

GRUPPO SANPAOLO IMI

Merrill Lynch
Banking & Insurance Conference
“Managing Complexity”

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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.

AGENDA

- Complexity in the business environment
- Addressing the challenge
- Encouraging results

FROM STRUCTURAL DRIVERS TO CHANGE

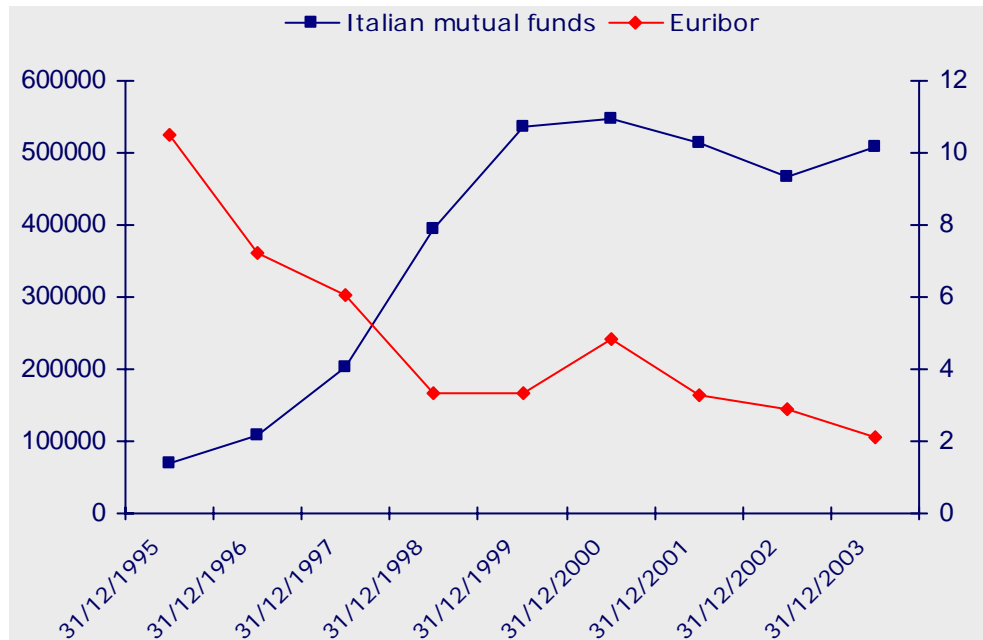
From tightly regulated to a deregulated banking industry

From 15,500 branches (in 1989) to 30,500 (in 2003)

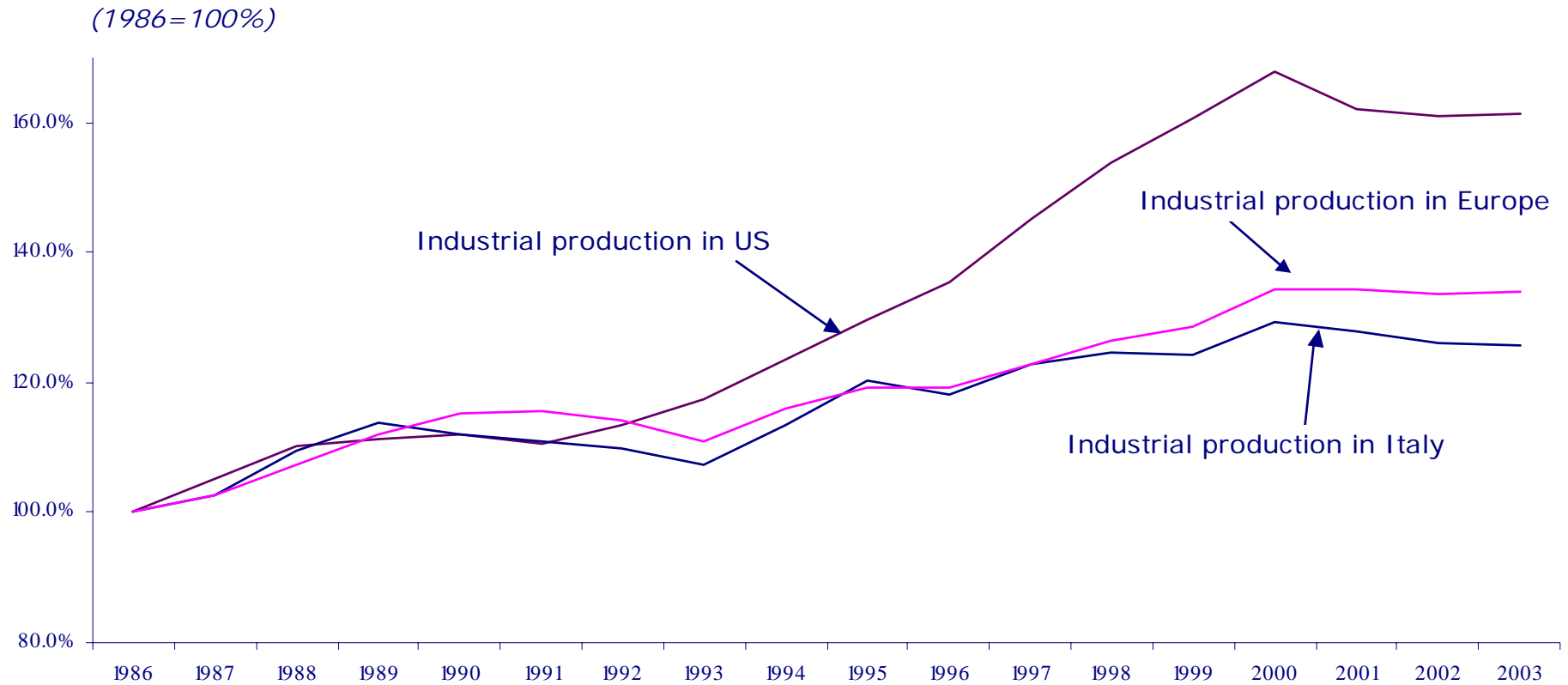
From state ownership to public companies

