group's leading position in the Italian insurance market

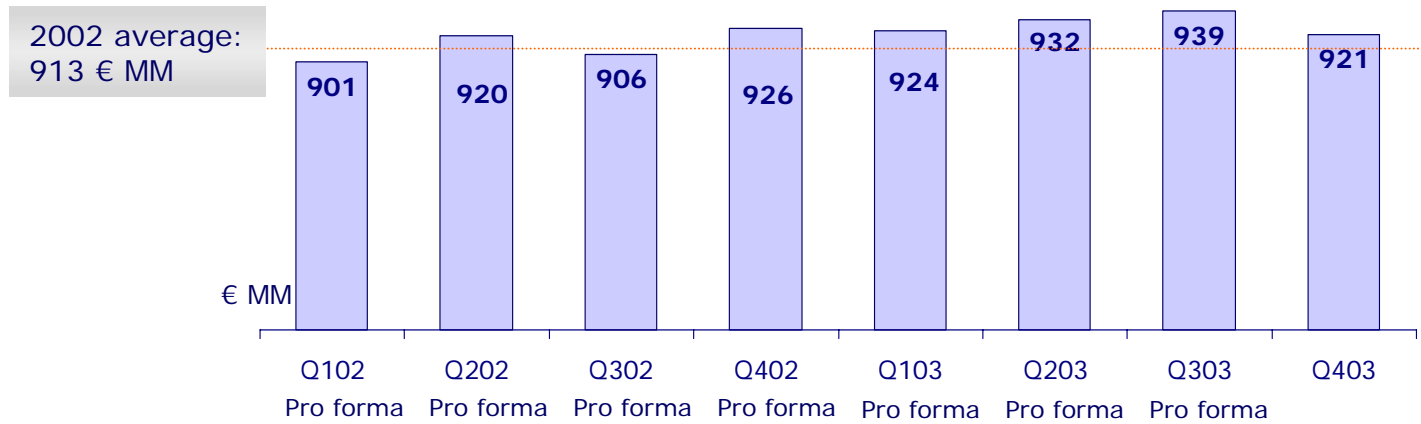
SUMMARY OF 2003 RESULTS



POSITIVE GROWTH IN NET INTEREST INCOME



- ▶ Growth driven by:
 - ▶ domestic loan growth in key markets
 - ▶ effective management of falling interest rate environment



Q403/Q303	Q403/Q402
-1.9%	-0.5%

SELECTIVE LOAN GROWTH

- ▶ The loan policy remains focussed on:
 - ▶ asset quality
 - ▶ appropriate risk adjusted pricing
- ▶ Continuing positive trends :
 - ▶ New domestic residential mortgage lending 3.9 € billion
 - ▶ public authority lending up 12.1% Y/Y

€ MM	Stock 31/12/03	Change 31/12/03- 31/12/02 pro forma
GROUP:	122,361	+0.6%
▶ Medium-long term	79,453	+8.0%
▶ Short term	42,908	-10.8%
PRINCIPLE BUSINESS UNIT NUMBERS:		
▶ Sanpaolo Network	54,050	4.5%
▶ Cardine	26,616	8.2%
▶ Large Domestic Groups	9,766	-14.0%
▶ Banca OPI	18,737	12.1%
▶ Consumer Banking	3,377	11.5%
▶ International Activities	4,687	-23.4%

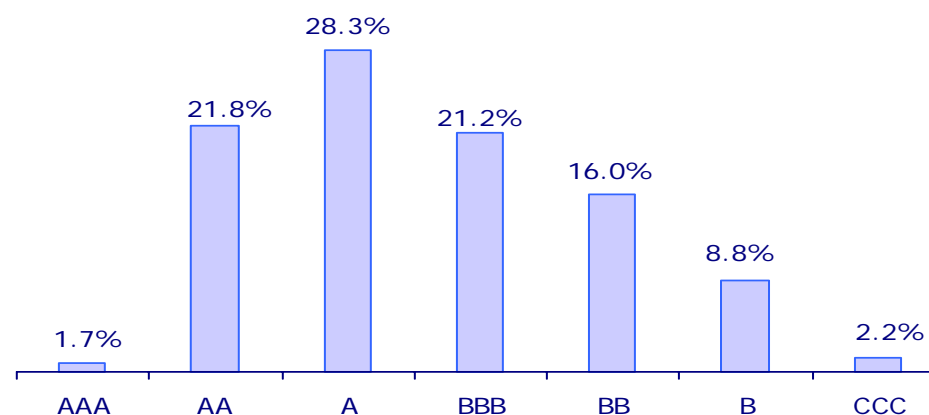
WITHOUT IMPACTING NEGATIVELY ON MARGINS OR ASSET QUALITY

- ▶ Falling rates impact on mark down although contained by improvement in mark up and repricing of liabilities
- ▶ ALM benefits from centralised treasury operations

Average spread on customer business

	Change Y/Y
Average spread	+10
▶ Mark up	+33
▶ Mark down	-23
3 month Euribor	-99

Customer loans by rating



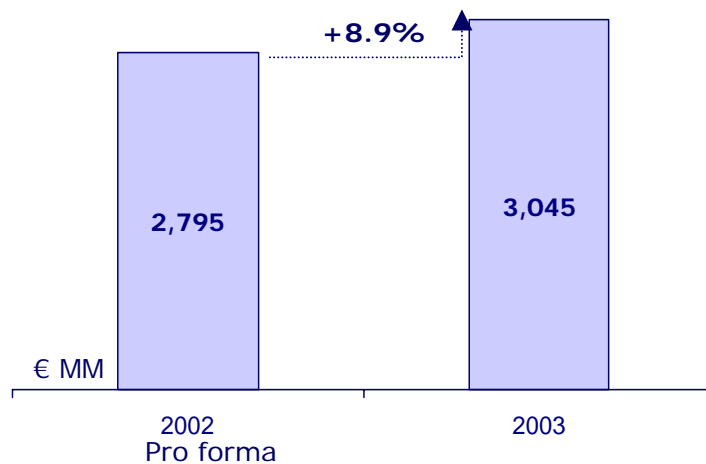
(*)The portfolio includes analytically rated performing loans to customers on and off-balance sheet which represent approximately 75% of the total portfolio. The remaining portion of the portfolio is principally retail lending of which approximately 70% in residential mortgage lending.

