

GRUPPO SANPAOLO IMI

GIUBERGIA UBS
Società di Intermediazione Mobiliare

Growth Options for Italian Financials

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3rd February 2005

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

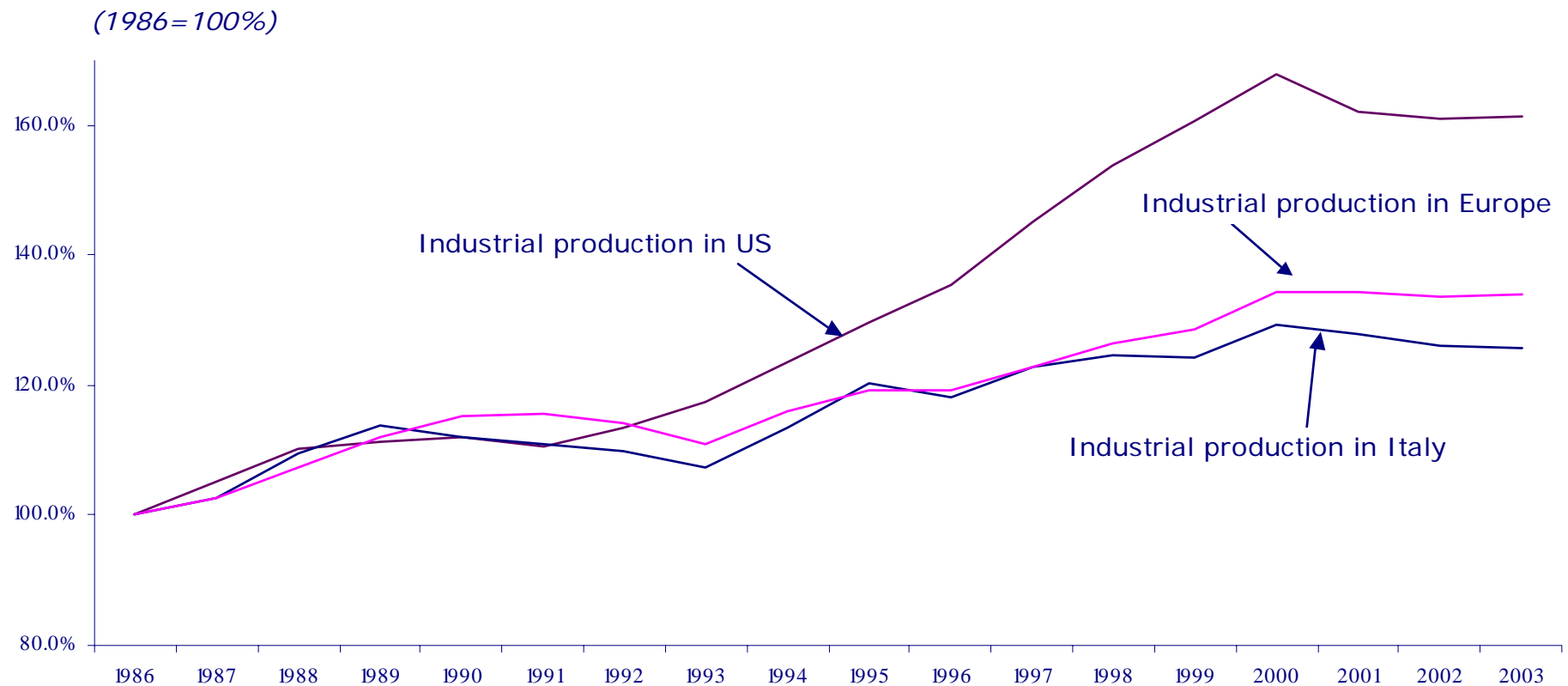
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- Opportunities in a challenging business environment
- Positioning the Group for growth
- Conclusions

OPPORTUNITIES IN A CHALLENGING BUSINESS ENVIRONMENT

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- Greater need of Italian business for access to financial skills and services