From 75% stake controlled to more than 80% assets in public companies

From the lira to the euro



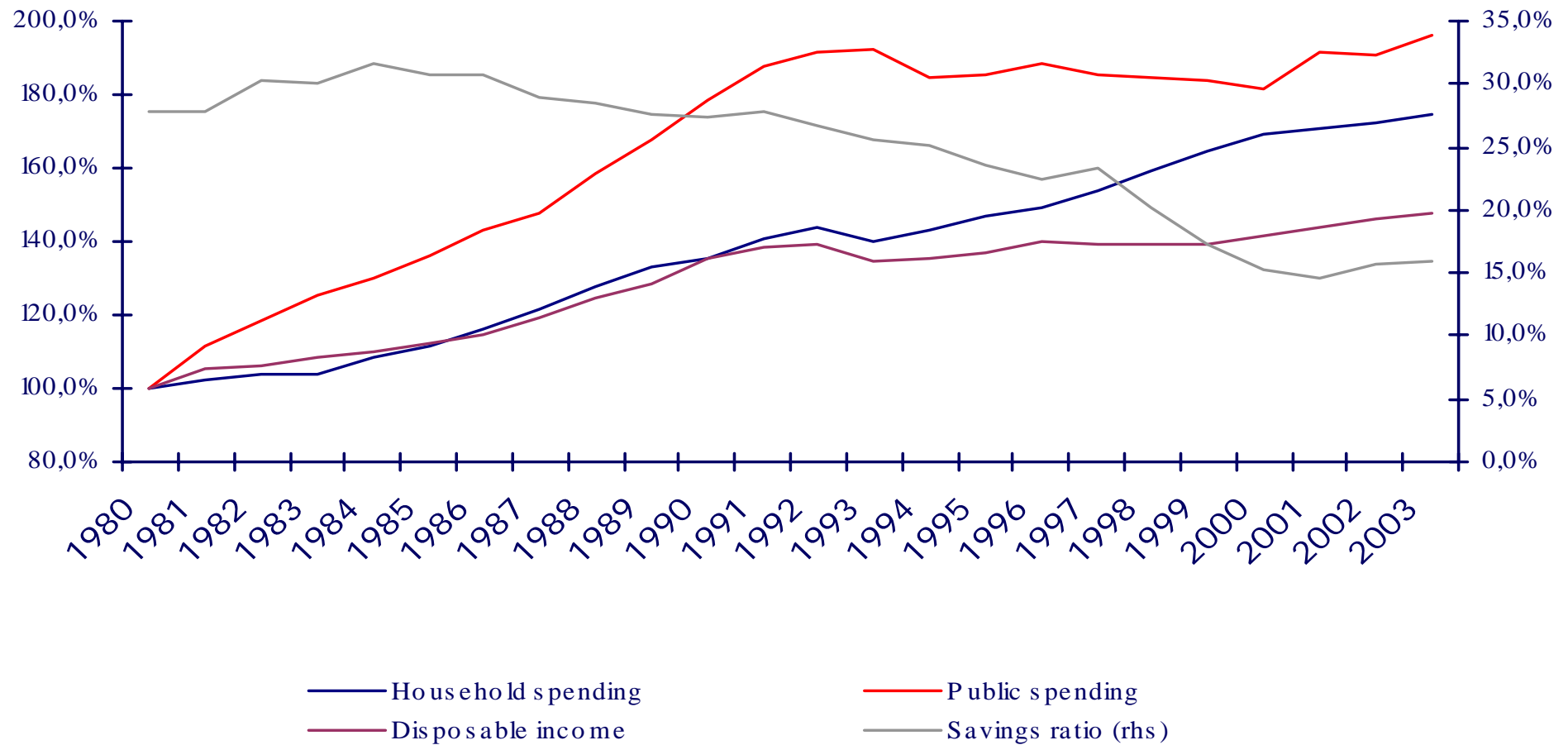
TO GREATER COMPLEXITY IN THE MACRO-SCENARIO (I)



TO GREATER COMPLEXITY IN THE MACRO-SCENARIO (II)