SOLID CUSTOMER DEPOSIT BASE

► Current accounts and deposits account for 50% of direct deposits

€ MM	31/12/03	%	31/12/02 pro forma	%	Change 31/12/03- 31/12/02 pro forma
Current account and deposits	68,407	51.9	68,894	51.7	-0.7%
CDs	7,142	5.4	5,646	4.2	+26.5%
Bonds	39,979	30.4	39,161	29.4	+2.1%
Commercial paper	3,713	2.8	4,057	3.1	-8.5%
Repos	10,095	7.7	12,543	9.4	-19.5%
Other	2,365	1.8	2,935	2.2	-19.4%
Total	131,701	100.0	133,236	100.0	-1.2%

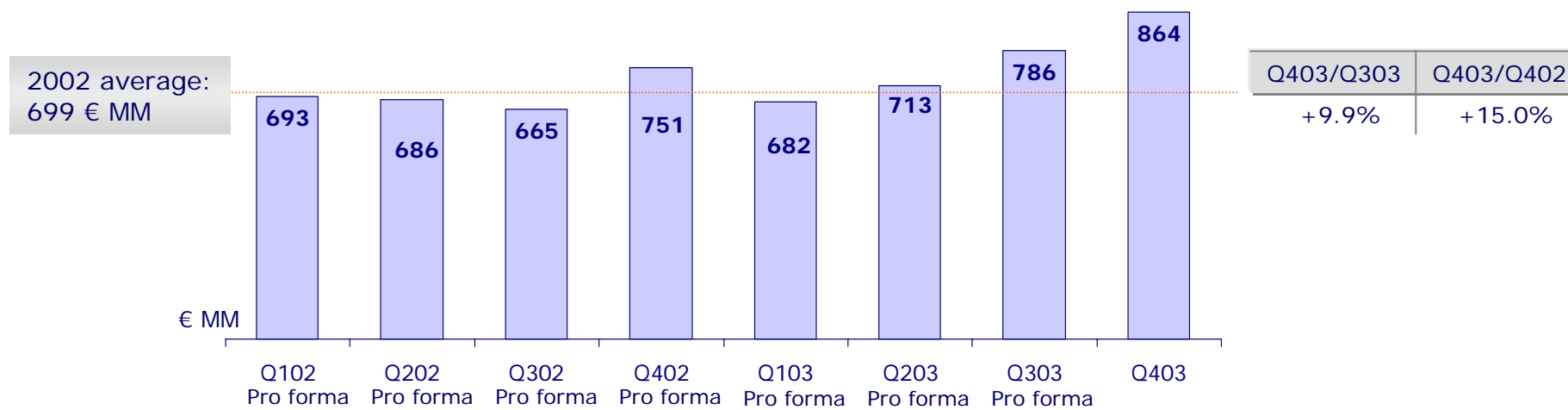
RECOVERY IN FEE INCOME



- ▶ Good growth in traditional banking and brokerage fees
- ▶ Encouraging quarterly trend in asset management fees

€ MM	2003	2002 pro forma	Change 2003/2002 pro forma
Asset Management, Dealing and advisory services	1,780	1,673	+6.4%
▶ <i>asset management</i>	1,489	1,408	+5.8%
▶ <i>dealing, advisory and custody, currencies</i>	291	265	+9.8%
Loans and guarantees	286	248	+15.3%
Collection and payment services	241	229	+5.2%
Deposit and current accounts	489	425	+15.1%
Other services and net dealing revenues	249	220	+13.2%
Net Commission and other dealing revenues	3,045	2,795	+8.9%

FEE INCOME QUARTERLY ANALYSIS

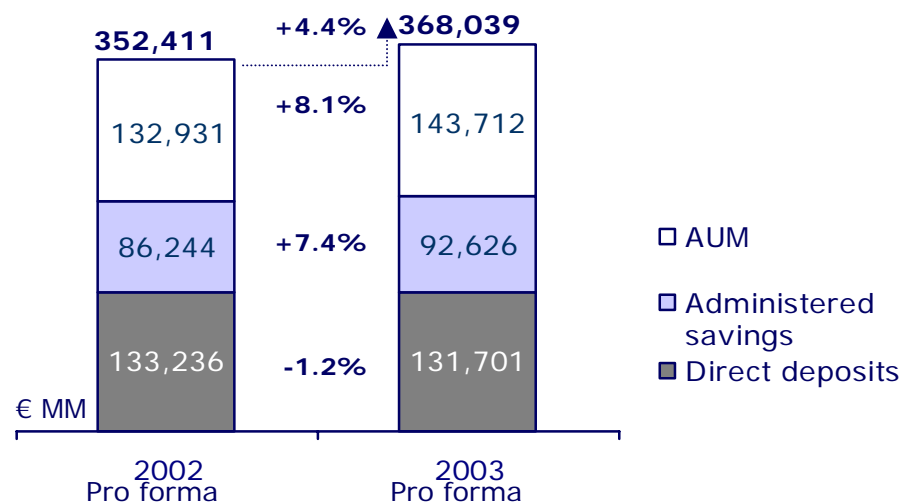


€ MM	Q403	Q303	Q203	Q103	Change Q403/Q402	Change Q403/Q303
Asset Management, Dealing and advisory services	494	468	415	403	19.0%	5.6%
▶ <i>asset management</i>	426	384	339	340	27.2%	10.9%
▶ <i>dealing and custody, currencies</i>	68	84	76	63	-15.0%	-19.0%
Loans and guarantees	98	66	59	63	42.0%	48.5%
Collection and payment services	60	64	60	57	3.4%	-6.3%
Deposit and current accounts	134	124	120	111	12.6%	8.1%
Other services and net dealing revenues	78	64	59	48	-13.3%	21.9%
Net Commission and other dealing revenues	864	786	713	682	15.0%	9.9%

DETAIL ON CUSTOMER FINANCIAL ASSETS

- ▶ Yet again strong asset gathering capacity of the Group confirmed
- ▶ Reflecting underlying strength in customer relationships