Source: Datastream

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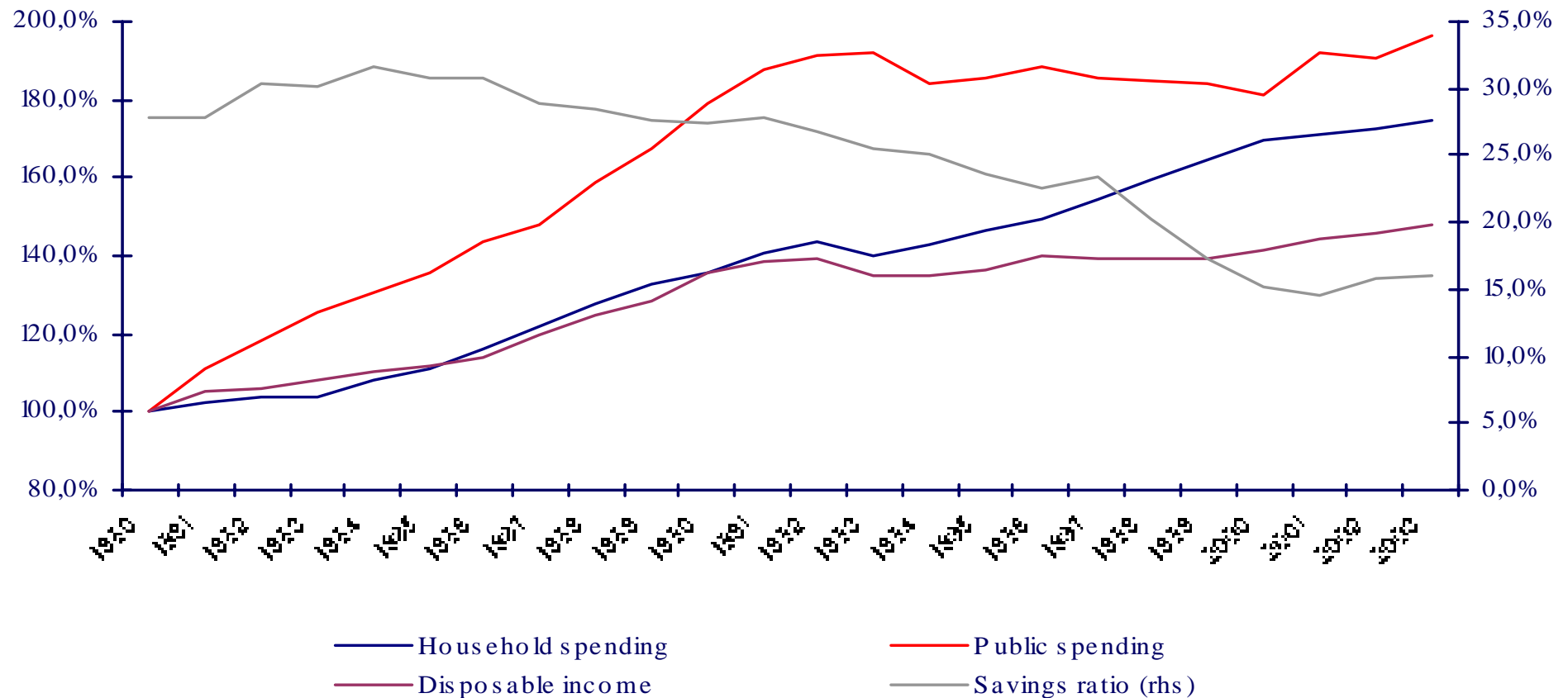
OPPORTUNITIES IN A CHALLENGING BUSINESS ENVIRONMENT

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- Opportunity to develop partnerships in the public sector
- Greater propensity to retail indebtedness
- Stable and strong retail savings ratio

(in 1995 prices; 1980=100%)

(in % of disposable income)



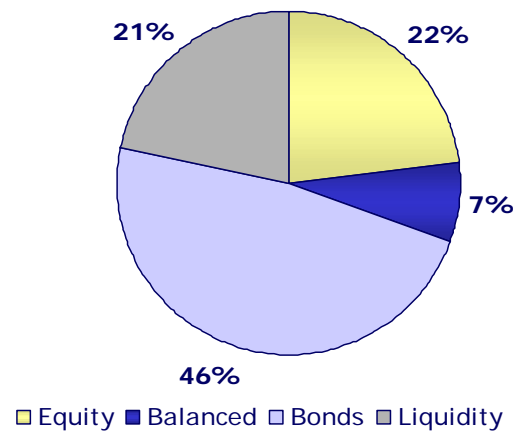
Source: Datastream

OPPORTUNITIES IN A CHALLENGING BUSINESS ENVIRONMENT

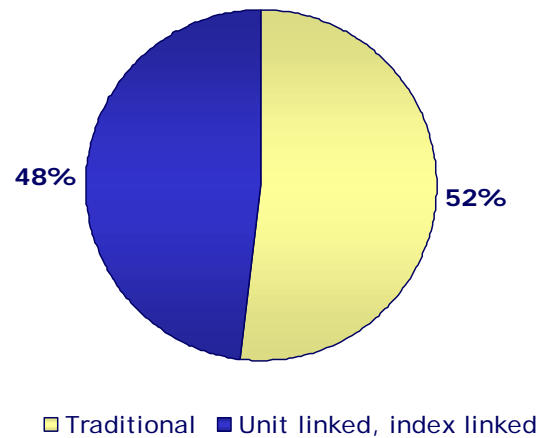
- Identifying and meeting customers financial needs

