

# GRUPPO SANPAOLO IMI

## FULL YEAR 2004 RESULTS

Milan, 23rd March 2005

London, 24th March 2005

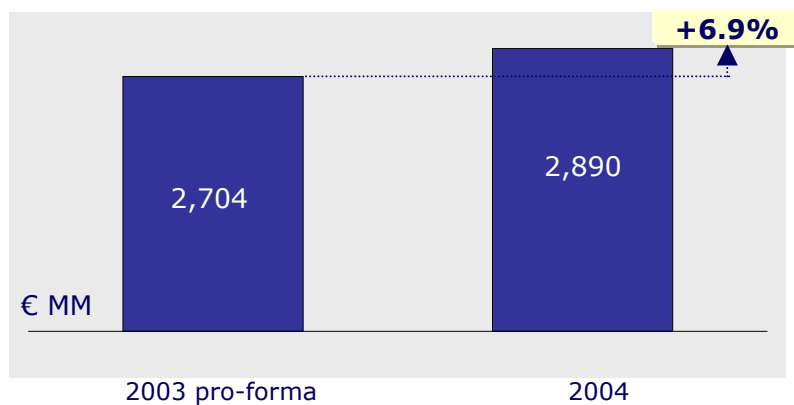
## **DISCLAIMER**

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.

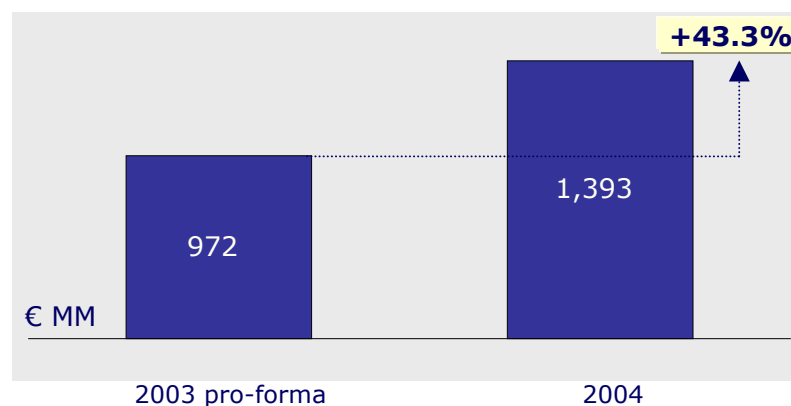
- Overview of results
- P&L breakdown
- Group strategic update
- Commercial Banking – Ahead of the Business plan
- IFRS update
- Concluding remarks

# OVERVIEW OF RESULTS

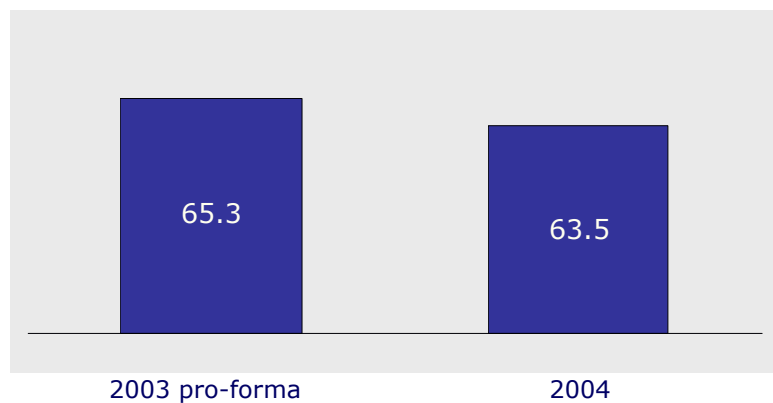
## Gross Operating Profit



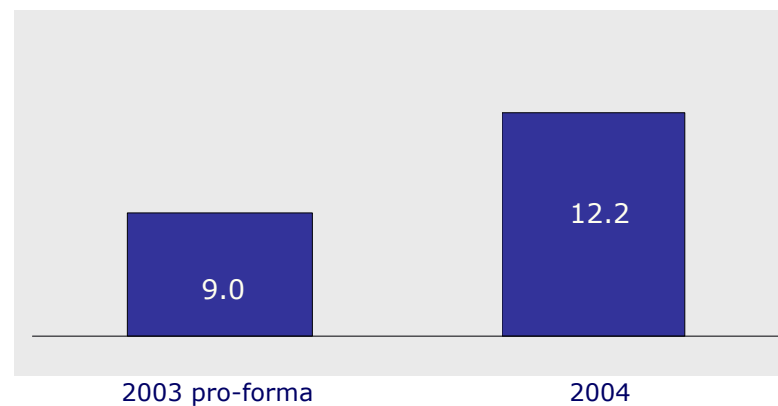
## Net Income



## Cost/Income (%)<sup>1</sup>



## ROE (%)

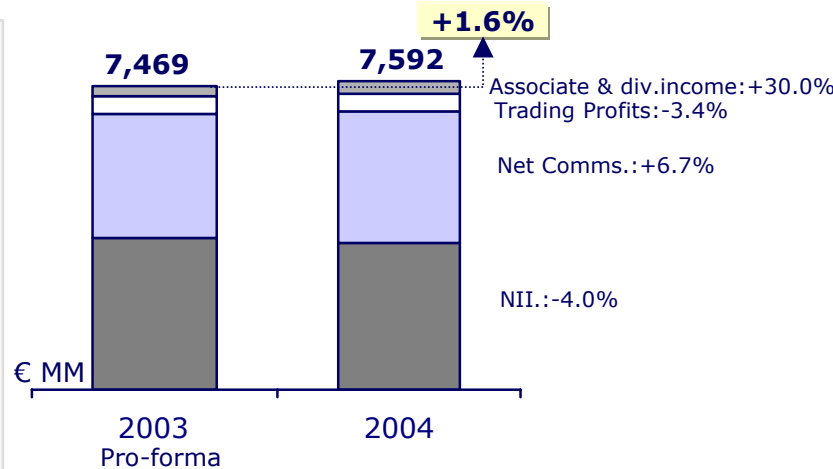


<sup>1</sup> Total administrative expenses and amortization (excluding value adjustments on goodwill and merger and consolidation differences)/total income (including other net operating income)

# GOOD OPERATING PERFORMANCE

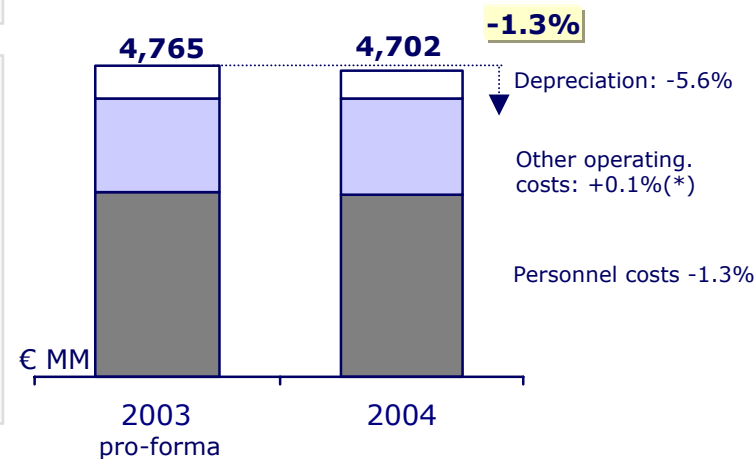
## Total Income

- Revenues driven by good net commission income growth as well as a significant increase in the contribution made by the life insurance business, up 76%
- Net Interest Income penalized by lower average interest rates

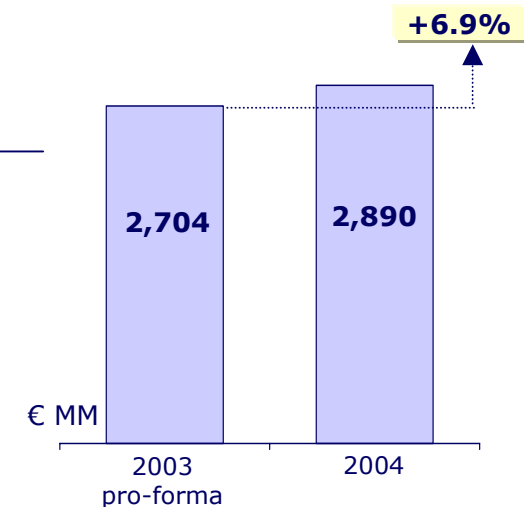


## Operating Costs

- Personnel costs are down 1.3% despite underlying salary inflation of 1.9%
- Other operating costs flat in nominal terms thanks to benefits from integration



## Gross Operating Profit



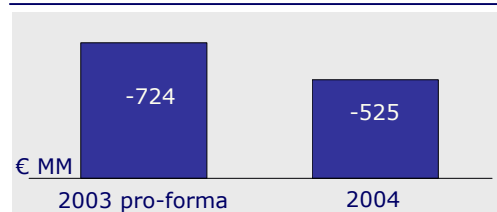
(\*) Other operating costs include:  
 - indirect duties and taxes  
 - Other net operating income

# STRONG BOTTOM LINE GROWTH

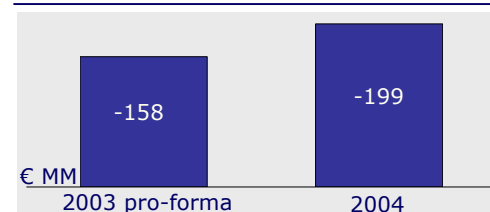
Var. FY04/FY03: -27.5%

- Cost of credit stable ex Parmalat at ~ 40bps

## Credit Provisions



## Goodwill



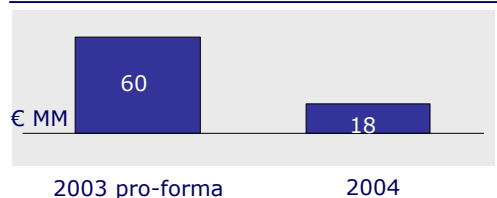
Var. FY04/FY03: +25.9%

- Higher goodwill due to writedowns on CariForli and Bank Wargny

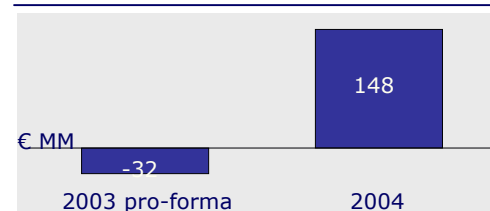
Var. FY04/FY03: -70%

- Consistent and rigorous provisioning policy leads to a positive write-back in the adjustments to financial assets, although lower than last year

## Adjustments to Financial Assets



## Extraordinary Income



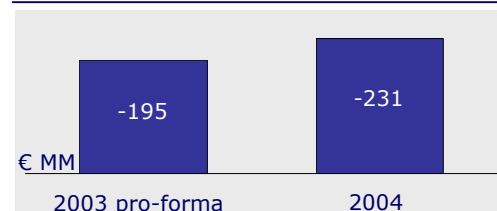
Var. FY04/FY03: n.s.