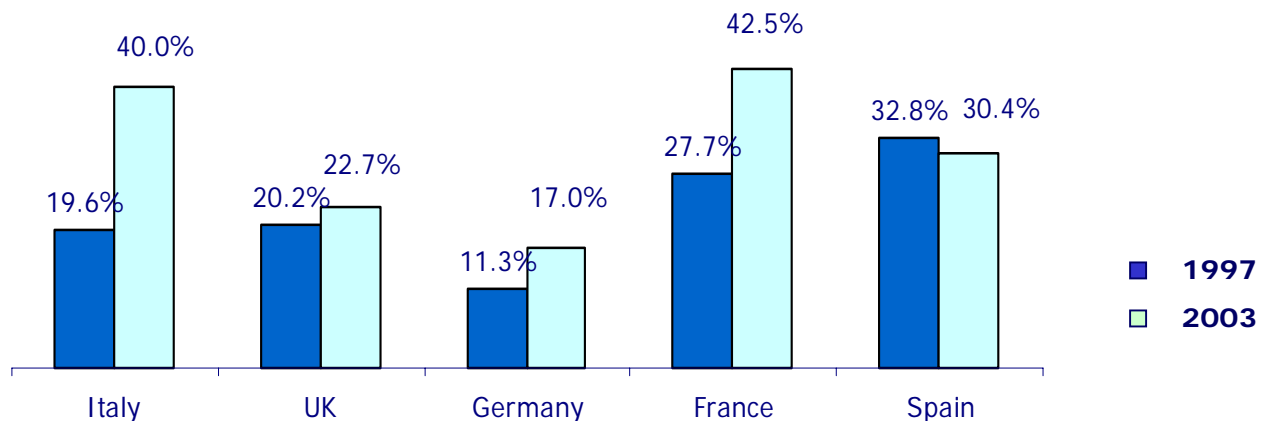
(in 1995 prices; 1980=100%)

(in % of disposable income)

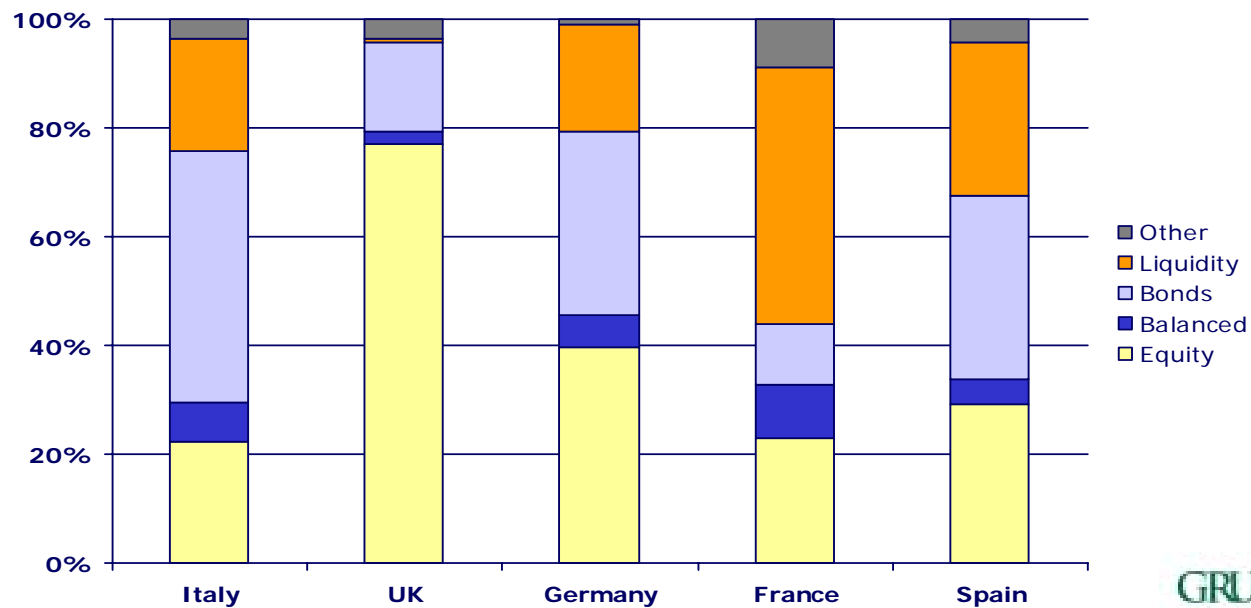


TO GREATER COMPLEXITY IN THE SAVINGS MARKET (I)

Mutual funds (% GDP)