	Germany	Spain	France	UK	Italy
Mutual funds as a % of TFA	11.8	12.5	17.2	4.4	12.2
Life assurance as a % of GDP	3.2	2.4	6.0	8.6	4.9
Non-life assurance as a % of GDP	3.8	3.2	3.2	4.8	2.6

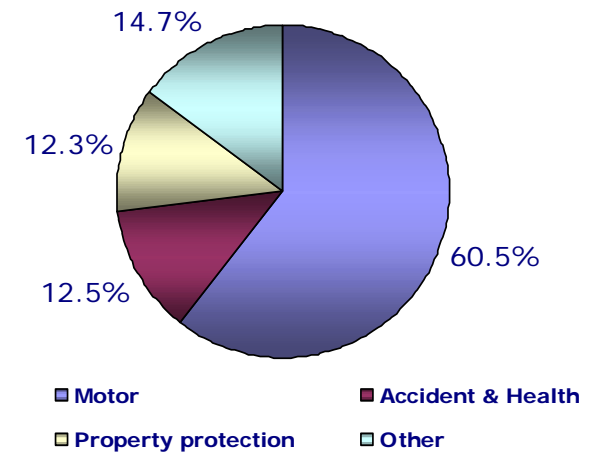
Breakdown of Italian mutual funds stock



Breakdown of Italian life insurance stock



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



Source: Ania, 2003

AGENDA

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BRANCH BANKING NETWORK NOW FULLY INTEGRATED

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2003	2004
<p>IT migration of Banco di Napoli (June)</p> <p>Full acquisition of Banca Popolare dell'Adriatico (June)</p> <p>Integration of Cerea Bank in Cariparo (June)</p>	<p>Migration of Cassa di Risparmio di Venezia onto SPIMI IT platform (March)</p> <p>Migration of Cassa di Risparmio in Bologna onto SPIMI IT platform (April)</p>
<p>Integration and rationalisation of Banco di Napoli: 624 Banco di Napoli branches conferred to Sanpaolo (July), 121 Sanpaolo branches conferred to new Sanpaolo Banco di Napoli (September)</p>	<p>Migration of Friulcassa onto SPIMI IT platform (June)</p> <p>Migration of Cariparo onto SPIMI IT platform (July)</p> <p>IT merger of Banca Popolare dell'Adriatico (October)</p>
<p>Merger of Crup and Carigo in Friulcassa (November)</p>	<p>Rationalisation of the branch network:</p>
<p>Advertising campaign following rebranding of all networks banks (November)</p> <p>Merger of Cardine Finanziaria (December)</p>	<p>113 Sanpaolo branches to be conferred to the North East banks</p> <p>30 Carisbo and Cariparo branches to be conferred to Sanpaolo network (November 04-January 05)</p>

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

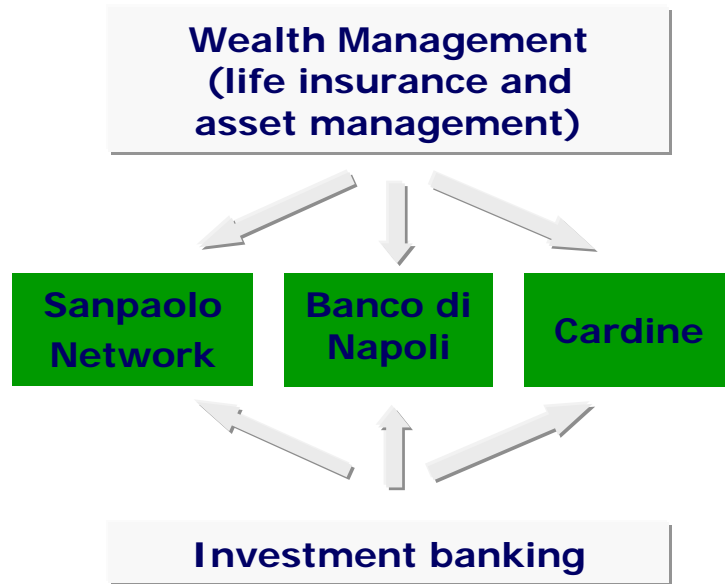
- 3,000 branches with good national foot print and high concentration coverage
- Specialisation through dedicated branches and modular approach to branch business
- Multi-channel approach