- Positive extraordinary income in 04 against extraordinary charge to fund retirements in 03

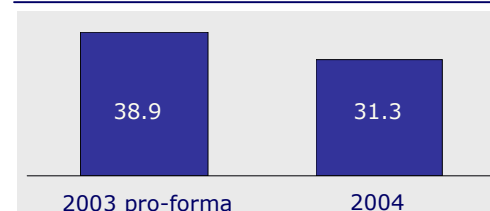
Var. FY04/FY03: +18.5%

- Prudent provisioning policy maintained for other risks and charges

## Other Risks and Charges



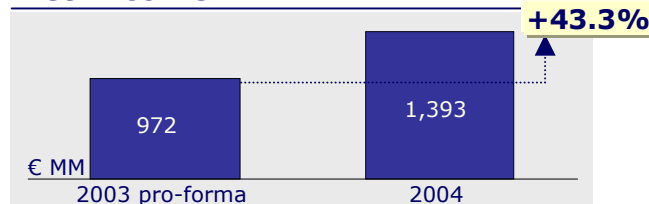
## Tax Rate (%)



Var. FY04/FY03: -760bps

- Lower tax rate driven by change to fiscal treatment on extraordinary items

## Net Income



# BALANCE SHEET STRENGTH ENABLES GOOD DIVIDEND PAYOUT

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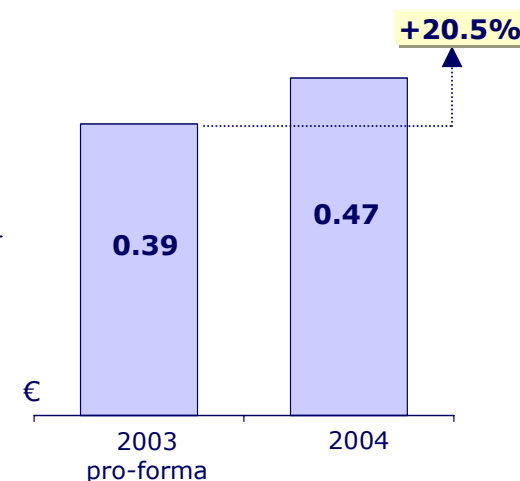
## Good asset quality

- stable and healthy performing loan portfolio profile with an average low cost of risk of approximately 40bps
- a proven track record in appropriate setting and provision for coverage
- Net NPLs and PPLs ratios currently at 1.0% and 1.1% respectively
- a prudent approach to statistical risk with a generic reserve of 1.1 billion which, importantly, represents 0.9% coverage of the performing loans or nearly x2 the annual expected loss of the portfolio
- consistent adjustments of financial assets to their fair value
- prudential approach repeatedly confirmed in the provisioning for other risks and charges

## A high quality capital base and strong ratios

- confirmation that there is no real impact on capital base from introduction of the new IFRS
- capital ratios have strengthened to 12.0% total capital, 8.1% tier 1 and 7.4% core capital

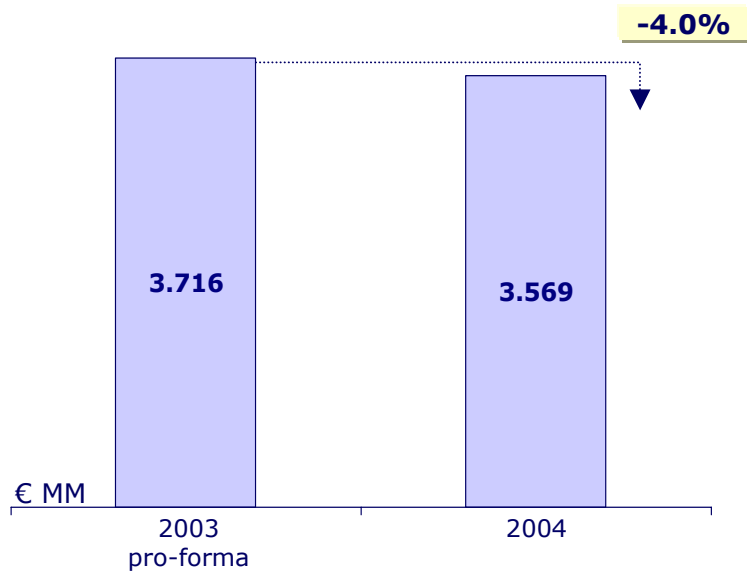
## Dividend



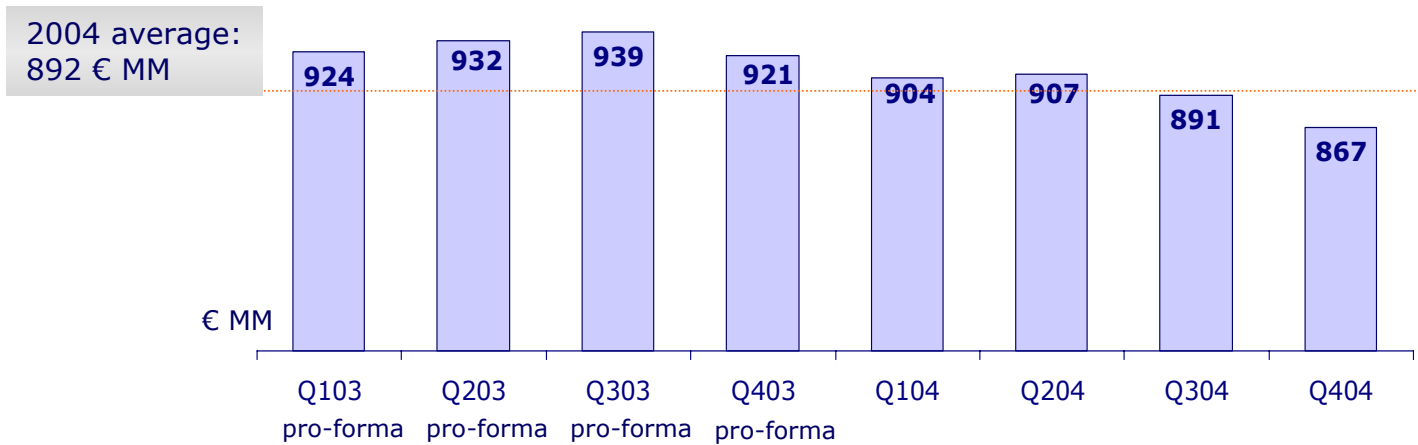
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# NET INTEREST INCOME



- Lower NII driven by fall in the average spread (av. 3-months Euribor -22 bps) and the recomposition of the loan portfolio between short term and medium-long term loans.
- Asset quality in the performing loan portfolio continues to remain good and stable



Q404/Q403	Q404/Q304
-5.9%	-2.7%

# LENDING TRENDS

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- Continuing demand for M/L term lending (+3.2%)
- Continuing positive trends in:
  - retail lending: +9.8%
  - new mortgage lending: € 2,3 billion up 12.7%
  - public finance: M/L term +5%, bonds +132%
  - specialist consumer banking up 10.9% Y/Y

€ MM	Stock 2004	Change 2004-2003 pro-forma
<b>GROUP:</b>	<b>119,932</b>	<b>-2.0%</b>
▪ Medium-long term	82,178	+3.2%
▪ Short term	37,754	-11.8%
<b>PRINCIPLE BUSINESS UNIT NUMBERS:</b>		
▪ Commercial Banking	93,738	-4.8%
▪ Sanpaolo	56,964	-6.2%
▪ Sanpaolo Banco di Napoli	8,299	-0.5%
▪ NE Banks	28,482	-3.0%
▪ <i>Retail lending</i>	27,132	+9.8%
▪ <i>Retail mortgages</i>	20,308	+12.7%
▪ Finemiro	3,746	10.9%
▪ Leasing	2,840	-29.4%
▪ Large Groups	6,422	-33.5%
▪ International Corporate	3,124	-15.8%
▪ Banca OPI	18,845	+0.8%

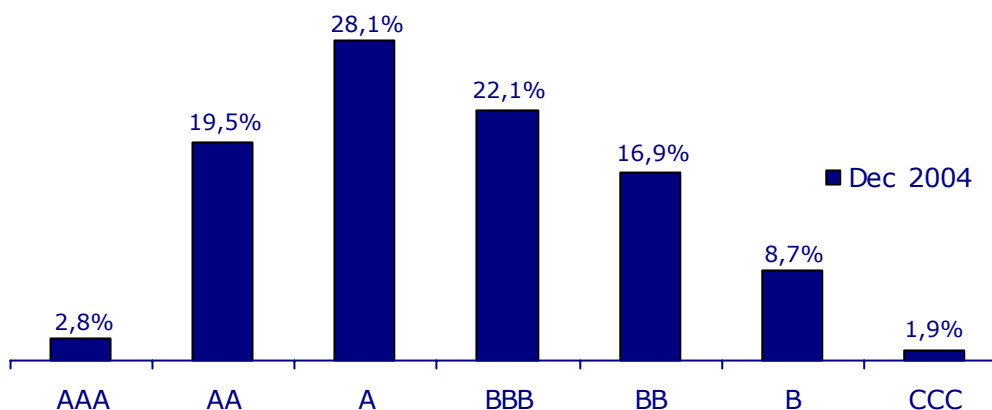
# MARGINS AND ASSET QUALITY

- Effective repricing of liabilities reduced impact of falling interest rates
- Weakening of mark up due to growth in M/L term lending and fall in short term lending
- Strong and stable asset quality