TFA stock breakdown

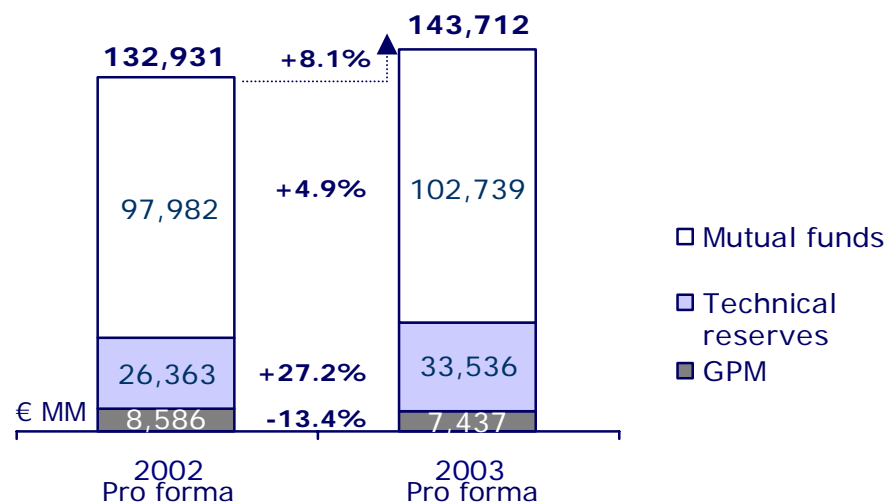


€ MM	31/12/03 stock	2003 flows	2003 performance	Net change year to date
TFA	368,039	10,965	4,663	15,628
AUM	143,712	7,748	3,033	10,781
▶ Life assurance	33,536	6,340	833	7,173
▶ Mutual funds	102,739	2,659	2,098	4,757
▶ GPM	7,437	-1,251	103	-1,148
Administered	92,626	4,752	1,630	6,382
Direct deposits	131,701	-1,535	-	-1,535

DETAIL ON ASSETS UNDER MANAGEMENT

- ▶ Positive net inflows of 7.8 billion euro in 2003
- ▶ Good performance across all distribution channels
- ▶ Market performance effect positive for 2.2 billion euro in 2003

Assets under Management



€ MM	2003 Flows				31/12/2003 Stock		
	Life assurance	Mutual funds	GPM	Total	Total	Var. Y/Y	Var. Q/Q
Sanpaolo Network	4,033	1,078	-1,408	3,704	76,920	8.2%	1.1%
Cardine	564	405	166	1,135	14,328	8.9%	0.5%
Fideuram	1,389	2,136	34	3,560	44,573	11.4%	2.8%
Other	353	-961	-43	-651	7,891	-8.9%	-5.4%
Total	6,340	2,659	-1,251	7,748	143,712	+8.1%	+1.2%

DETAIL ON MUTUAL FUNDS

- ▶ Market leader in net inflows to mutual funds: 5,618 € MM as at 31/12/03
- ▶ Over 20% market share confirmed
- ▶ Slight strengthening of equity content but offset by reduction in balanced funds

Mutual fund portfolio composition

€ MM	31/12/03	31/12/02 Pro forma
▶ Equity	23.6%	22.5%
▶ Balanced	7.4%	10.2%
▶ Bond	41.5%	40.3%
▶ Money	27.5%	27.0%
Mutual funds stock	100.0%	100.0%

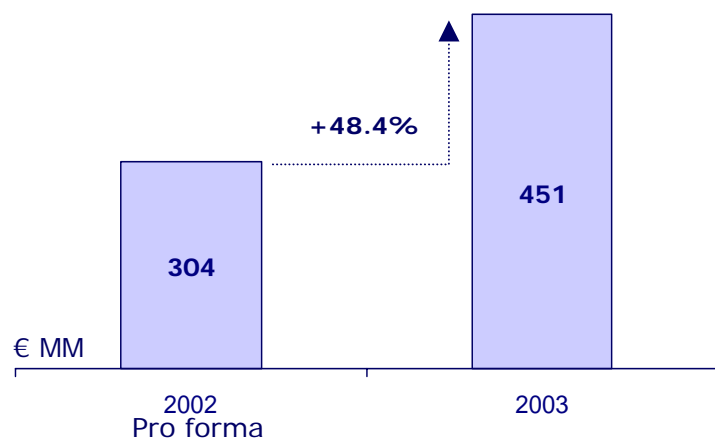
Market share: 21.1% as of January 2004

DETAIL ON LIFE ASSURANCE

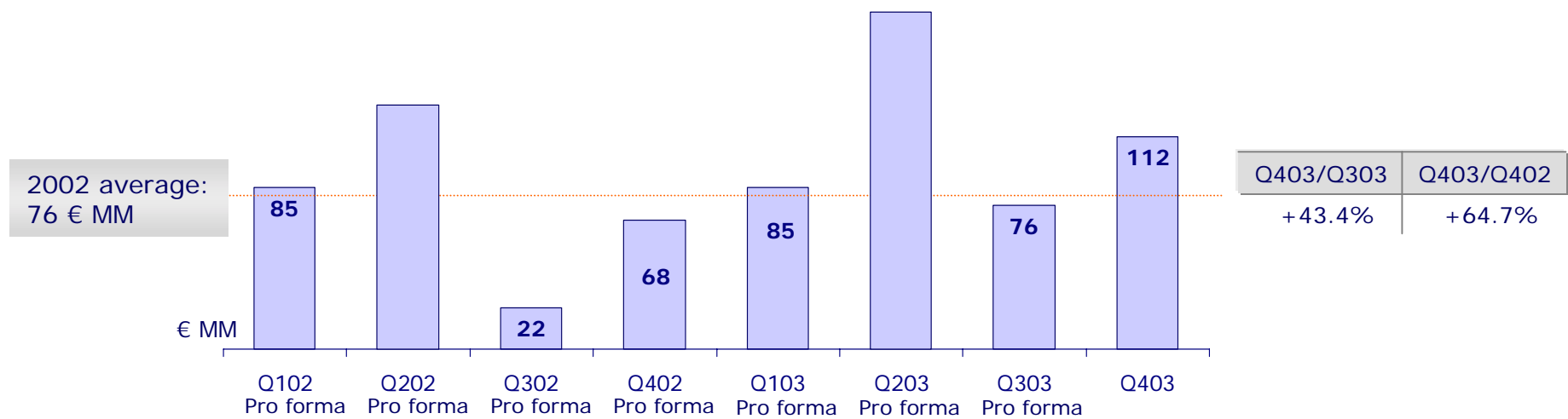
- ▶ Leading bancassurance Group in Italy with a 10.8% market share of technical reserves
- ▶ Technical reserves up 27% Y/Y
- ▶ 16% share of the bancassurance market for new business as at 31/09/2003
- ▶ **Significant embedded value in life portfolio: 1,873 € MM (as at 30/06/2003)**

€ MM	31/12/03 stock	31/12/2002 pro forma stock	Change 31/12/03- 31/12/02 pro forma
Total	33,536	26,363	27.2%
▶ Traditional	11,959	10,980	8.9%
▶ Unit linked	10,535	7,436	41.7%
▶ Index linked	7,534	4,794	57.2%
▶ Third parties	3,508	3,153	11.3%