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

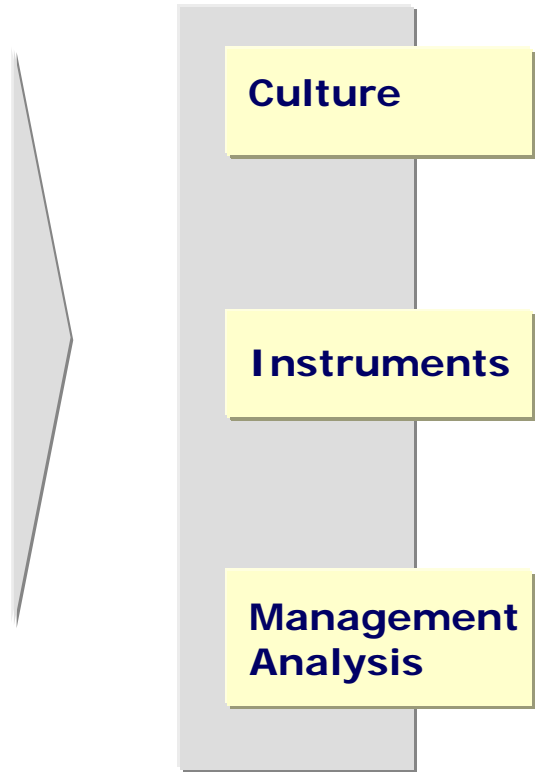
Marketing strategies are developed within the network

LEVERAGING ON CUSTOMER SERVICE MODELS

Objectives

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

Areas

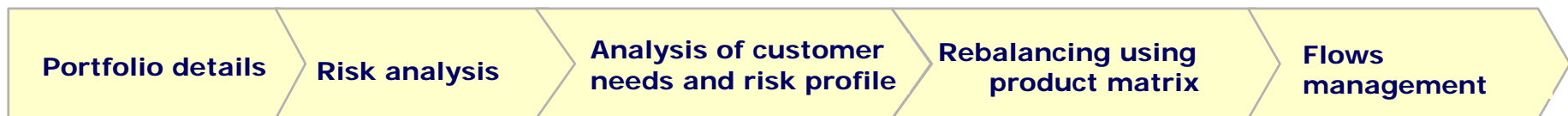


Completed projects

- 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

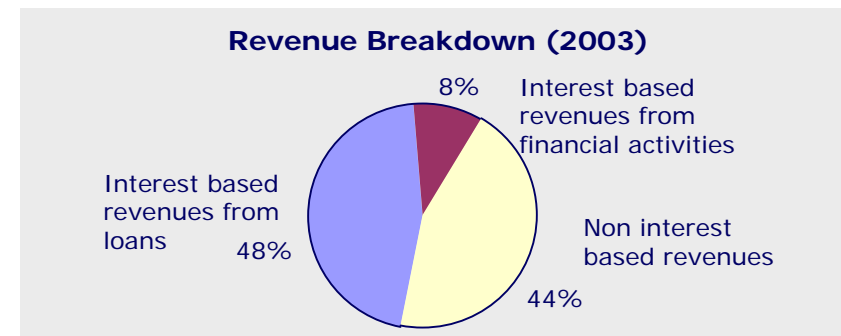
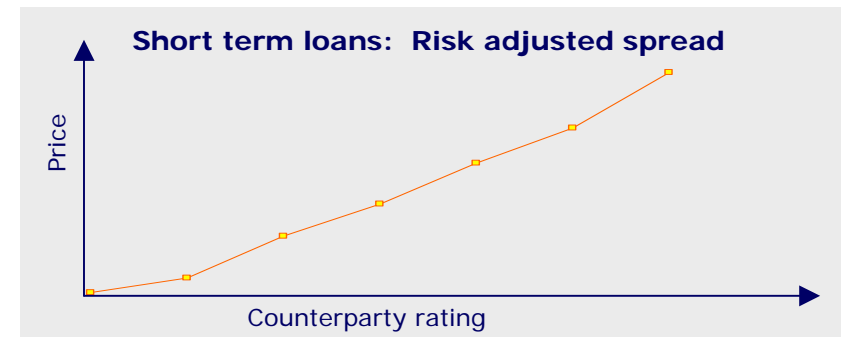
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SANPAOLO IMPRESE