## Average spread on customer business

	Change Y/Y
Average spread	-13
▪ Mark up	-12
▪ Mark down	-1
3 month Euribor	-22

## 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.

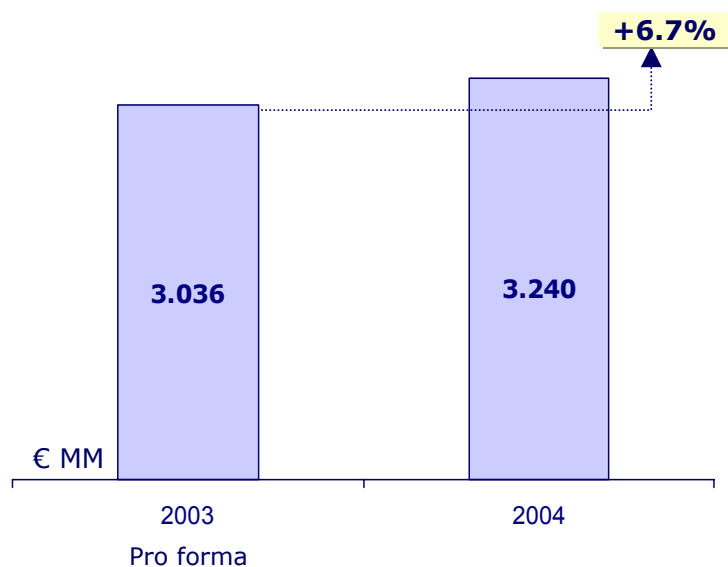
## WELL BALANCED CUSTOMER DEPOSIT BASE

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

€ MM	<b>2004</b>	<b>%</b>	<b>2003 pro-forma</b>	<b>%</b>	<b>Change 2004-2003 pro-forma</b>
Current accounts and deposits	73,180	54.1	68,373	51.9	+7.0%
CDs	2,930	2.2	7,149	5.4	-59.0%
Bonds	39,628	29.3	39,979	30.4	-0.9%
Commercial paper	3,352	2.5	3,766	2.9	-11.0
Repos	11,696	8.6	10,073	7.6	+16.1%
Other	4,416	3.3	2,381	1.8	+85.5%
<b>Total</b>	<b>135,202</b>	<b>100.0</b>	<b>131,721</b>	<b>100.0</b>	<b>+2.6%</b>

# GOOD GROWTH IN COMMISSION INCOME

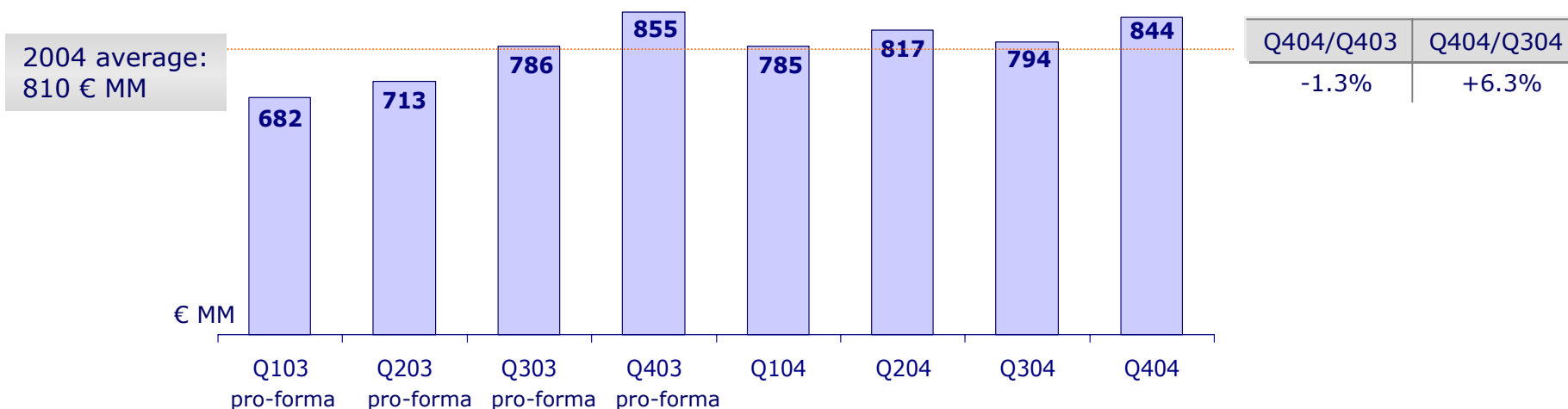


- Asset management fees driven by good operating trends and positive performance effect
- Traditional banking fees continue to make strong contribution to growth

€ MM	2004	2003 pro-forma	Change 2004/2003 pro-forma
Management, Dealing and advisory services	1,904	1,776	+7.2%
▪ <i>asset management</i>	1,646	1,479	+11.3%
▪ <i>dealing, advisory and custody, currencies</i>	258	297	-13.1%
Loans and guarantees	333	281	+18.5%
Collection and payment services	248	239	+3.8%
Deposits and current accounts	531	488	+8.8%
Other services and net dealing revenues	224	252	-11.1%
<b>Net Commission and other dealing revenues</b>	<b>3,240</b>	<b>3,036</b>	<b>+6.7%</b>

# FEE INCOME QUARTERLY ANALYSIS

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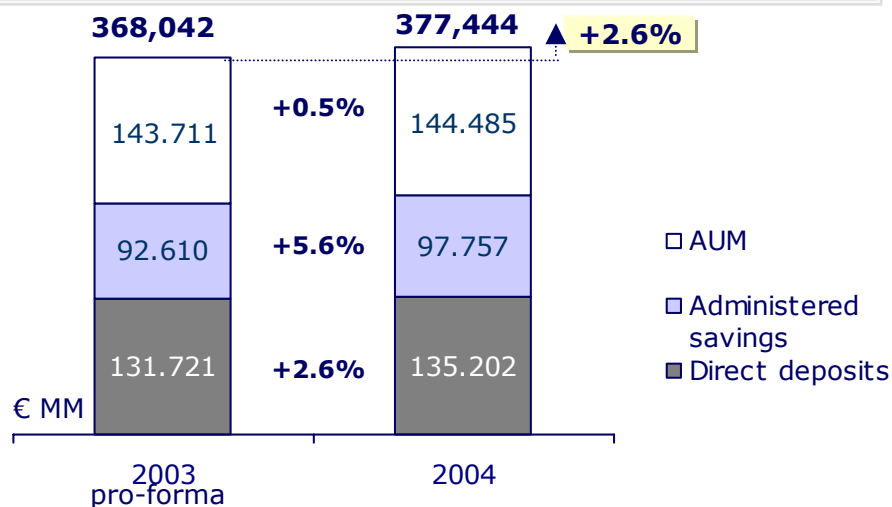
€ MM	Q4 2004	Q3 2004	Q2 2004	Q1 2004	Q4 2003 Pro-forma	Q3 2003	Q2 2003 Pro-forma	Q1 2003	Change Q404/Q403	Change Q404/Q304
Management, Dealing and advisory services	491	466	470	477	490	468	415	403	+0.2%	+5.3%
▪ <i>asset management</i>	421	414	406	405	416	384	339	340	+1.2%	+1.7%
▪ <i>dealing and custody, currencies</i>	70	52	64	72	74	84	76	63	-5.4%	+34.6%
Loans and guarantees	80	84	93	76	93	66	59	63	-14.0%	-4.8%
Collection and payment services	67	59	60	62	58	64	60	57	+15.5%	+13.6%
Deposits and current accounts	143	134	135	119	133	124	120	111	+7.5%	+6.7%
Other services and net dealing revenues	63	51	59	51	81	64	59	48	-22.2%	+23.5%
<b>Net Commissions and other dealing revenues</b>	<b>844</b>	<b>794</b>	<b>817</b>	<b>785</b>	<b>855</b>	<b>786</b>	<b>713</b>	<b>682</b>	<b>-1.3%</b>	<b>+6.3%</b>

## DETAIL ON CUSTOMER FINANCIAL ASSETS

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- 2.6% increase 31/12/04-31/12/03 in customer financial assets as a result of growth in all the principle aggregates
- 5.7% growth of customer financial assets in Commercial Banking
- The growth of 9,4 bln year to date is the result of a positive performance effect (€ 9,1 billion)

### TFA stock breakdown

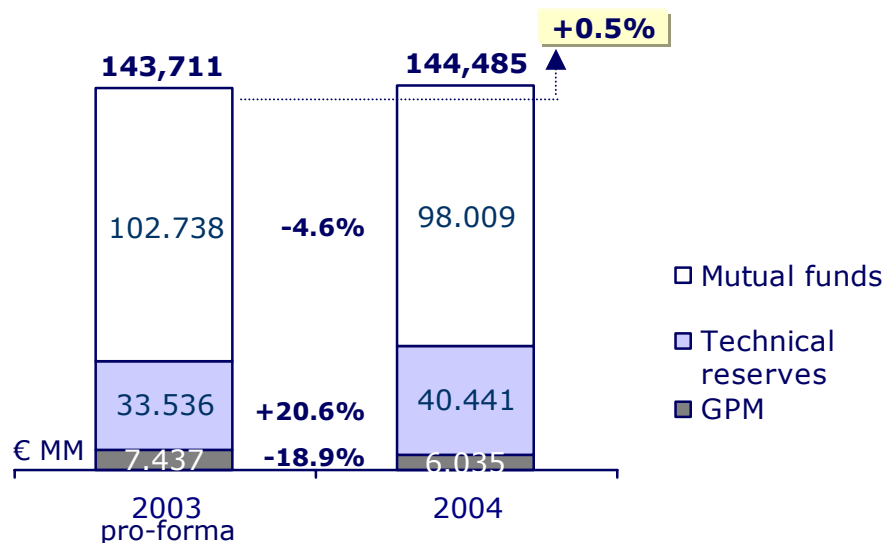


€ MM	31/12/2004 stock	31/12/2004 flows	12-months 04 performance	Net change year to date
<b>TFA</b>	<b>377,444</b>	<b>252</b>	<b>9,150</b>	<b>9,402</b>
AUM	144,485	-3,635	+4,409	+774
▪ Life assurance	40,441	+5,515	+1,390	+6,905
▪ Mutual funds	98,009	-7,503	+2,774	-4,729
▪ GPM portfolio mgt	6,035	-1,647	+245	-1,402
Administered	97,757	+406	+4,741	+5,147
Direct deposits	135,202	+3,481	-	+3,481

# DETAIL ON ASSETS UNDER MANAGEMENT

- Continuing customer preference for life products at the expense of mutual funds
- Mutual fund outflow in Group networks mainly from liquidity funds (€-5.5 bln)
- Net outflow of € 3.6 billion wholly a result of non operational factors:
  - the sale of Adriavita (€ 424 million)
  - the negative impact of non captive business (e.g. Epta, € 3.3 billion)

## Assets under Management



€ MM	Year 04 Flows				Year 04 Stock	
	Life assurance	Mutual funds	GPM	Total	Total	Var. Y/Y
<b>Sanpaolo (*)</b>	3,772	-2,590	-830	<b>353</b>	<b>79,779</b>	<b>3,6%</b>
<b>North East Network</b>	272	-926	-782	<b>-1,436</b>	<b>13,216</b>	<b>-7,5%</b>
<b>Fideuram</b>	885	-419	-32	<b>434</b>	<b>46,322</b>	<b>3,9%</b>
<b>Other</b>	586	-3,568	-5	<b>-2,987</b>	<b>5,168</b>	<b>-34,3%</b>
<b>Total</b>	<b>5,515</b>	<b>-7,503</b>	<b>-1,647</b>	<b>-3,635</b>	<b>144,485</b>	<b>0,5%</b>