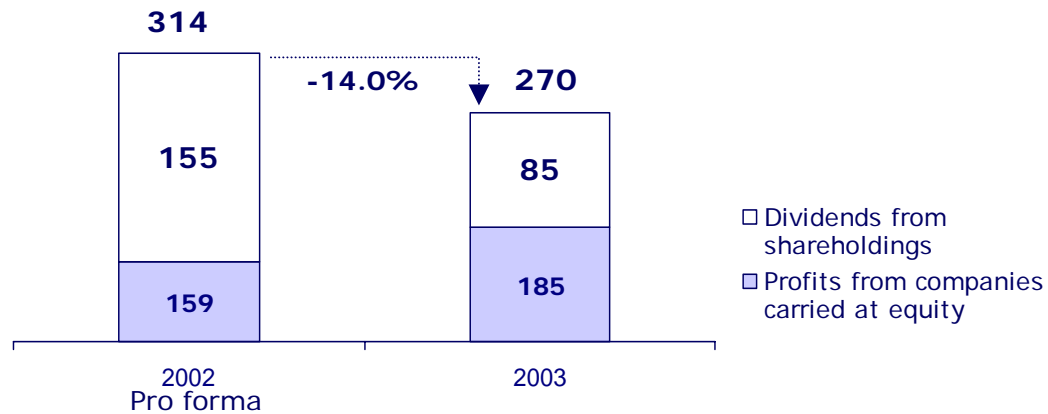
PROFITS ON FINANCIAL TRANSACTIONS AND DIVIDENDS ON SHARES



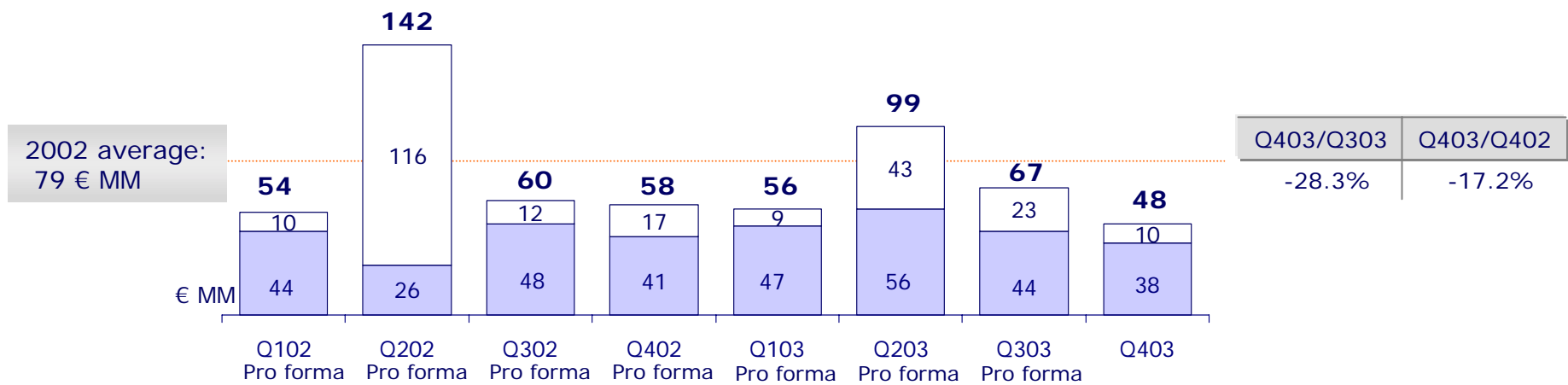
► Low risk trading portfolio
(12.1 € MM)



PROFITS OF COMPANIES CARRIED AT EQUITY AND DIVIDENDS ON EQUITY INVESTMENTS



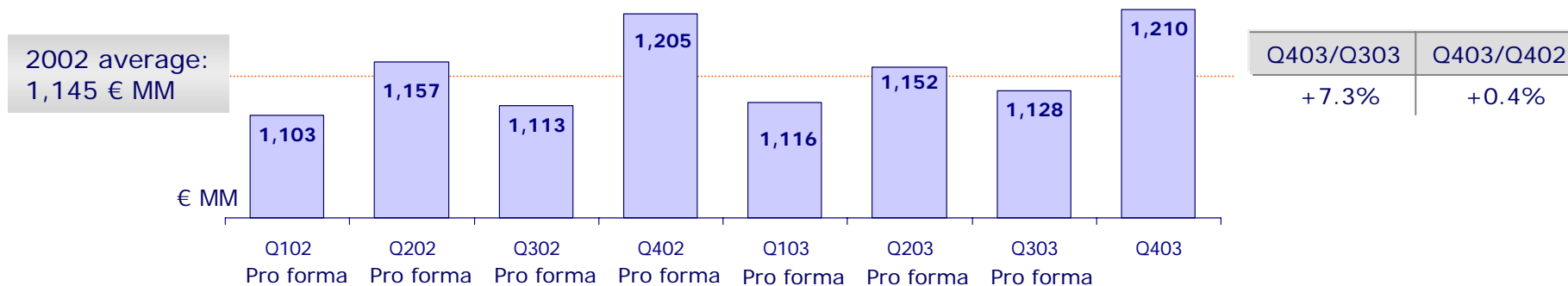
- ▶ Equity accounted insurance contribution: 115 € MM
- ▶ Lower dividends due to extraordinary dividend paid last year by Cardine of 49 € MM



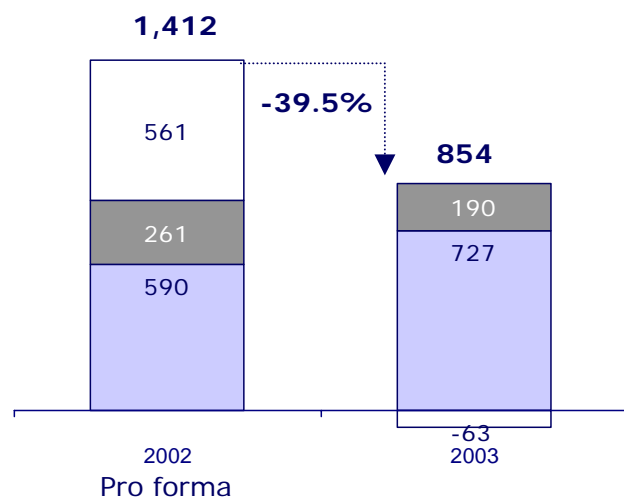
GOOD COST CONTROL

- ▶ Salary inflation of ~3.8% in part offset by average net headcount reduction of 2.9% Y/Y
- ▶ IT costs up 5% but good cost control of other administrative costs