A specialist national network:

- 177 branches
- 81 teams

- National market coverage
- Specialist distribution network
- Risk management tools
- Revenue diversification
- Asset quality
- Quality capital and sound ratio



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 	

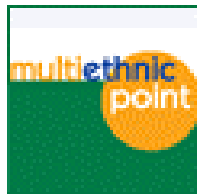
SPECIFIC CUSTOMER-SEGMENT INITIATIVES

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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



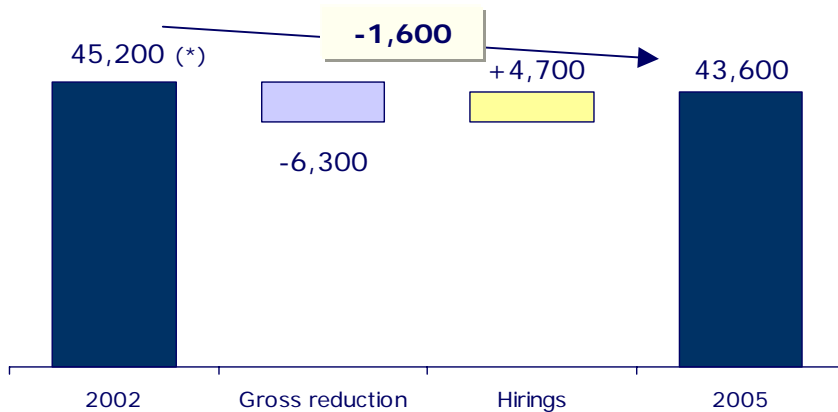
For the increasingly important immigrant communities in Italy



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

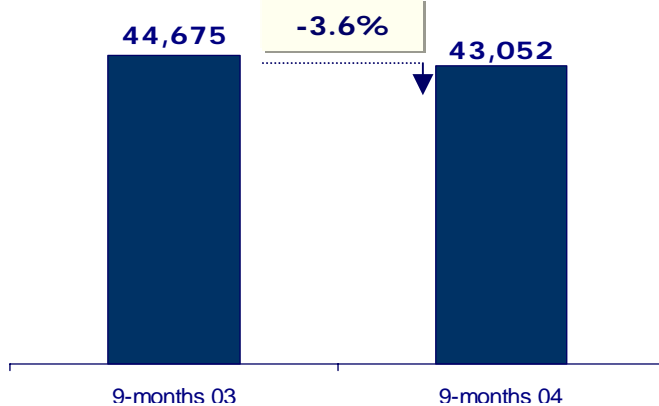
- Opportunities in a challenging business environment
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EFFECTIVE HEADCOUNT REDUCTION



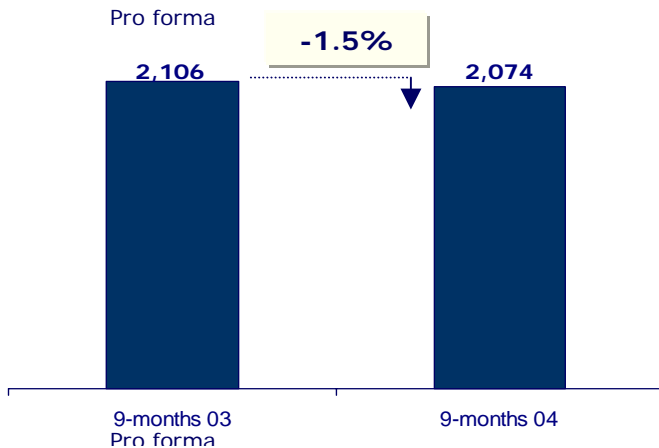
Incentivising early retirement enables:

- The reduction in overall headcount to be managed effectively by:
 - geography
 - business function
- An improvement in the age profile of the employee base
- An improvement in the front/back office ratio
- An improvement in the flexibility of contractual conditions
- An enhancement of front office competences and service level



Personnel reduction target already achieved:

- Incentivising early retirement higher than expected
- Usual turn over



Reduction in personnel costs achieved despite:

- Salary inflation
- Accruing assumed pay rise from current CCNL negotiation

(*) Proforma without Banque Sanpaolo, Finconsumo and IMIWeb, plus Epta, Cariforli and Intereuropa