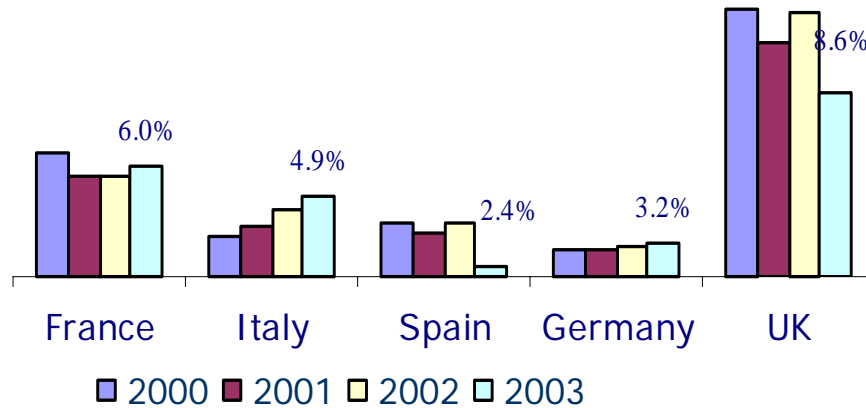


Mutual funds breakdown as of 31/12/2003

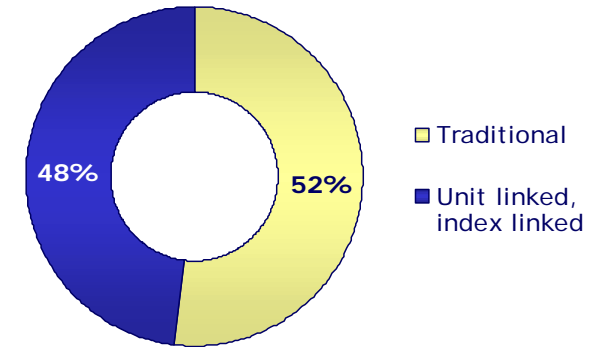


TO GREATER COMPLEXITY IN THE SAVINGS MARKET (II)

Life insurance penetration levels

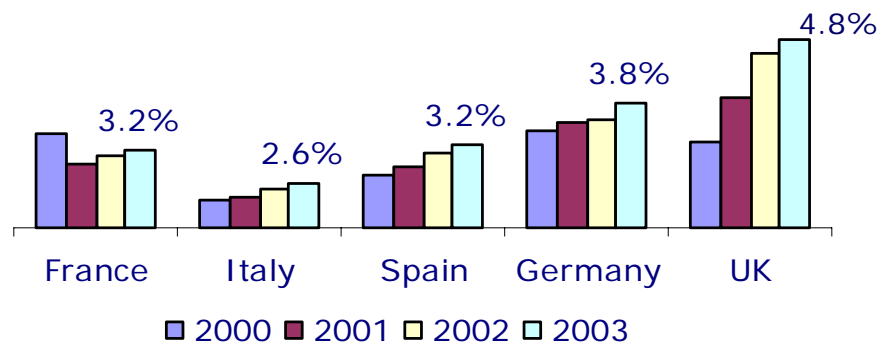


Breakdown of Italian life insurance stock

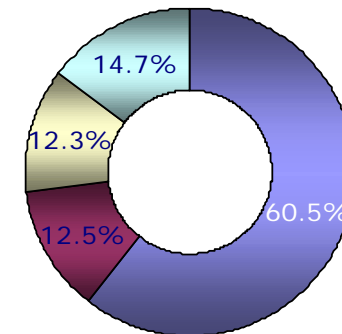


Source: Ania, 2003

Non-life insurance penetration levels



Breakdown of main non-life classes in Italy (%)