(\*) 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	2003	2004
▪ Equity	23.6%	24.8%
▪ Balanced	7.4%	7.5%
▪ Bond	41.5%	44.3%
▪ Money	27.5%	23.4%
Mutual funds stock	100.0%	100.0%

**Market share: 20.1%** as of December 2004

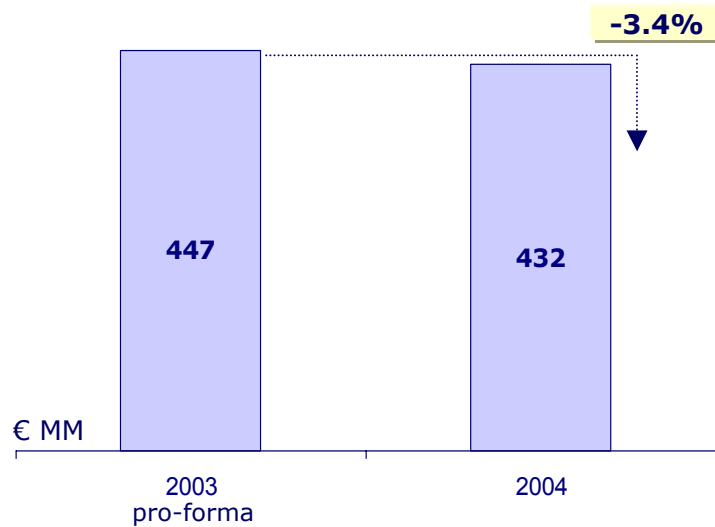
## DETAIL ON LIFE ASSURANCE

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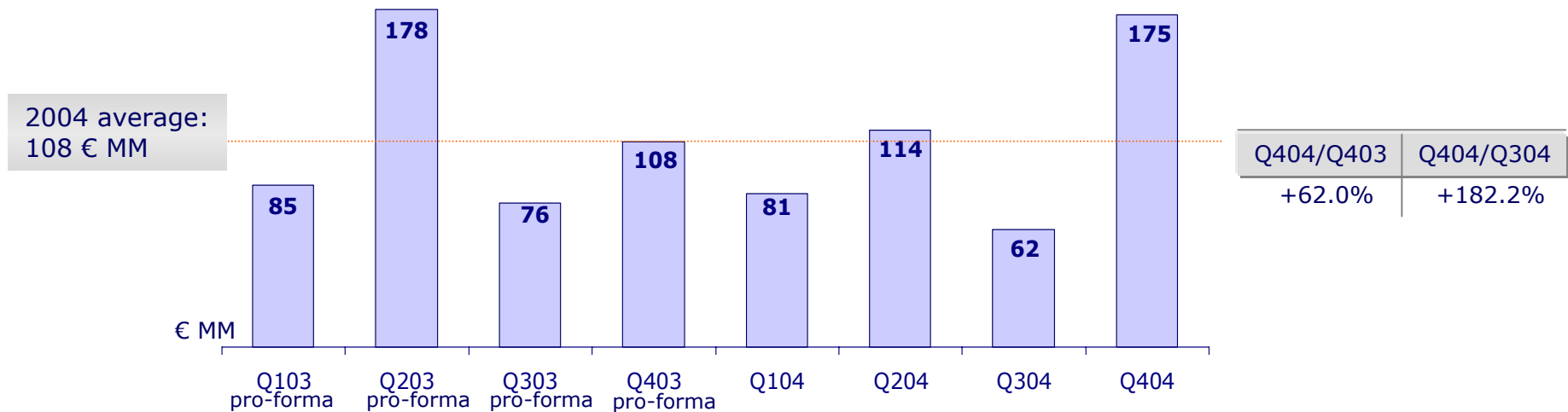
- Leading bancassurance Group in Italy with a 12% market share of technical reserves
- Technical reserves up 20.6% Y/Y
- 18.0% share of the bancassurance market for new business (16.0% of total life market) in 2004
- **Significant embedded value in life portfolio: € 2,433 MM** (as at 31/12/2004)

€ MM	31/12/2004 stock	31/12/2003 pro-forma stock	Var. 04/03 pro-forma
<b>Total</b>	<b>40,441</b>	<b>33,536</b>	<b>+20.6%</b>
▪ Traditional	16,006	12,909	+24.0%
▪ Unit linked	13,132	10,985	+19.5%
▪ Index linked	9,643	7,663	+25.8%
▪ Third parties	1,659	1,979	-16.2%

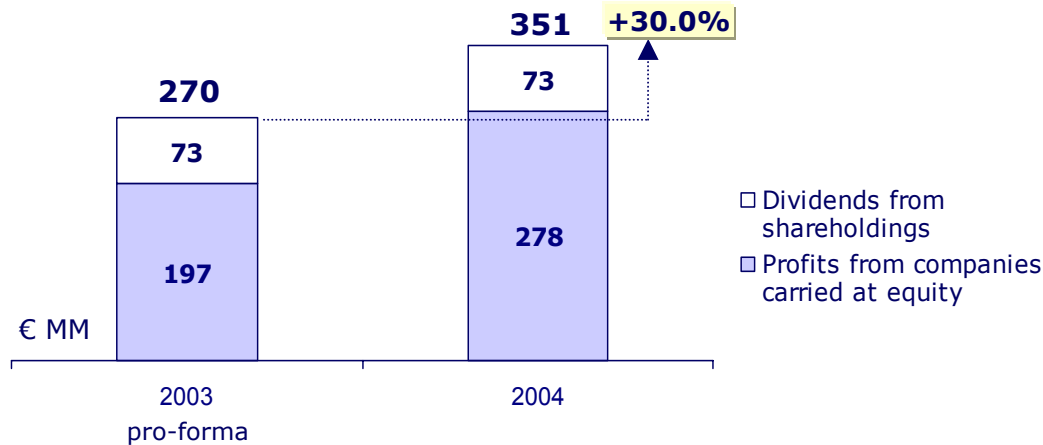
# PROFITS ON FINANCIAL TRANSACTIONS AND DIVIDENDS ON SHARES



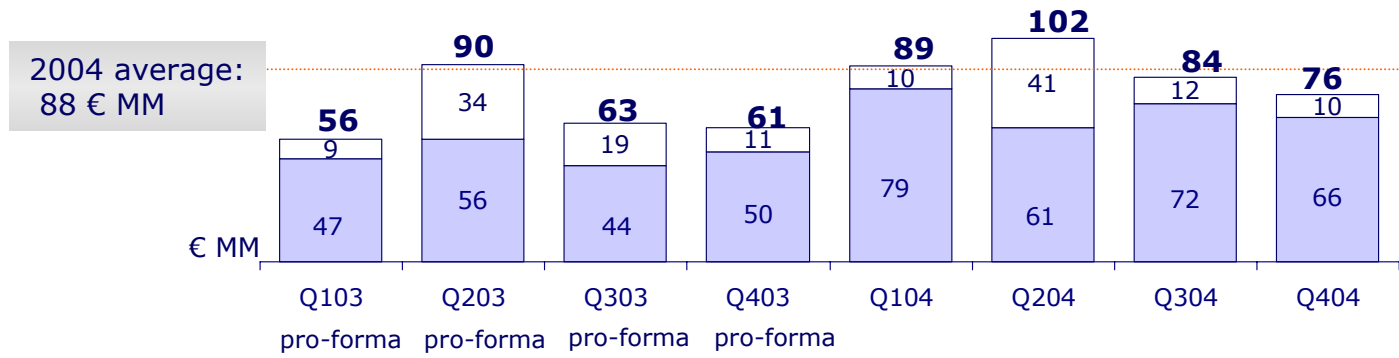
- Low risk trading portfolio Average Var in 2004 €7 MM down from 12 MM in 2003



# PROFITS OF COMPANIES CARRIED AT EQUITY AND DIVIDENDS ON EQUITY INVESTMENTS



▪ Contribution from life companies € 215,5 million, up 75,7% Y/Y reflecting strength of insurance business



Q404/Q403	Q404/Q304
+24.6%	-9.5%

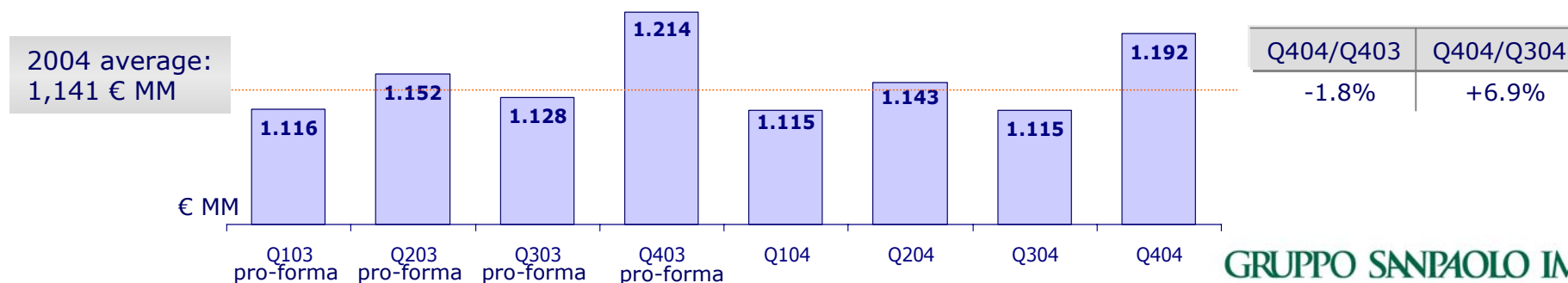
# BENEFITS FROM INTEGRATION LEAD TO LOWER COSTS

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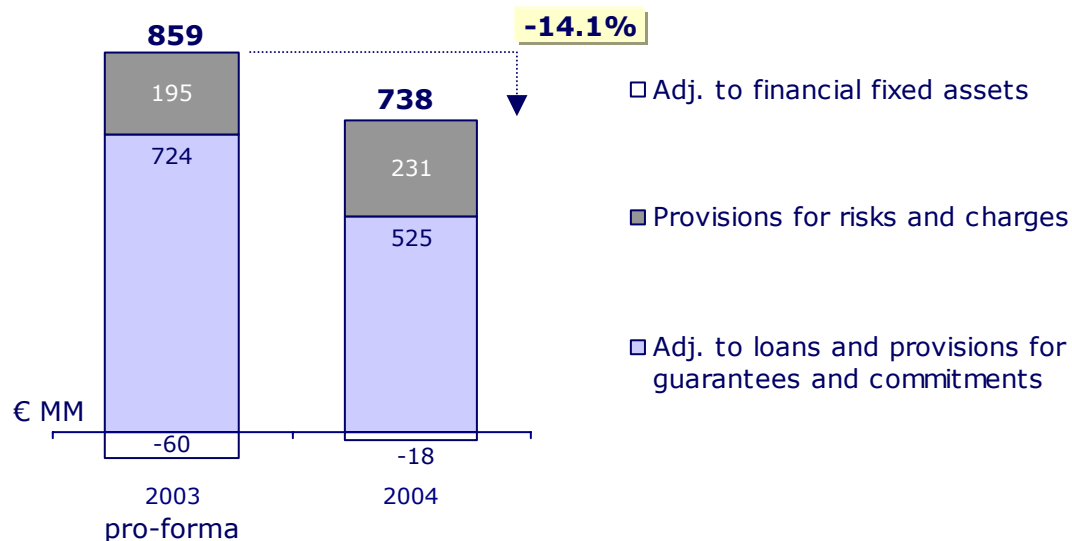
- Fall in personnel expenses driven by average net headcount reduction of 1.7% Y/Y
- IT costs start to benefit from integration of operating platform