DISCIPLINED COST MANAGEMENT

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€ MM	9-months 04	9-months 03 pro forma	Ch. 9-months 04/9- months 03 pro forma	
Administrative costs	3,373	3,396	-0.7%	
▪ Personnel expenses	2,074	2,106	-1.5%	
▪ Other administrative costs	1,101	1,090	+1.0%	
▪ <i>IT costs</i>	309	313	-1.3%	<i>Benefit from IT integration</i>
▪ <i>Real estate costs</i>	216	209	+3.3%	
▪ <i>General costs</i>	183	191	-4.2%	
▪ <i>Professional and insurance costs</i>	187	193	-3.1%	
▪ <i>Utilities</i>	67	65	+3.1%	<i>Inflationary pressure on overheads</i>
▪ <i>Advertising and marketing costs</i>	64	55	+16.4%	<i>Brand building</i>
▪ <i>Indirect personnel costs</i>	75	64	+17.2%	<i>One-off integration charges</i>
▪ Indirect duties and taxes	198	200	-1.0%	
Depreciation	319	336	-5.1%	<i>Reduction following aggressive write downs in previous years new franchises</i>

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CORPORATE ACTIONS

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BUSINESS AREA	FOCUS	RATIONALISATION
Consumer Banking	<ul style="list-style-type: none"> ▪ Development of consumer banking in Finemiro 	<ul style="list-style-type: none"> ▪ Sale of 50% stake in Finconsumo to SCH
Asset Management	<ul style="list-style-type: none"> ▪ Strengthening of mutual fund offer range ▪ Merger of all Eptafund funds in Sanpaolo funds ▪ Rationalisation of company structure and activities 	<ul style="list-style-type: none"> ▪ Rationalisation of Eptaconsors ▪ Sale of Eptatrading ▪ Demerger of Sanpaolo IMI Wealth Management in favour of Sanpaolo IMI Asset Management
Life assurance	<ul style="list-style-type: none"> ▪ Establishment of Assicurazioni Internazionali di Previdenza 	<ul style="list-style-type: none"> ▪ Concentration of all life and non-life insurance activities ▪ Demerger of Sanpaolo Vita ▪ Sale of stake in Adria Vita
Personal Financial Services	<ul style="list-style-type: none"> ▪ Operational integration of Sanpaolo Invest into Banca Fideuram ▪ Strengthening Banca Fideuram core business 	<ul style="list-style-type: none"> ▪ Demerger of Fideuram Vita in favour of Sanpaolo IMI
International Activities	<ul style="list-style-type: none"> ▪ Acquisition of control of Inter-Europa Bank completing the selective presence in Eastern Europe ▪ Repositioning of the Bank's shareholding in CDC Ixis 	<ul style="list-style-type: none"> ▪ Sale of Sanpaolo Bank (Austria) ▪ Sale of Banque Sanpaolo to CNCE ▪ Merger by incorporation of IMI Bank (Lux) in Sanpaolo Bank (Lux)
Investment Banking	<ul style="list-style-type: none"> ▪ Development of products for commercial bank 	<ul style="list-style-type: none"> ▪ Sale of IMIWeb

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	

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:

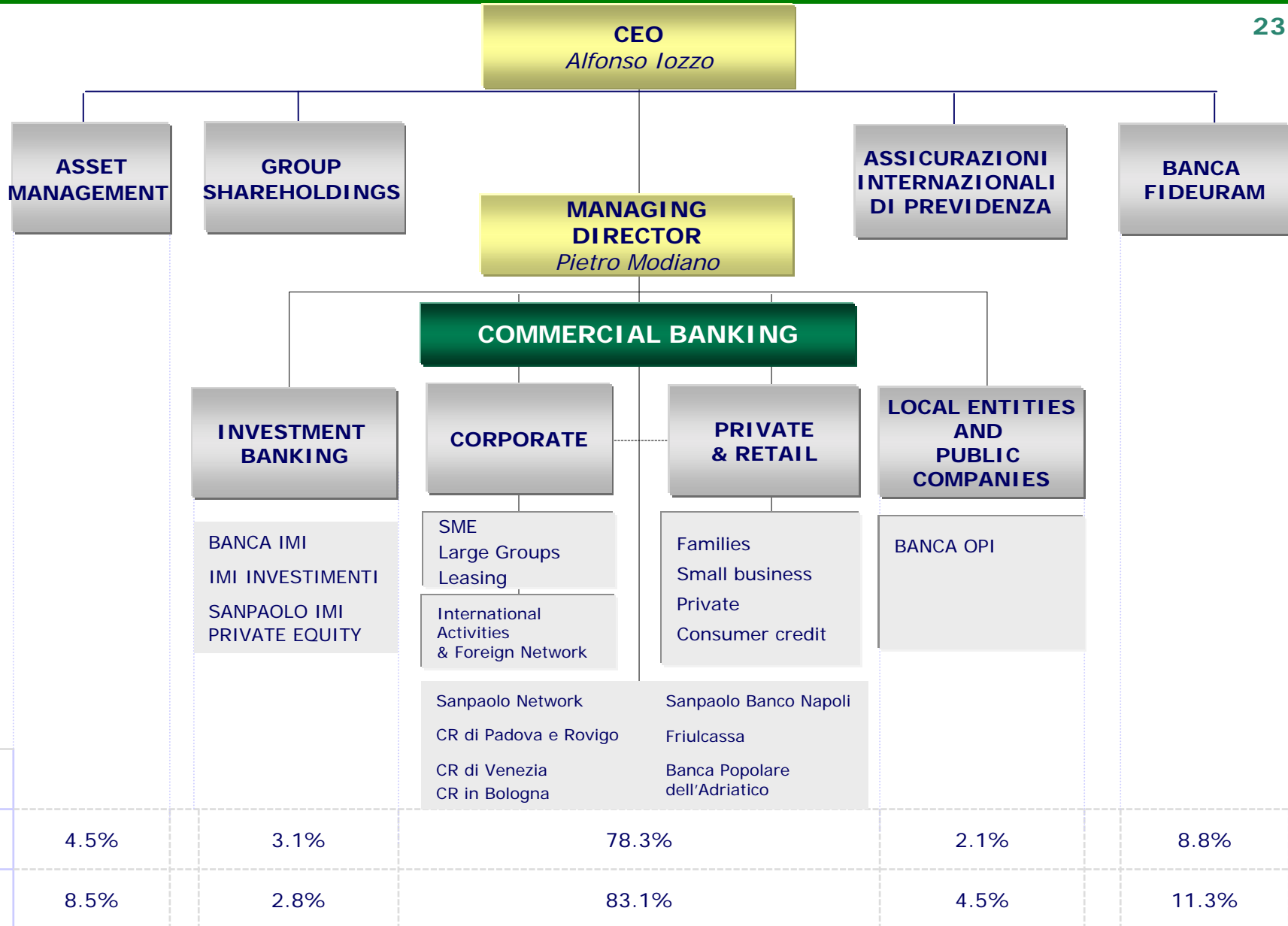
- **in credit cards** - revolving credit cards will be issued to SANPAOLO IMI family segment customers exploiting on one hand the customer base of the Group and on the other the specialist competencies of Finemiro notably in credit scoring and the credit recovery;
- **in POS financing** - Finemiro will 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