€ MM	2003	2002 pro forma	Change 31/12/03- 31/12/02 pro forma
Administrative costs	4,606	4,578	+0.6%
▶ Personnel expenses	2,841	2,814	+1.0%
▶ Other administrative costs	1,509	1,508	+0.1%
▶ <i>IT costs</i>	421	401	+5.0%
▶ <i>Real estate costs</i>	291	291	-
▶ <i>General costs</i>	265	277	-4.3%
▶ <i>Professional and insurance costs</i>	260	282	-7.8%
▶ <i>Utilities</i>	88	90	-2.2%
▶ <i>Advertising and marketing costs</i>	91	93	-2.2%
▶ <i>Indirect personnel costs</i>	93	74	+25.7%
▶ Indirect duties and taxes	256	256	-
Depreciation	484	508	-4.7%



TOTAL NET PROVISIONS



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

- ▶ Increase in credit provisioning due to coverage of Parmalat exposure in Q403
- ▶ Ex Parmalat credit provisioning level reflects good asset quality and dynamic provisioning approach
- ▶ Prudential accounting of financial assets

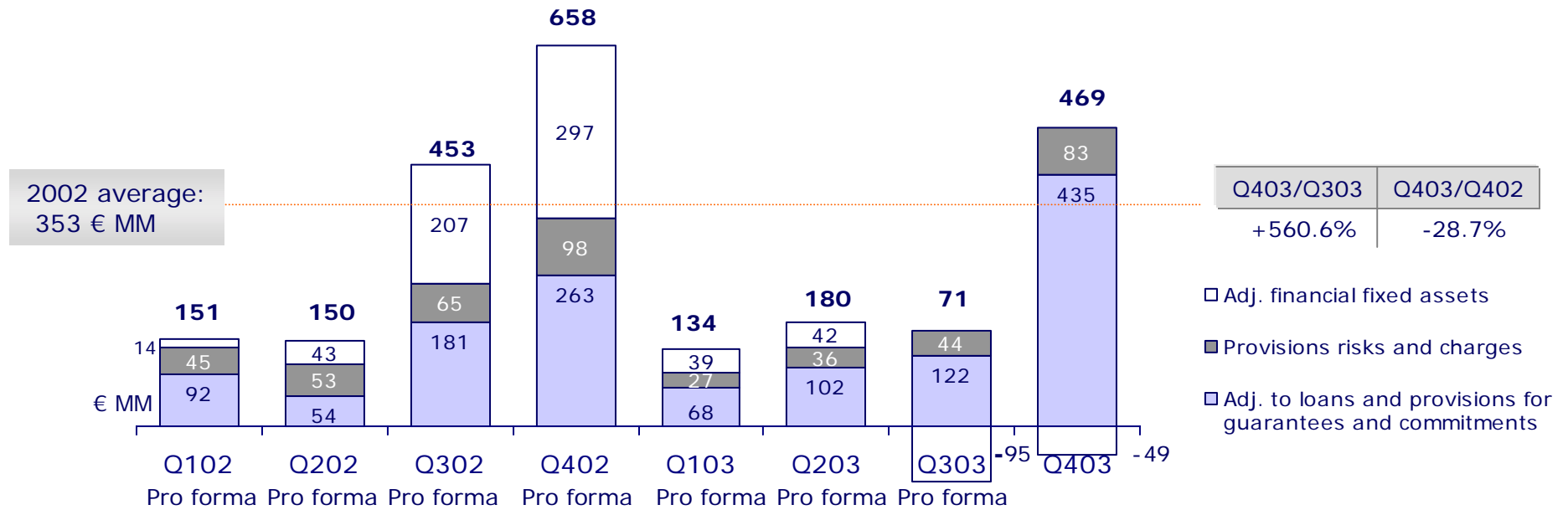
Adjustments*Financial assets*

FIAT	-12 € MM	6.4 euro Book value p.s.
H3G	-101 € MM	not quoted
SCH	+215 € MM	8.1 euro Book value p.s.

Credit provisions

Generic provisions	58 € MM (total generic provision: 1.1 € BN)
Specific provisions	667 € MM

QUARTERLY ANALYSIS TOTAL NET PROVISIONS



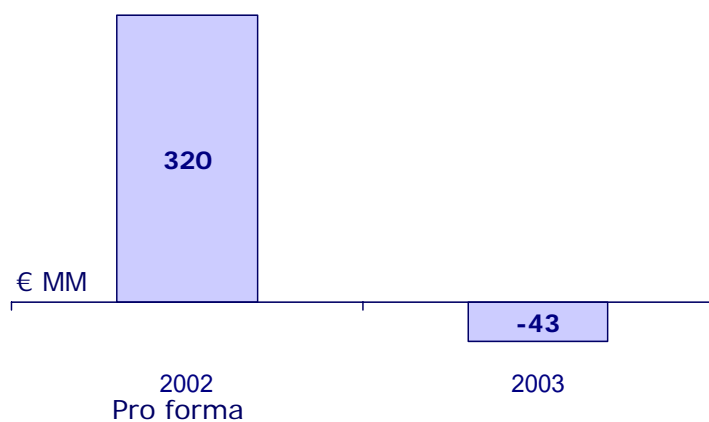
MAINTAINING GOOD ASSET QUALITY AND ADEQUATE COVERAGE RATIOS

- ▶ Net NPLs and net problem loans down 5.5% and 10.2% respectively
- ▶ Net loans to countries at risk down to 22 million euro
- ▶ NPL and net watchlist coverage levels up to 73% and 33.4% respectively
- ▶ NPL and watchlist ratios down to 0.9 and 1.1% respectively
- ▶ Level of general reserve maintained

	31/12/03							
	Gross exposure	Var. Y/Y	Var. Q/Q	Total adjustments	Net exposure	Var. Y/Y	Var. Q/Q	Coverage
Doubtful loans	6,428	2.9%	2.2%	3,885	2,543	-8.1%	-4.6%	60.4%
▶ Non-performing loans	4,366	7.1%	6.2%	3,186	1,180	-5.5%	-4.6%	73.0%
▶ Problem loans	2,062	-4.9%	-5.3%	699	1,363	-10.2%	-4.7%	33.4%
Performing loans	123,024	0.5%	2.1%	1,013	122,011	0.5%	2.2%	0.90%(*)
Total loans	129,452	0.6%	2.1%	4,898	124,554	0.3%	2.0%	3.8%