€ MM	2004	2003 pro-forma	2004/2003 pro-forma
Administrative costs	4,565	4,610	-1.0%
▪ Personnel expenses	2,803	2,841	-1.3%
▪ Other administrative costs	1,510	1,512	-0.1%
▪ <i>IT costs</i>	419	430	-2.6%
▪ <i>Real estate costs</i>	290	287	+1.0%
▪ <i>General costs</i>	247	258	-4.3%
▪ <i>Professional and insurance costs</i>	265	264	+0.4%
▪ <i>Utilities</i>	86	86	-
▪ <i>Advertising and marketing costs</i>	99	93	+6.5%
▪ <i>Indirect personnel costs</i>	104	94	+10.6%
▪ Indirect duties and taxes	252	257	-1.9%
Depreciation	457	484	-5.6%

## Administrative costs



# TOTAL NET PROVISIONS



- Credit provisioning reflects average cost of risk and includes € 76 million generic charge
- Prudential accounting of other risks and charges and adjustments to financial assets

## Financial assets

FIAT  
H3G  
SCH

## Principle Full Year Adj.

€ -5 MM  
€ -61 MM  
€ +122 MM

## Book value as at 31/12/04

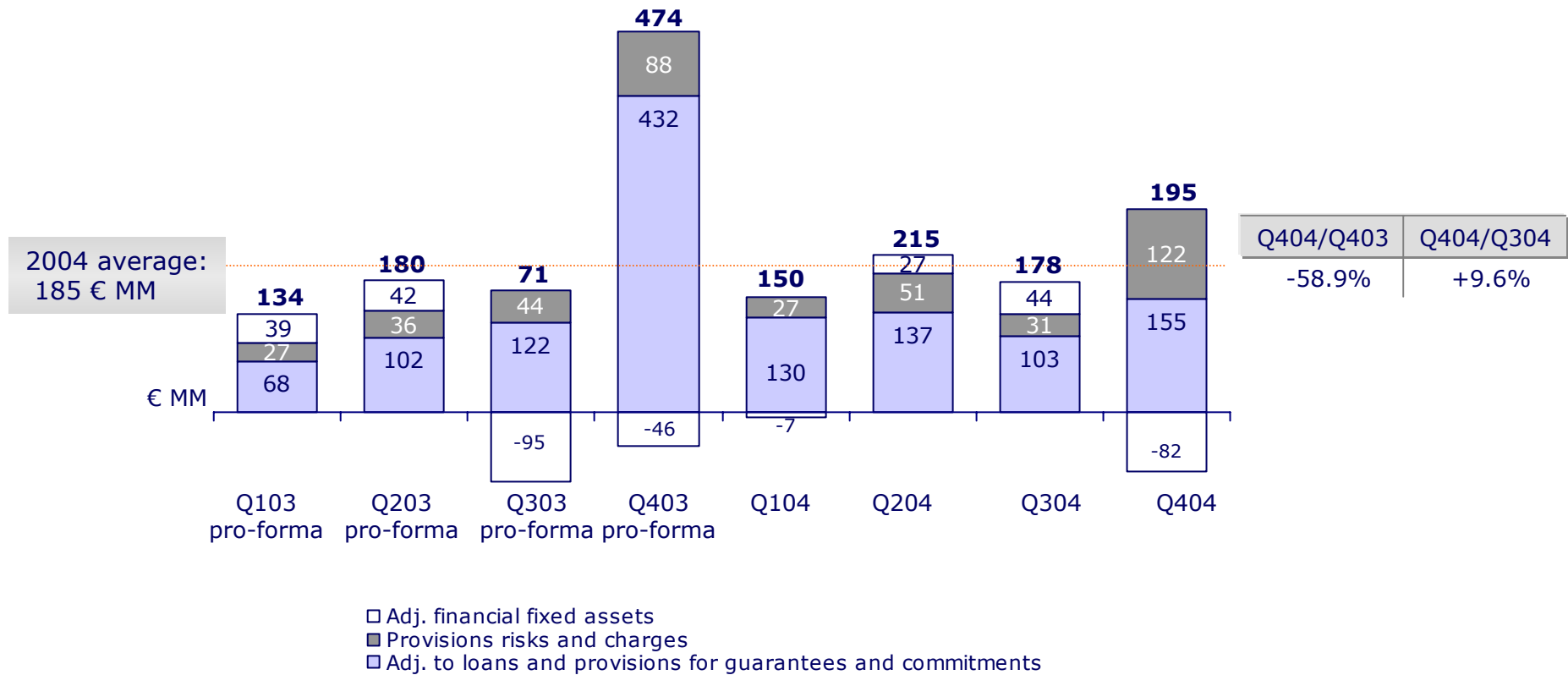
€ 5.9 Book value p.s.  
not quoted  
€ 8.9 Book value p.s.

## Credit provisions

Generic provisions  
Specific provisions

€ 76 MM (total generic provision : € 1.2 BN)  
€ 435 MM

# QUARTERLY ANALYSIS TOTAL NET PROVISIONS



# DETAIL ON ASSET QUALITY AND CAPITAL RATIOS

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- Net NPL and watchlist ratios at 1% and 1.1% respectively
- Net NPL and net watchlist coverage levels at 74.9% and 30.9% respectively
- Net NPLs and problem loans -0.9% and 1.2 Y/Y
- Net loans to countries at risk only 25 million euro
- High level of general reserve maintained at around 2X average cost of risk

€ MM	31/12/04							
	Gross exposure	Var. Y/Y	Var. Q/Q	Total adjustments	Net exposure	Var. Y/Y	Var. Q/Q	Coverage
<b>Doubtful loans</b>	6,625	3.0%	-1.3%	4,078	2,547	0.2%	-0.9%	61.6%
▪ <b>Non-performing loans</b>	4,619	5.8%	0.9%	3,458	1,161	-0.9%	-1.4%	74.9%
▪ <b>Problem loans</b>	2,006	-3.0%	-6.0%	620	1,386	1.2%	-0.5%	30.9%
<b>Performing loans</b>	120,453	-2.1%	-0.2%	1,093	119,360	-2.2%	-0.3%	0.91%*
<b>Total loans</b>	127,078	-1.9%	-0.3%	5,171	121,907	-2.2%	-0.3%	-

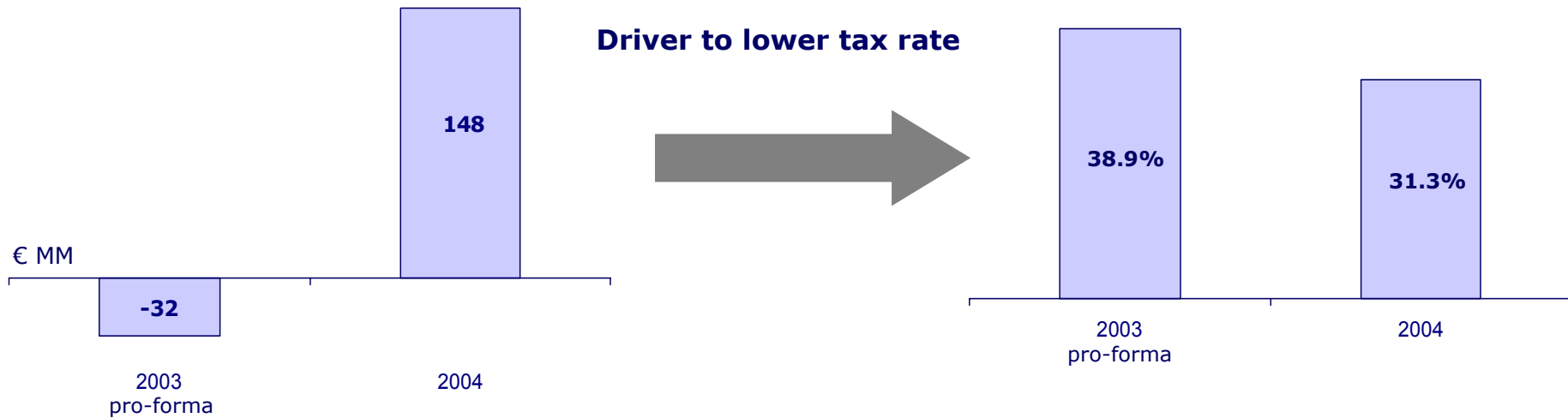
	31/12/04	31/12/03 pro-forma
<b>NPL'S ratio</b>	<b>1.0%</b>	<b>0.9%</b>
<b>Watchlist ratio</b>	<b>1.1%</b>	<b>1.1%</b>

	31/12/04	31/12/03 pro-forma
<b>Core Tier 1 ratio</b>	<b>7.4%</b>	<b>6.6%</b>
<b>Tier 1 ratio</b>	<b>8.1%</b>	<b>7.4%</b>
<b>Total risk ratio</b>	<b>12.0%</b>	<b>10.5%</b>