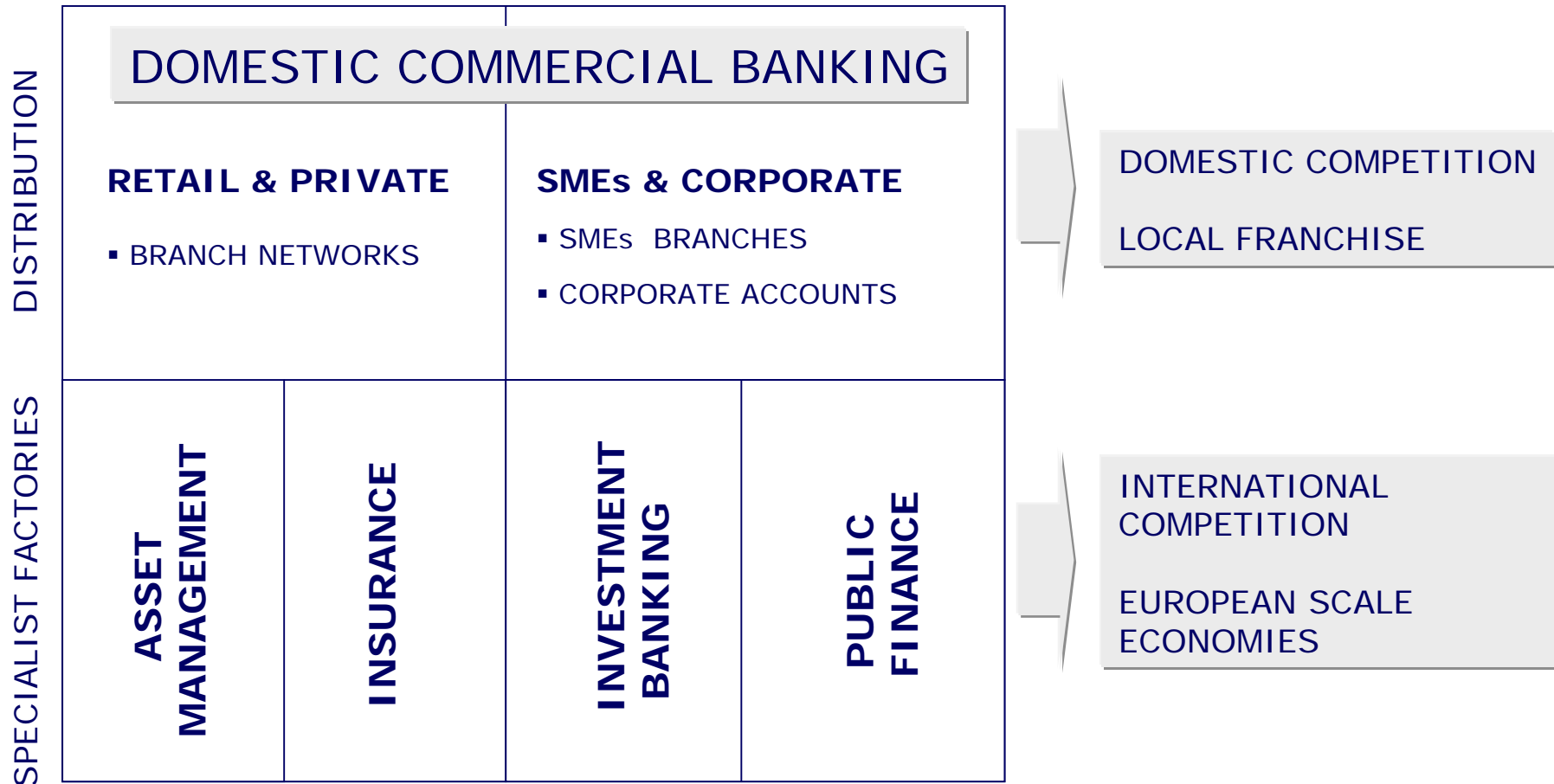
Finemiro expects through business development projects and increased commercial effectiveness, to be able to increase its market share from 5% to 10%.

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GROUP STRUCTURE REFLECTS RATIONALISED BUSINESS MODEL

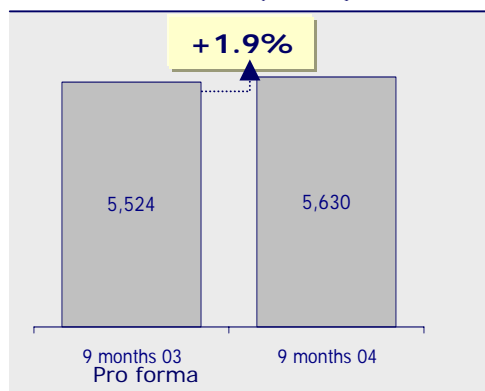


SANPAOLO BANKING BUSINESS MODEL

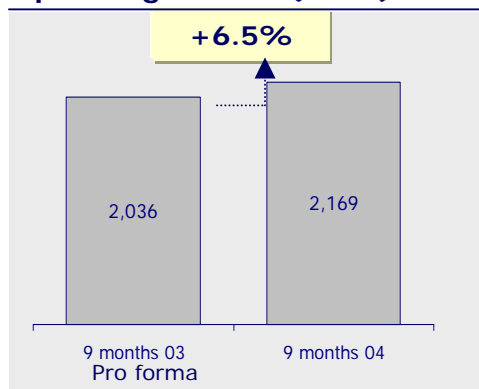


Improving performance

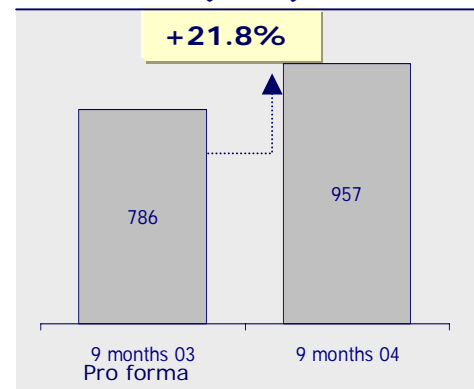
Total Revenues (€ MM)



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