	31/12/03	31/12/02 pro forma
NPL'S ratio	0.9%	1.0%
Watchlist ratio	1.1%	1.2%

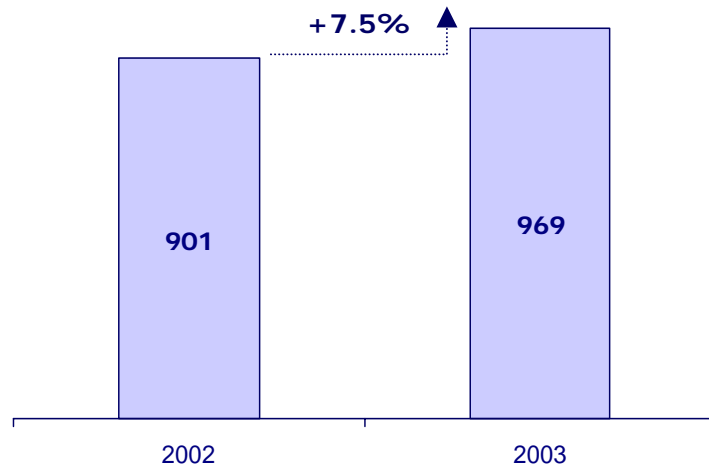
(*) Includes 90.3 € MM of reserve for credit risks



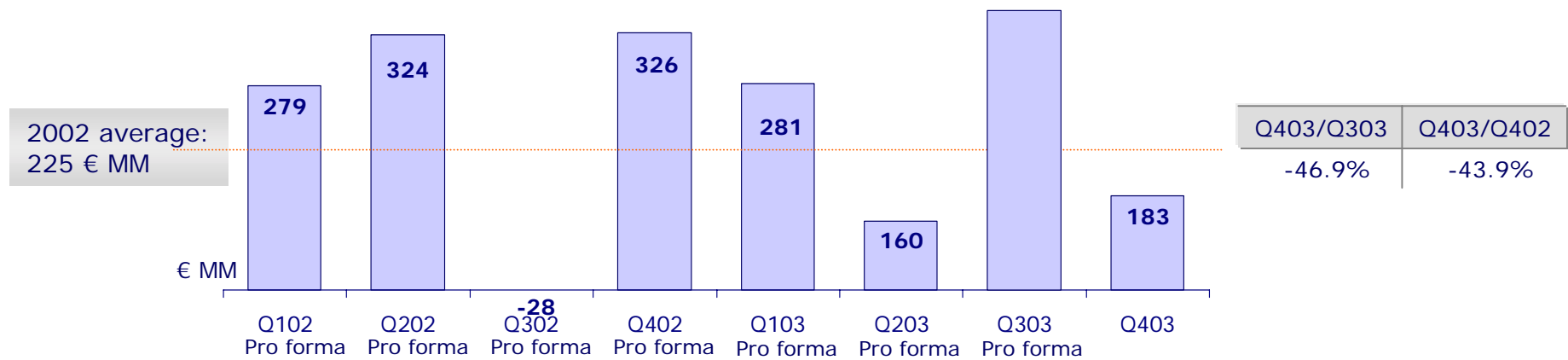
► Planned extraordinary charge of 470 € million taken to fund redundancies mostly offset by capital gains

<u>Principal contributions</u>	
Fund early retirements	-470 € MM
Release of excess provisions for subsidised mortgages	+73 € MM
Sale of 60% stake in Banque Sanpaolo	+239 € MM
Sale of 20% stake in Finconsumo	+44 € MM

NET INCOME ON TRACK TO MEET BUSINESS PLAN TARGETS



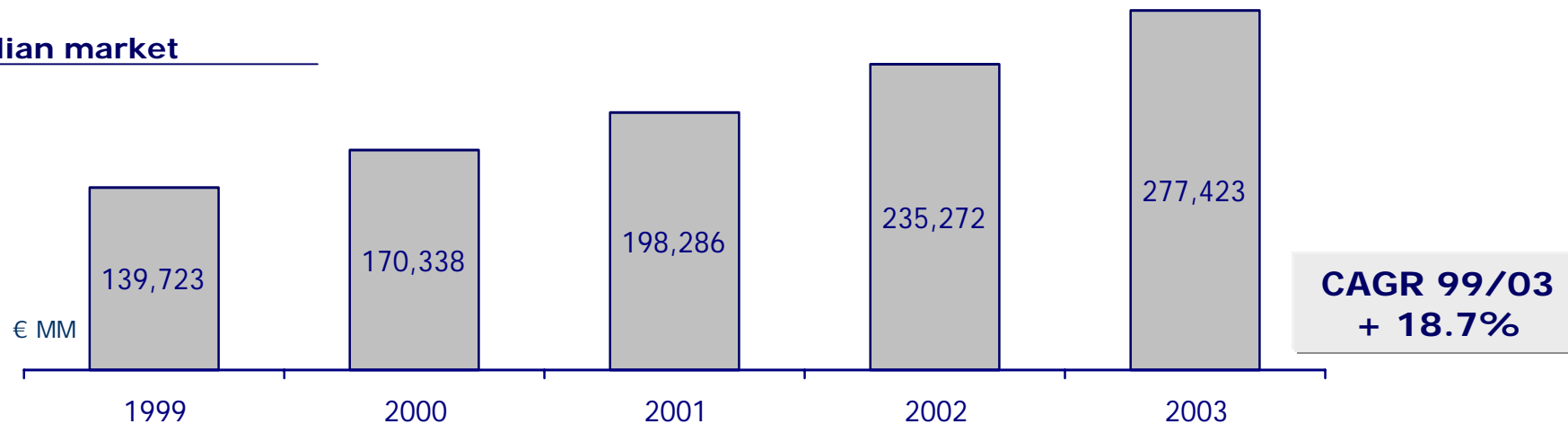
- ▶ Positive net income results driven by strong operating performance
- ▶ 2005 business objectives confirmed