(\* ) Includes 81 € MM of reserve for credit risks



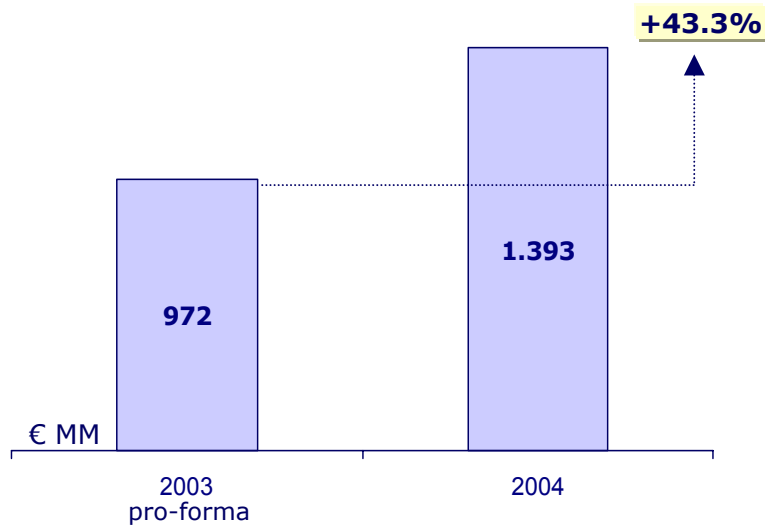
# NET EXTRAORDINARY INCOME



## Principle contributions

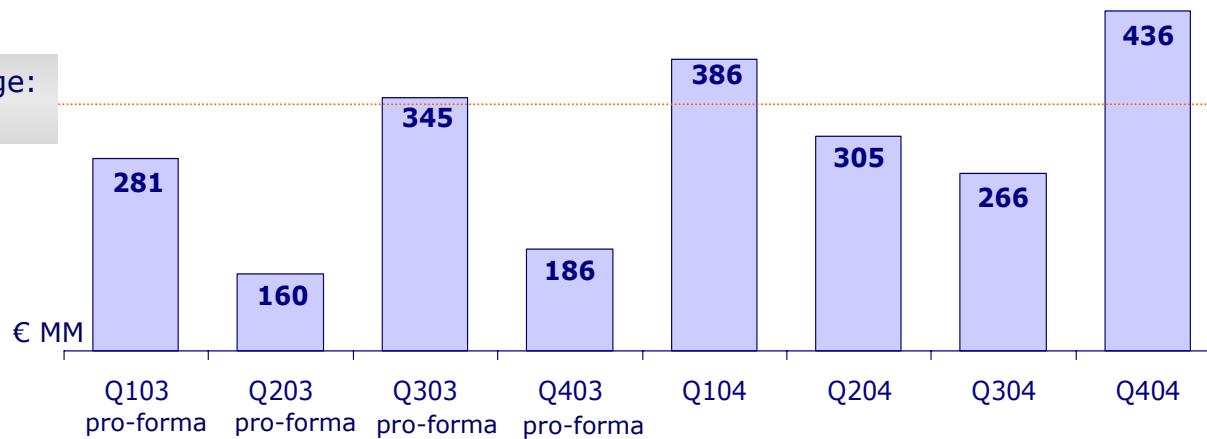
Sale of 30% stake in Finconsumo	+55 € MM
Real Estate spin-off	+61 € MM
Sale of Treasury Shares	+50 € MM
CDC IXIS Stake	-50 € MM

# NET INCOME +43.3%



- Positive net income results driven by strong operating performance
- Cost/income 63.5%, down 180 bps
- Annualised Return on Equity 12.2% up 320 bps

2004 average:  
347 € MM



Q404/Q403	Q404/Q304
+134.4%	+63.9%

- Overview of results
- P&L breakdown
- **Group strategic update**
  - Commercial Banking – Ahead of the Business plan
  - IFRS update
  - Concluding remarks



Assicurazioni Internazionali di Previdenza

- Group embedded value: € 2,433 MM
- A.I.P. embedded value: € 1,684 MM
- High growth business: CAGR 32.4% 04/99

## OBJECTIVES

**Rationalise Insurance Production Platform**

**- Efficiency & Product Focus -**

**Anticipate Market Needs in Non Life Insurance**

**- Growth & Revenue Potential -**

**Create New Leading Insurance Player**

**- Strategic Options -**

## BENEFITS

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

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

- Create a leading player in the Italian life insurance market
- High strategic flexibility



- Pay In '04: € 995 mln
- AUM '04: € 104 bln
- Market Share: 12,6% on Mutual Funds  
12,3% on Total Asset Managed

## OBJECTIVES

## BENEFITS

**Rationalise Asset Management Platform**

- Efficiency -

- Product range rationalisation
- One product factory/platform per product family (Retail, Institutional, Alternative) with centralisation of competencies
- Organisational streamline / simplification

**Develop New Products and Innovate**

- Effectiveness and Development -

- Development and upgrade of IT architecture
- Focus on  $\alpha$  generation through new investment approach, rewarding systems, product innovation
- New asset classes in pipeline

**Adopt a "smart architecture"**

- Strategic Options -

- Focus on limited number of "excellence centres", outsourcing of not-core or subscale activities
- Access to external asset management capabilities, through enhanced "third party management" methodologies and products
- Focus on Asset Allocation



## 2005-2007 INDUSTRIAL PLAN GOALS

**From a strong competitive positioning, the new industrial plan focuses on:**

**A return to Growth....**

**...becoming more "Private"**

**...and maintaining high profitability**



- € 10 bln net new money
- 900-1,050 new PFAs

Diversification with two distinct business models

Growth of Net Income ~ 9% CAGR 07/05



**Value generation**

- Short and long-term growth
- ROE ~ 36% (as at 2008)
- High pay-out ratio

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

# ONE NETWORK BUT WITH LOCAL BRANDS

## Local brands national coverage

### Retail Headquarters

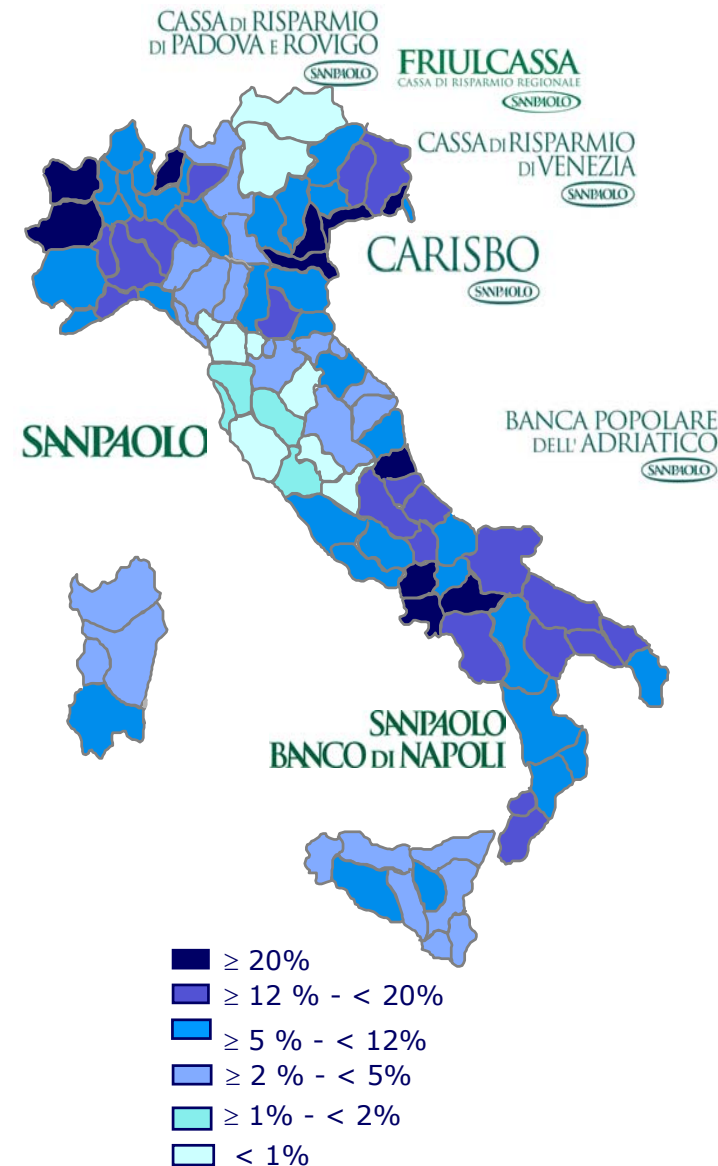
- Single head office on single operating and back office platform
- Divisional model to meet needs of customer segments and ensure necessary co-ordination

### Area Management

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

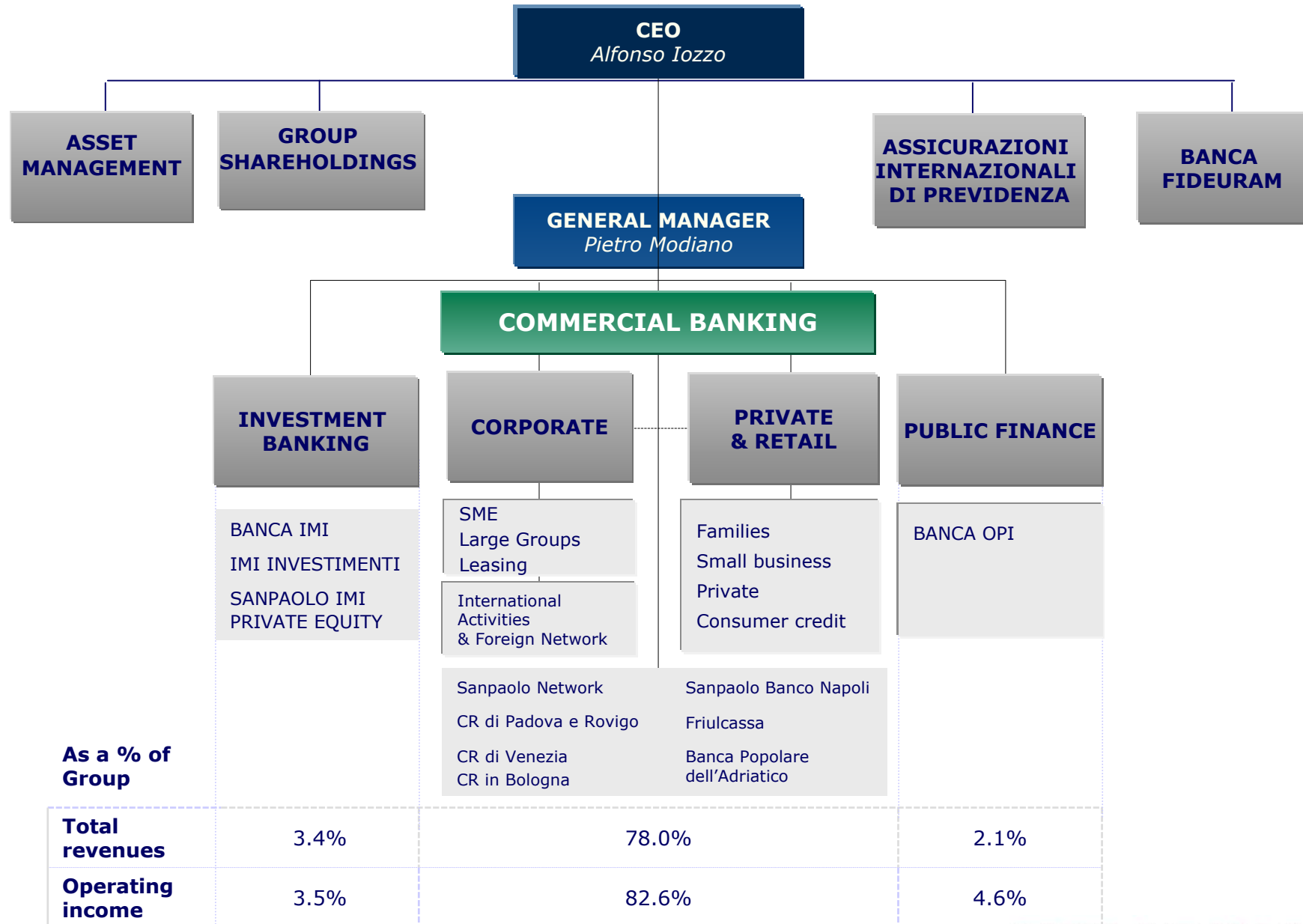
### Branch network

- 3,205 branches with good national foot print and high concentration coverage
- Specialisation through dedicated branches and modular approach to branch business
- Multi-channel approach