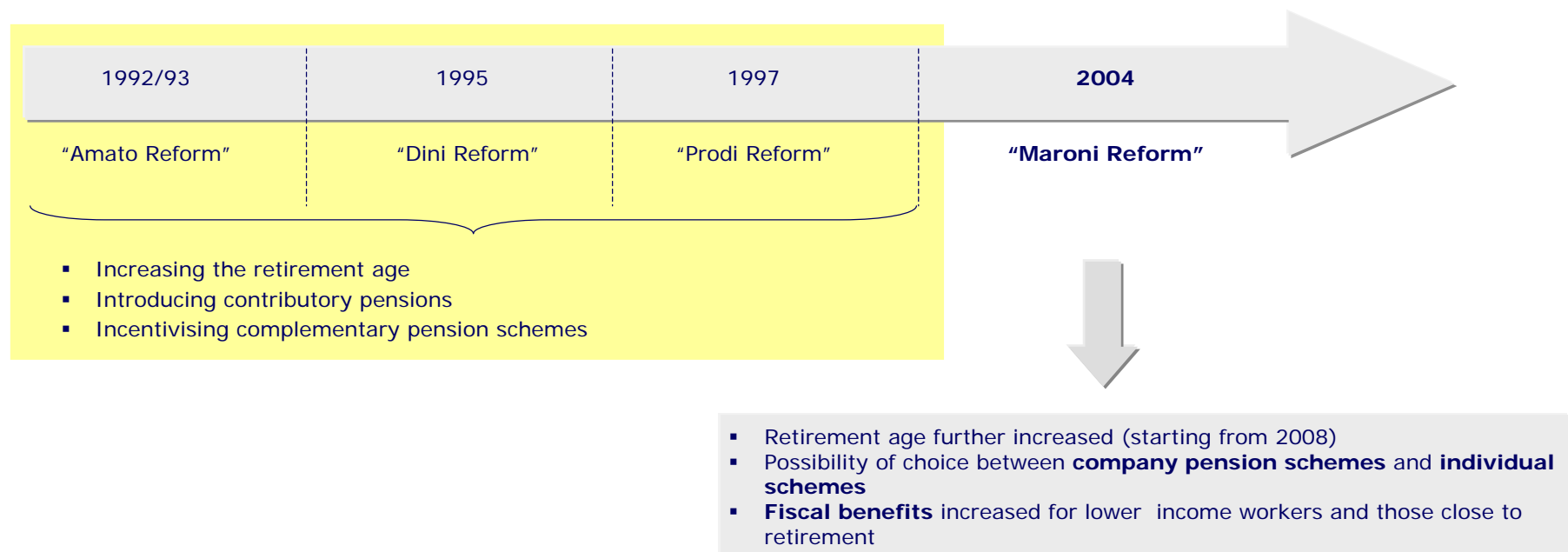
Source: Ania, 2003

■ Motor ■ Accident & Health ■ Property protection ■ Other

TO GREATER COMPLEXITY IN REGULATORY ISSUES

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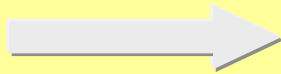
- IFRS
- Basel II
- Proposed legislation on savings market
- Pension reform



AGENDA

- Complexity in the business environment
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Strengthening the core branch banking business



- Integration of branch network
- Concentration of marketing strategies
- Extending customer service models
- Building on brand value

Specialisation



In established businesses:

- Asset Management
- Life business



In new businesses:

- Non-life business
- Consumer credit

TECHNICAL INTEGRATION OF BRANCH BANKING NETWORK COMPLETED

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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 (10th October 04)

 SANPAOLO
BANCO DI NAPOLI

 CARISBO
CASSA DI RISPARMIO
DI BOLOGNA

 FRIULCASSA
CASSA DI RISPARMIO
DI FRIULI V.G.

 CASSA DI RISPARMIO
DI VENEZIA

 CASSA DI RISPARMIO
DI PADOVA E ROVIGO

 BANCA POPOLARE
DELL'ADRIATICO

GRUPPO SANPAOLO IMI

ONE NETWORK BUT WITH LOCAL BRANDS

Local brands national coverage

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 character maintained through brand and legal entity
- Empowers area management structure to manage and coordinate different local market and customer needs

Branch network

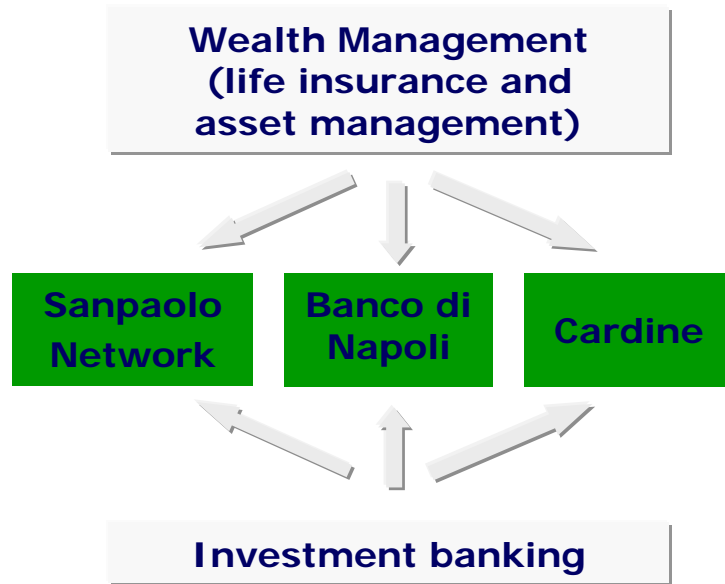
- 3,000 branches with good national foot print and high concentration coverage
- Specialisation through dedicated branches and modular approach to branch business
- Multi-channel approach



