

GRUPPO SANPAOLO IMI

PRESS RELEASE

The Serbian Government chooses SANPAOLO IMI to privatise Panonska Banka

The bank is listed on the Belgrade Stock Exchange and has a network of 65 branches, assets amounting to 154 million Euros and shareholders' equity totalling 29 million Euros.

Turin, 11th July 2006 – The Serb Republic has indicated SANPAOLO IMI as the first bidder for the privatisation of 87.39% of Panonska Banka, the country's fourteenth most important bank, with overall assets amounting to 154 million Euros and shareholders' equity totalling 29 million Euros.

SANPAOLO IMI was selected for the operation among five potential buyers, allowed to participate in the second phase of the privatisation tender: Unicredit-HVB, Alpha Bank, National Bank of Greece, the Polish PKO and the Hungarian MKB.

Therefore, the final negotiations phase has started with the Serbian Government to purchase the Bank's majority interest, an acquisition subjected to the authorisation of the competent Authorities.

Panonska Banka operates as a universal bank focusing mainly in the corporate sector and with a significant development plan also in the retail sector. The customer base includes 10,000 enterprises and more than 115,000 retail customers. The Bank has 600 employees and a distribution network of 65 branches throughout the country, with a 3.4% market share. Furthermore, the Bank can rely on a 5% market share in Vojvodina as regards total assets; Vojvodina is the country's richest region, after the urban area of the capital city.

Panonska Banka is listed on the Belgrade Stock Exchange (in fact, 12.61% of the Bank is already owned by small shareholders): the Bank's capitalisation amounted to approximately 118 million Euros in June 2006.

The transaction is part of a selective growth scenario of the Group's presence on strongly growing markets in Central-South Eastern Europe and follows the recent acquisition of Banca Italo Albanese. In fact, the Group already operates in Hungary with Inter-Europa Bank (85.9%), in Romania through Sanpaolo IMI Bank Romania (98.6%), in Slovenia through Banka Koper (63.9%) and in Albania with Banca Italo Albanese (80%).

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