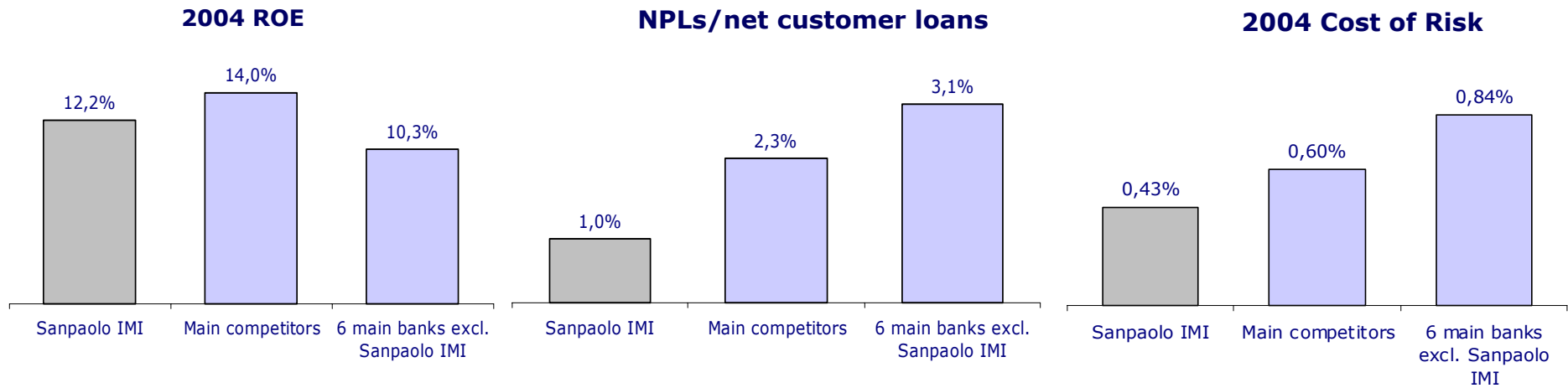
# GROUP STRUCTURE REFLECTS RATIONALISED BUSINESS MODEL



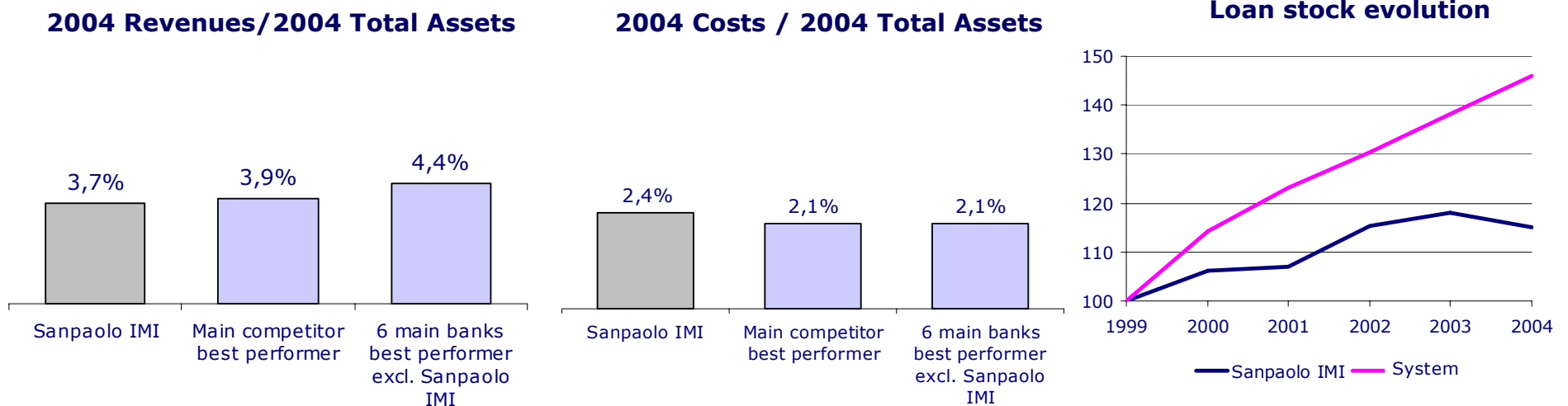
- Overview of results
- P&L breakdown
- Group strategic update
- Commercial Banking – Ahead of the Business plan
- IFRS update
- Concluding remarks

# INITIAL CONSIDERATIONS

- The Group is clearly not a turnaround story



- however to achieve a level of excellence there are a number issues to address



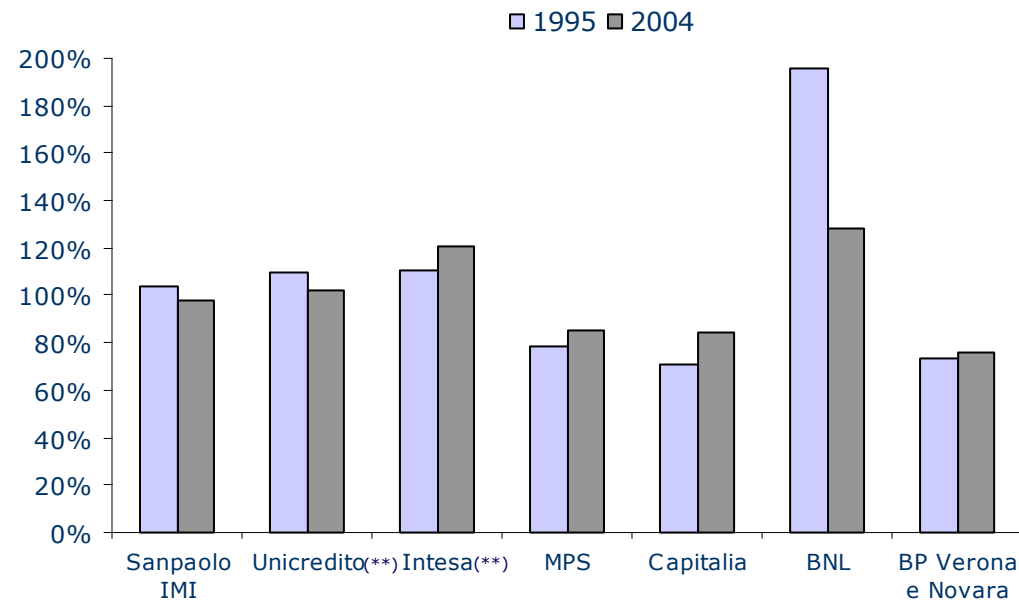
Source: Company Reports, Matrice dei conti

# FIRST IMPRESSIONS – STRONG AND DISTINCT CORPORATE CULTURE WITHIN THE GROUP

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- The Group has a strong corporate culture characterised by :
  - strong links to the local territory
  - attention to customer relationships
  - attention to credit quality
- These characteristics will be rewarded by the new scenario, characterised by:
  - the end of a period of growth in the sector without any real increase in competition
  - an increased demand for quality by both retail and SME customers

**TFA market share (\*)/ branch market share (\*)**



Source: Sanpaolo IMI analysis on company reports. Presentations, ABI, *Il Sole 24 Ore*

(\*) Market shares have been calculated using the above sample of banks

(\*\*)The data referring to controlled companies in Central-Eastern Europe have not been included

## Management initiatives

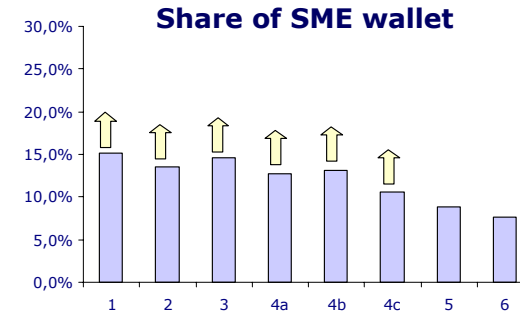
- Reduce the “distance” between the corporate centre and the front line
- Shorten the decision making chain
- Improve co-ordination between the Corporate SME division, Banca IMI and Banca OPI
- Use best practice risk management tools to identify commercial opportunities
  
- Cost discipline initiatives
- Attribute responsibility for cost management
  
- Introduce new incentive scheme across the Bank
- Revise budget upwards

## Target immediate commercial priorities

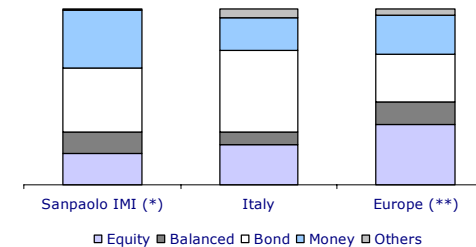
- Build market share in lending to SME division with a particular focus in increasing the share of wallet to the existing customer base ensuring no change to the risk profile