ONE NETWORK TO SERVE ALL CUSTOMER SEGMENTS

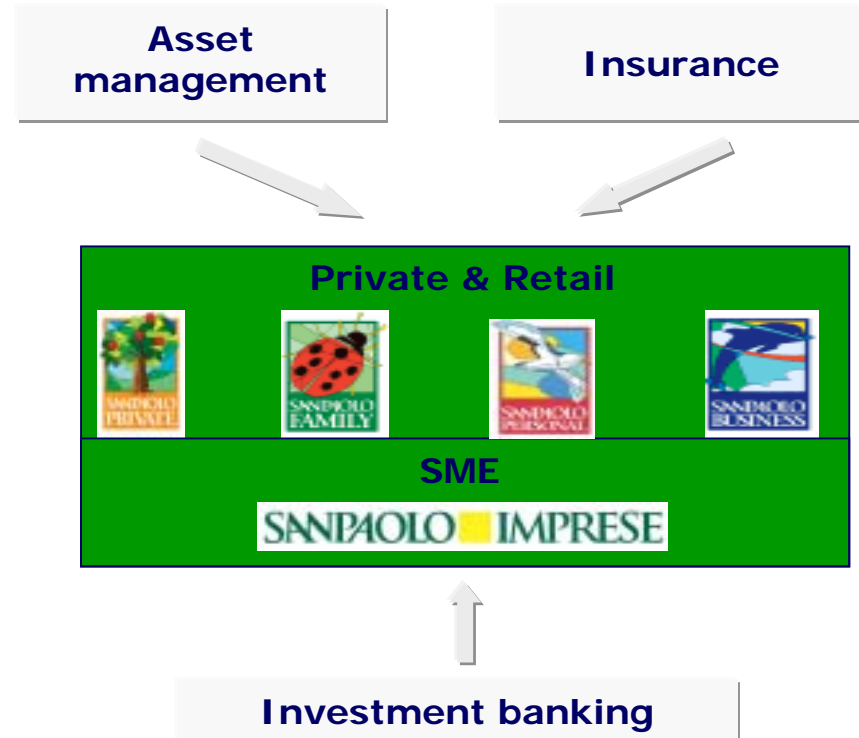
BRANCH BANKING INTEGRATION AND SPECIALISATION

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Pre-integration of branch network

Marketing strategies are developed within product factories



Post-integration of branch network

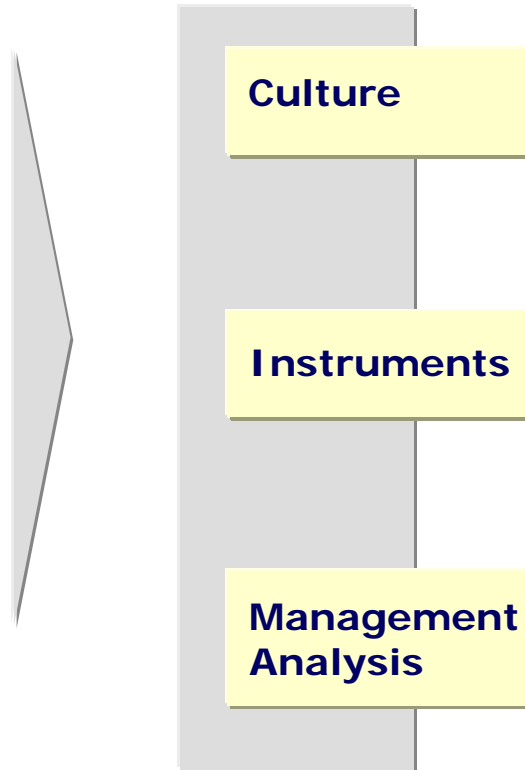
Marketing strategies are developed within the network

LEVERAGING ON CUSTOMER SERVICE MODELS

Objectives

- To develop the relationship with customers
- To offer a higher quality service
- To improve profitability

Areas



Completed projects

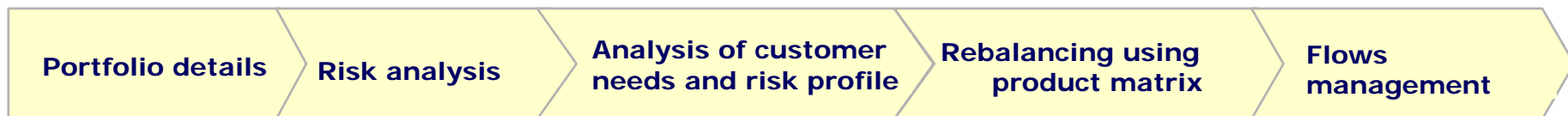
- Investment Policy
- Communication events
- Training

- **CRM Workstation**
 - Market and product information

 - Customer portfolio analysis
 - Reporting
 - Asset allocation
 - Model portfolio simulation