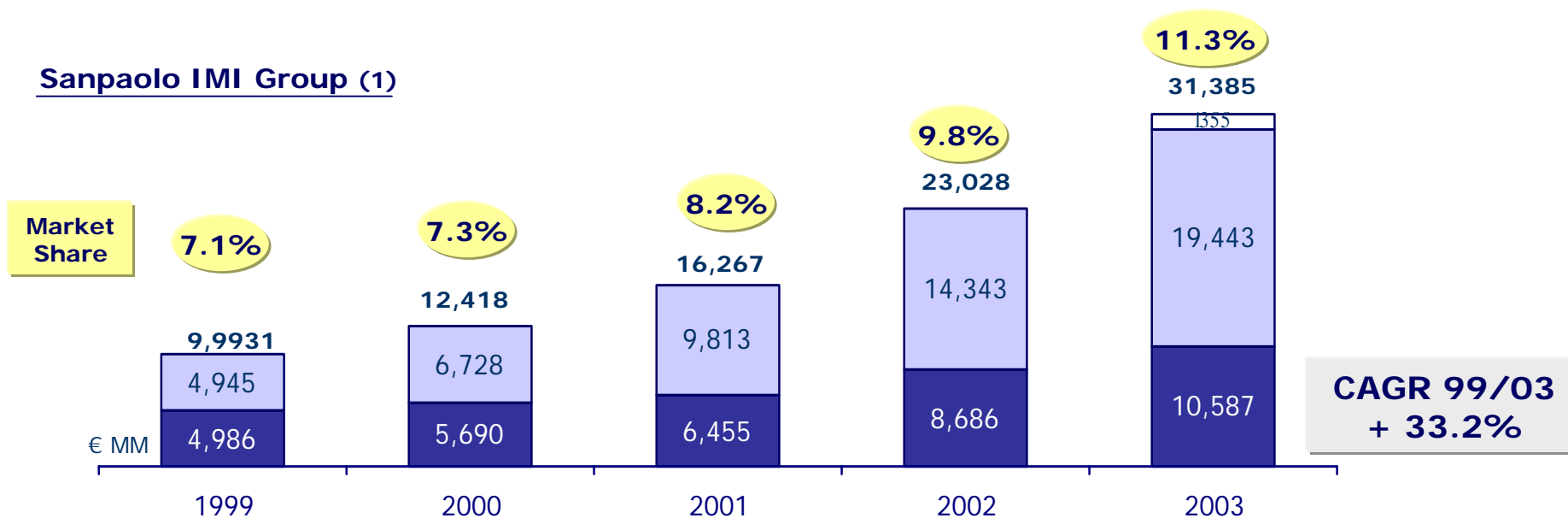
- ▶ Business plan update
- ▶ Q4 2003 results
- ▶ Rationalise and strengthen Group's leading position in the Italian insurance market

TECHNICAL RESERVES

Italian market



Sanpaolo IMI Group (1)



(1) Domestic market

■ Fideuram Vita

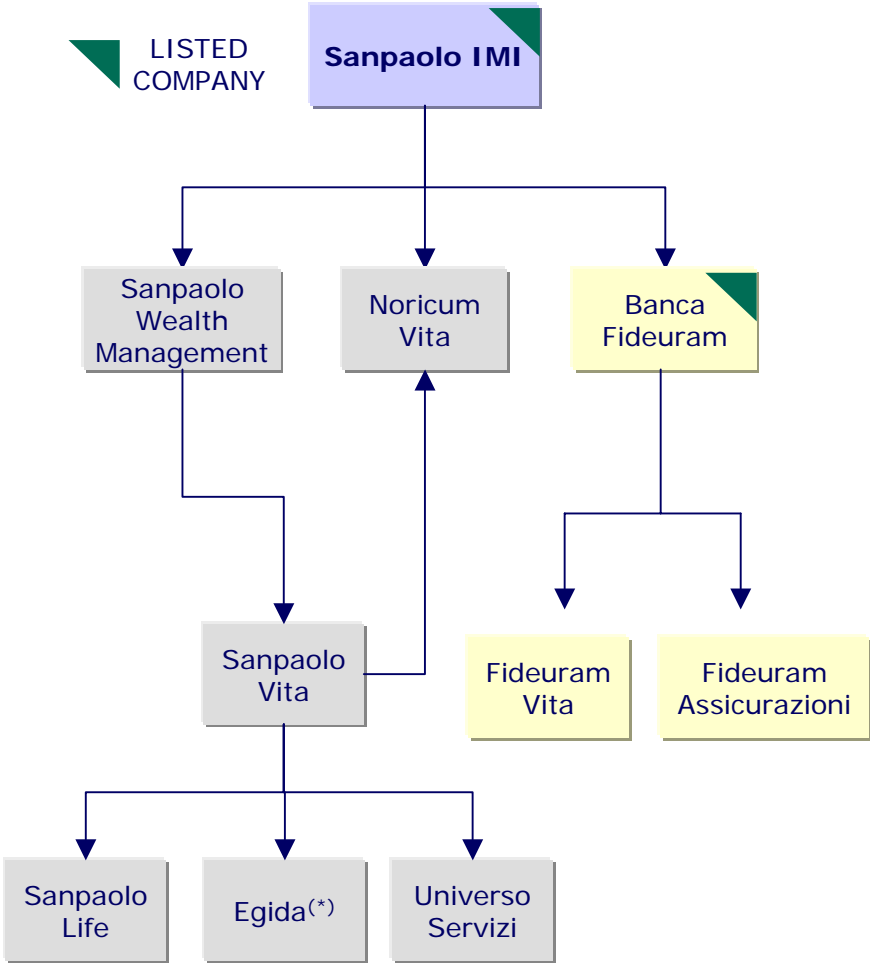
□ SP Vita + Life

□ Noricum Vita (2)

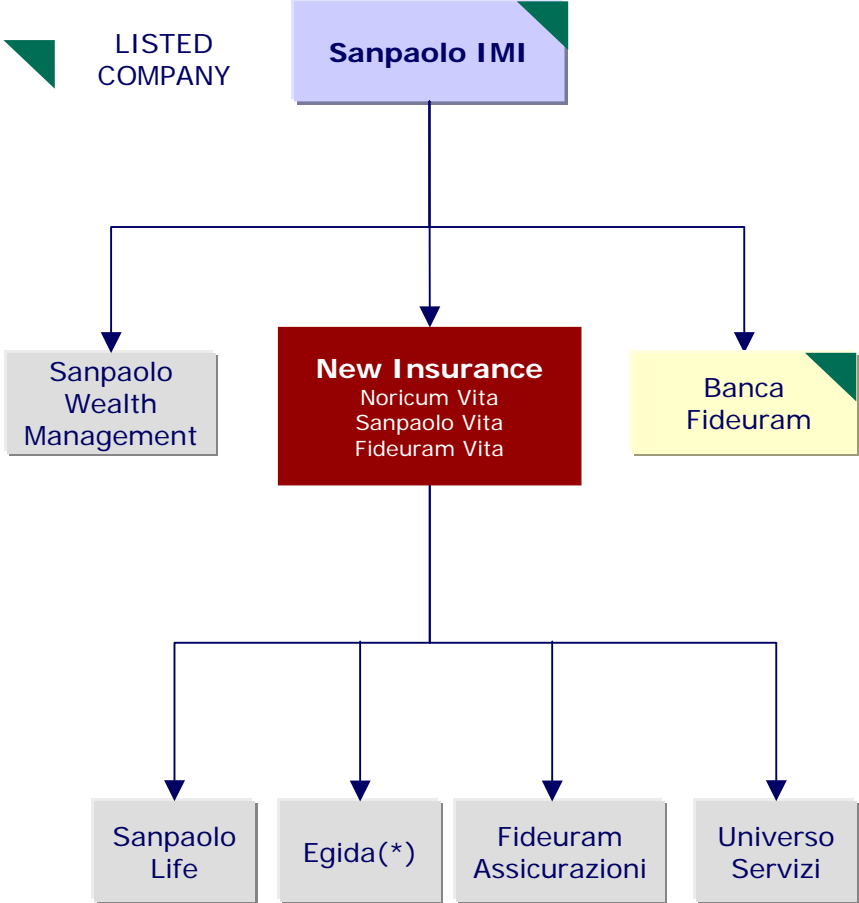
(2) Noricum Vita control has been completed during 2003.