- Align retail customer investment portfolio to the appropriate risk profile

- Start to unlock the potential value from integration

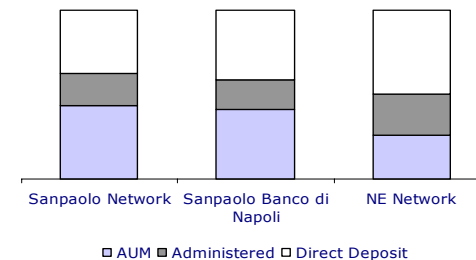


**Mutual fund stock composition**  
(% as at 31/12/2004)



Source: Assogestioni, FEFSI

**Commercial Banking financial asset composition**  
(% as at 31/12/2004)



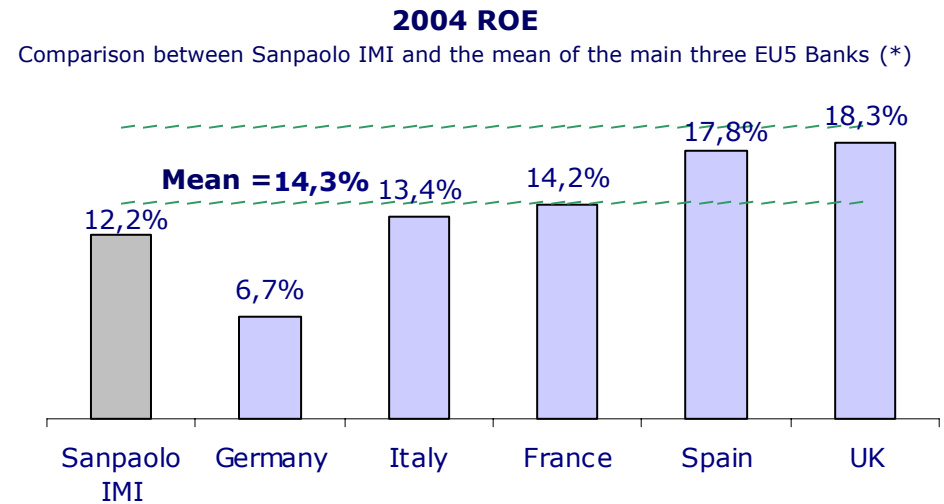
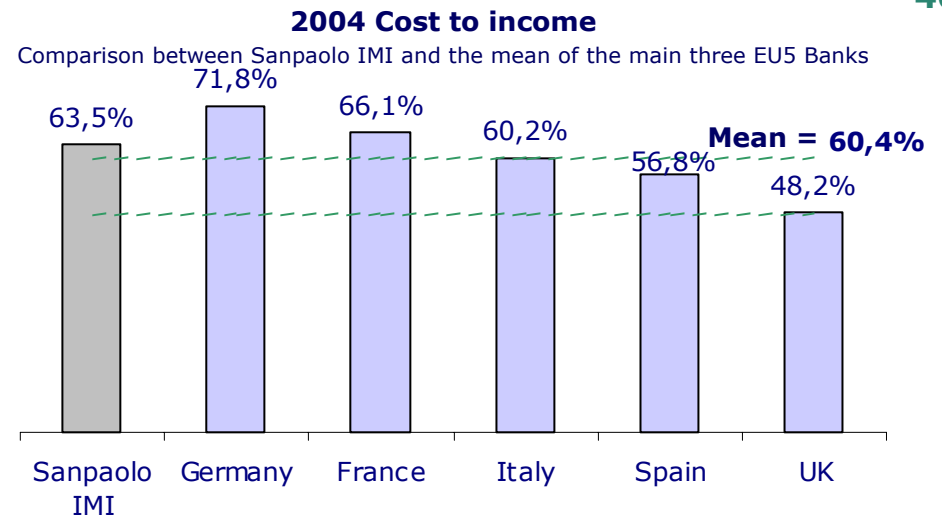
(\*) Excluding Banca Fideuram (\*\*) Data as at 30/09/2004

## **Launch of strategic project groups aimed at:**

- **Improving management tools**
  - Completion of homogeneous customer segmentation
  - Integration of management information systems
  
- **Strengthening commercial effectiveness**
  - Progetto Tutela Globale
  - Progetto finanziamenti alle famiglie
  - Progetto Crescita
  - Progetto Imprese
  - Progetto Enti e Aziende Pubbliche
  
- **Improving efficiency levels**
  - Progetto Lean Bank
  - Progetto Controllo ed Efficientamento Costi non di Personale

# INCREASING THE LEVEL OF AMBITION

- Unlock the intrinsic potential of the Bank
- Take advantage of structural changes in the relationship between bank and family and bank and enterprise to increase market share
- Confirm leadership in risk control
- Optimise the use of human and financial resources



(\*) The Roe has been calculated wherever possible using the Sanpaolo IMI method



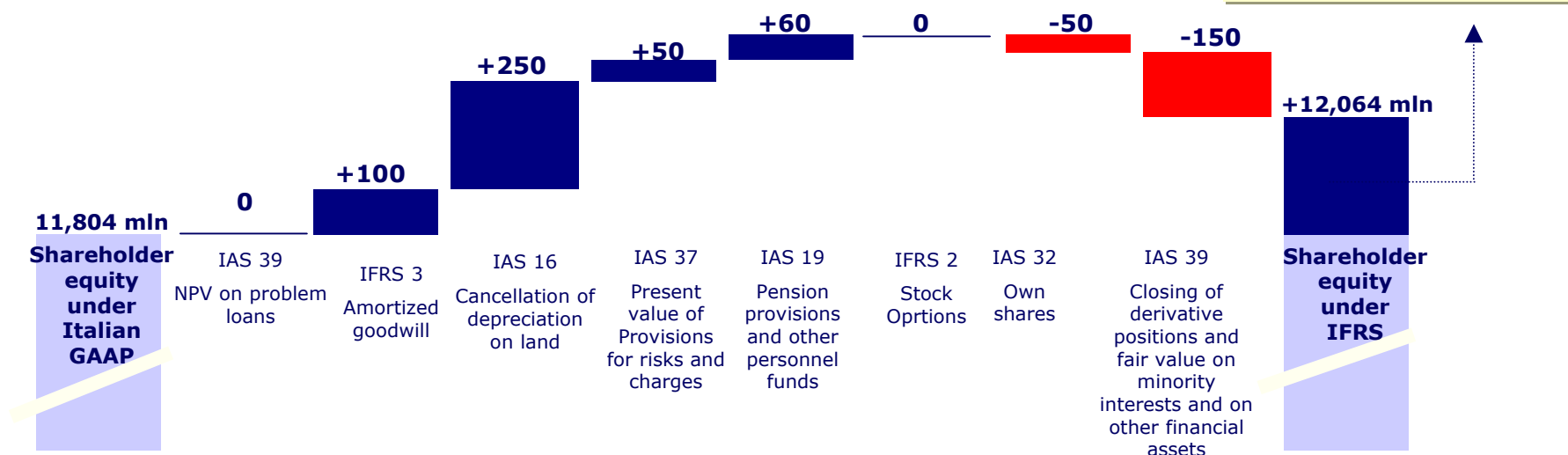
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# ESTIMATED IMPACT OF IFRS ON SHAREHOLDER EQUITY

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Estimate of opening  
Balance Sheet 01/01/05

## PRINCIPAL IMPACTS NET OF TAXES (\*)



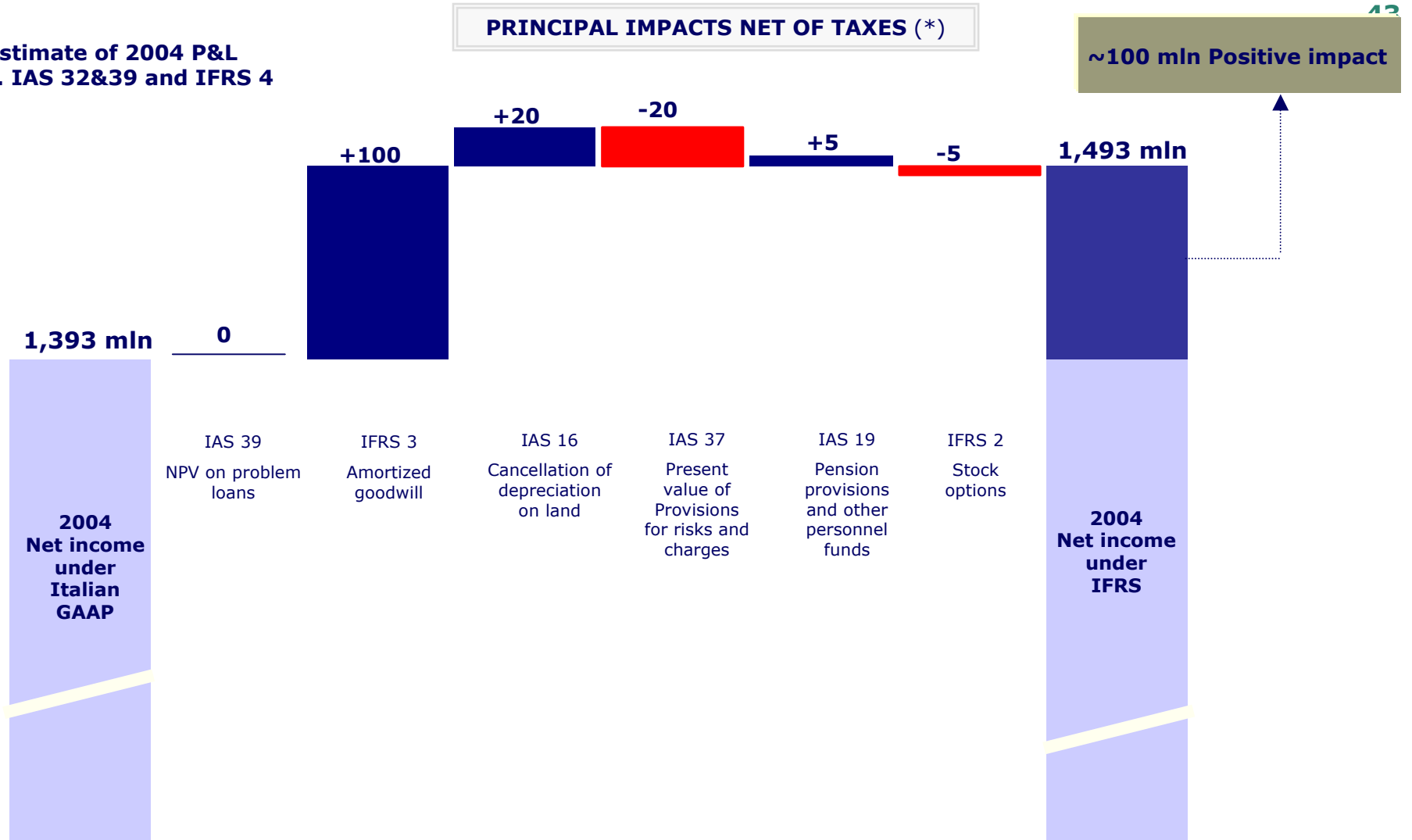
### Shareholders' equity

- the existing accounting policy requires coverage all problem loans be analytically calculated to ensure an adequate level of provisioning therefore no adjustment necessary under the new IFRS
- the provisioning made for the "convertendo" FIAT (€167mln) will be reclassified from the generic reserve for credit risks to losses on derivatives. No net impact on equity and on P&L accounts.
- the Group currently has no intention of taking the potential positive impact from a revaluation of buildings in the property portfolio of the Group

(\*) Other impacts are minor and self compensating

# ESTIMATED IMPACT OF IFRS ON 2004 FULL YEAR RESULTS

Estimate of 2004 P&L  
excl. IAS 32&39 and IFRS 4



(\*) Other impacts are minor and self compensating

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# CONCLUDING REMARKS

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- 2004 Group results are good and show a continuation of the improvement seen last year
- Balance sheet remains in robust health
- Strategic actions have rationalised and strengthened the business model
- Management has been reinforced with the arrival of Pietro Modiano

## COMMUNICATION TIMETABLE