 - Portfolio benchmarking
 - Commercial analysis

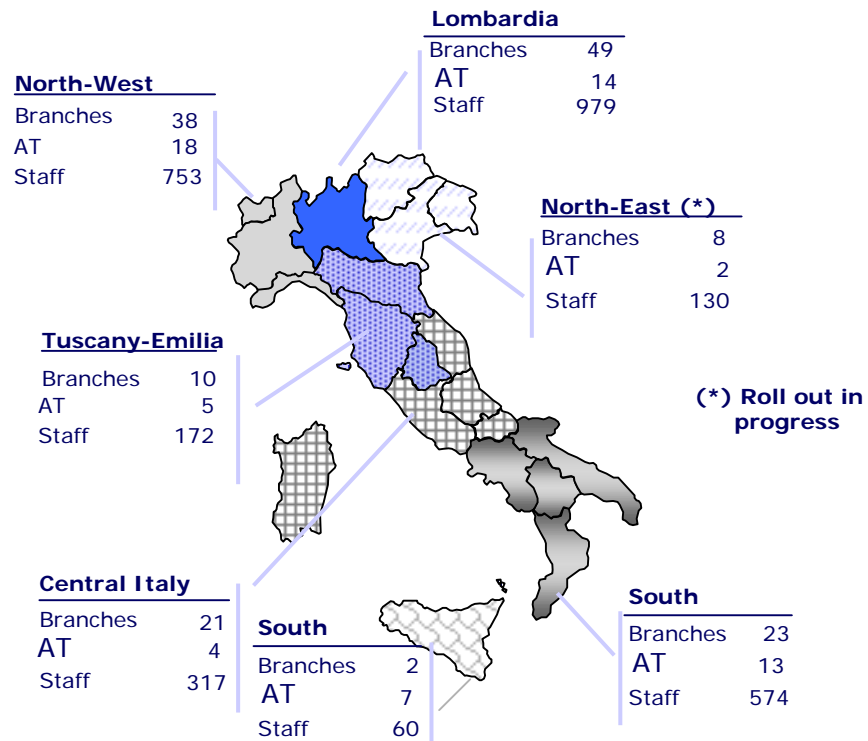
Business process



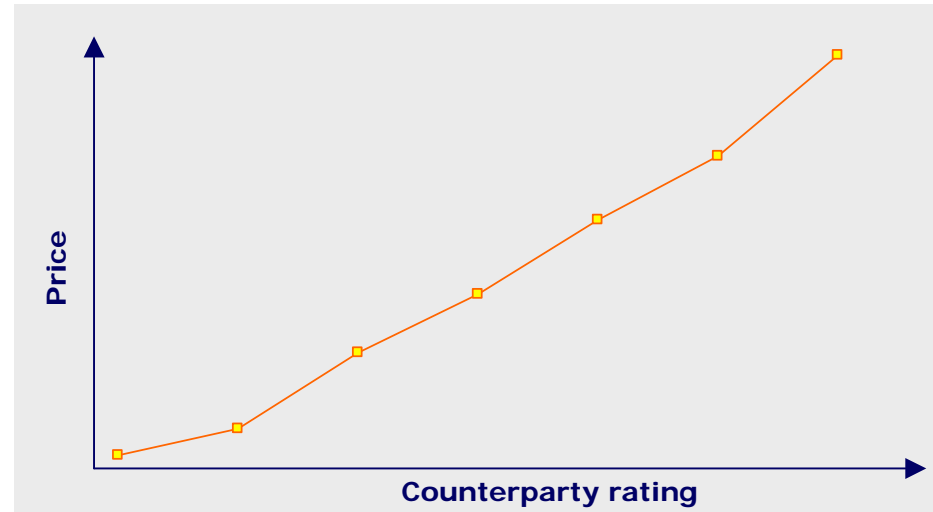
LEVERAGING ON STRONG CORPORATE BANKING COMPETENCES

The specialised network:

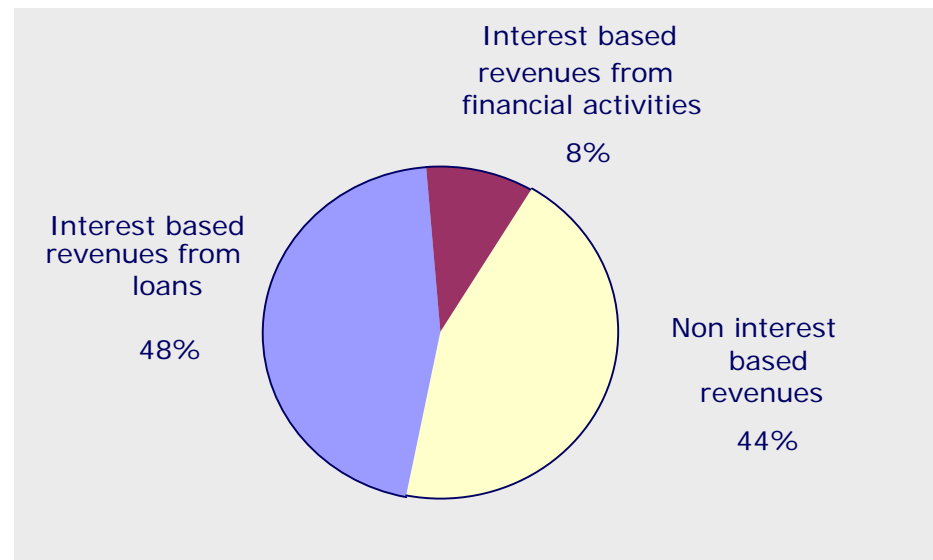
- 151 outlets
- 63 teams



Short term loans: Risk adjusted spread



Revenue Breakdown (2003)



BUILDING ON BRAND VALUE



SANPAOLO
Sponsor Principale

Main objectives of Sanpaolo's Olympic sponsorship aim at increasing:

1. business and customer relationships;
2. national and international recognition;
3. motivation and sense of corporate identity in employees.