PROJECT DESCRIPTION

TODAY



TOMORROW



(*) 50% owned by Sanpaolo Vita/Insurance Pole, remaining 50% owned by Reale Mutua Assicurazioni

OBJECTIVES

BENEFITS

Rationalise Insurance Production Platform

- Efficiency & Product Focus -

- ▶ Avoid duplications and concentrate business competencies to enhance efficiency
- ▶ Centralise and further improve risk management tools and techniques
- ▶ Improve product innovation and service level

Anticipate Market Needs in Non Life Insurance

- Growth & Revenue Potential -

- ▶ Capture new market opportunities
- ▶ Develop an integrated product offering (wealth planning approach)
- ▶ Increase customer share of wallet
- ▶ Develop distinctive product and service expertise

Create New Leading Insurance Player

- Strategic Options -

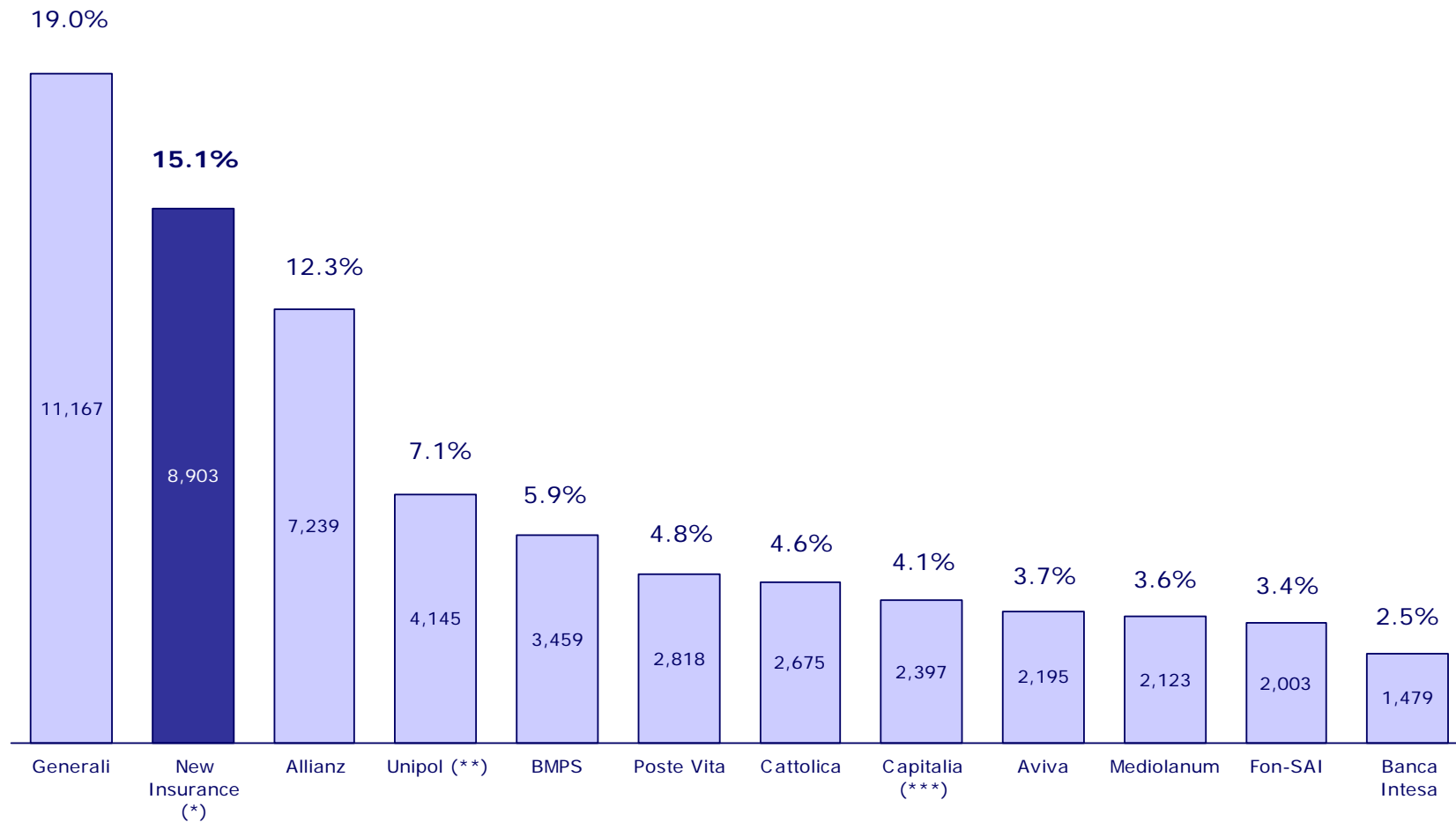
- ▶ Create Italy's second largest player in life insurance market
- ▶ High strategic flexibility

BROADEN PRODUCT OFFERING TO ANCIPATE EVOLVING MARKET NEEDS AND CAPTURE GROWTH POTENTIAL

BUSINESS GUIDELINES	NEEDS	PRODUCTS	PRODUCT FAMILY
Maintain	<u>Investment & Saving</u>	Funds, Portfolio management, Asset administration	Financial Products
		Mixed, Capitalisations, Unit linked, Index linked	
Reinforce	<u>Pension</u>	Traditional life, annuities, (single/ recurring premia) Pillar III Pension Funds	Life & Pension
Develop	<u>Protection</u> ▶ Personal protection ▶ Property protection	TCM, CPI, Dread Disease, LTC	P&C
		Accidents, Theft, fire, TPL	

CREATION OF SECOND LARGEST PLAYER IN ITALIAN LIFE MARKET

GROSS WRITTEN PREMIUMS AND LIFE MARKET SHARE (2002)



Source: ANIA

(*) Pro-forma for the acquisition of Noricum Vita

(**) Pro-forma for the sale of Noricum Vita and the acquisition of Winterthur Italia

(***) Pro-forma for the acquisition of the remaining stake in Roma Vita