| | | | |
|---|--|---|---|
| Impact on net interest and other banking income | Increase of average revenue per customer | ↑Cross selling | <ul style="list-style-type: none"> ▪ Cross selling Retail project ▪ Cross selling Small Business |
| | | ↑Average revenues per product | <ul style="list-style-type: none"> ▪ Olympic credit cards ▪ Olympic pre-paid cards ▪ Young project (0-18) ▪ Car loans (billboard) |
| | Increase in customer base | ↑Acquisition | <ul style="list-style-type: none"> ▪ Young project (18-30) ▪ Sanpaolo Roadshow ▪ Ticketing ▪ Small Business offers |
| | | ↑Retention | <ul style="list-style-type: none"> ▪ Meeting on sport values ▪ Torch relay ▪ Olympic Events |
| One-off revenues | | <ul style="list-style-type: none"> ▪ Ticketing ▪ Network TOROC ▪ Temporary branches ▪ ATM/POS in Olympics sites | |

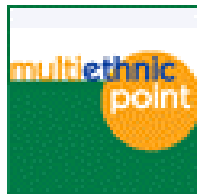
SPECIFIC CUSTOMER-SEGMENT INITIATIVES

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Investment, new business processes, and commercial initiatives aim at increasing the number of customers and strengthening the relationship in high-potential customer segments.



The new Sanpaolo IMI brand dedicated to young people from 18 to 30 years old



For the increasingly important immigrant communities in Italy



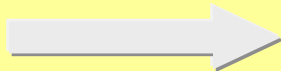
The large, heterogeneous small business segment which characterises the Italian economy

Strengthening the core branch banking business



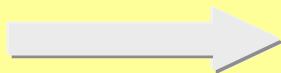
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INSURANCE & PENSION PRODUCTS



Assicurazioni Internazionali di Previdenza

| | | Retail | Private | Corporate | |
|--------------|---------------------------------|--|--|---|------------------|
| Needs | Protection | Property protection (Theft, fire, TPL) Personal protection (Accidents, TCM, Dread Disease, LTC) | Property protection (Theft, fire, TPL) Personal protection (Accidents, TCM, Dread Disease, LTC) | Asset protection Financial protection Employee protection | } P&C |
| | Pension | FIP, Open pension funds, Income products (lump sum, annuity, mixed) | Income products (lump sum, annuity, mixed) | Open and closed pension funds | |
| | Investments/ savings | Mixed, Traditional, Unit Linked, Index Linked | Mixed, Traditional, Unit Linked Private | Treasury products, other life products, TFR investment products | |

Products

Opportunity areas



Mission:

to act as consumer credit specialist for the Group developing business both through its own sales network (27,000 point of sales and 2.8 million customers) and through the branch distribution network of the Group.

Marrying branch distribution capacity with specialist competences:

- **in credit cards** - revolving credit cards will be issued to SANPAOLO IMI family segment customers exploiting on one hand the customer base of the Group and on the other the specialist competencies of Finemiro notably in credit scoring and the credit recovery;
- **in POS financing** - Finemiro will look to leverage on contacts with retail distribution channels in order to increase its network of POS dealerships. The objective is to have 10,000 new dealers by 2005.

Target: to increase market share

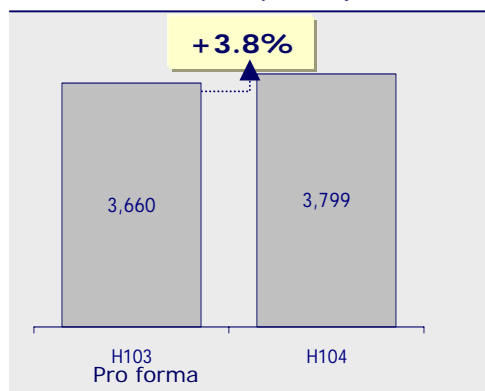
Finemiro expects through business development projects and increased commercial effectiveness, to be able to increase its market share from 5% to 10%.

AGENDA

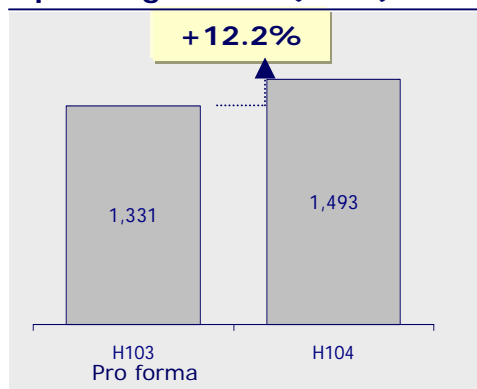
- Complexity in the business environment
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Improving performance

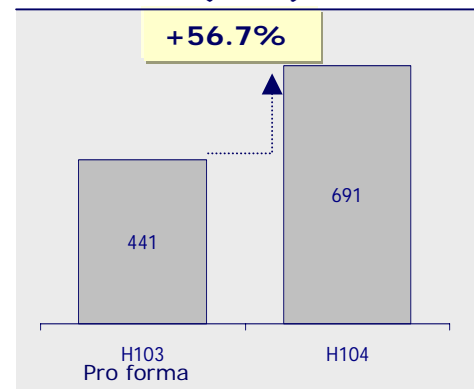
Total Revenues (€ MM)



Operating income (€ MM)



Net income (€ MM)



Based on:

- Consistent and coherent business strategy
- Good competitive positioning
- Healthy business mix
- Strong customer service models
- Real organic growth potential