



Merge and Rule
Venice 11th June 2002

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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.

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AGENDA

- ▶ REVIEW OF GROUP DEVELOPMENT TO DATE
- ▶ INTEGRATION AND RATIONALISATION OF THE NEW GROUP
- ▶ OUTLOOK FOR GROWTH
- ▶ CONCLUSIONS AND FINANCIAL TARGETS

PRINCIPLE STRATEGIC DEVELOPMENTS: 1998 TO DATE

Year	Milestones	Characteristics of Deal
1998	 	Merger of equals
2000		Cash acquisition
2001		Incorporation through share exchange

The three transactions vary considerably both in terms of:

- ▶ strategic rationale
- ▶ and business objectives

SANPAOLO

IMI Group

Transaction

- ▶ The merger of equals between a leading Italian commercial bank and a leading Italian investment bank

Strategic rationale

- ▶ Complementarity of businesses
- ▶ The development of a divisionalised multi-specialist business model

Principle business objectives

- ▶ Develop the asset management business
- ▶ Improve asset quality



SANPAOLO

IMI Group

The Group met or exceeded its financial performance targets

	1997	2000 Merger targets	2000 ⁽¹⁾ Results
ROE	5.2%	15.1%	✓ 18.1%
Cost/income ratio	64%	50%	53.5% ⁽²⁾
Net commissions/personnel costs	71%	130%	✓ 152%
Net NPL ratio	2.8%	1.6%	✓ 0.9%
Asset management growth (over 1997 AuM volume)		+100%	✓ +130%

⁽¹⁾ Banco di Napoli at equity in 3Q and 4Q 2000

⁽²⁾ 2000 costs include 97 million Euro of extraordinary costs



2000 BANCO DI NAPOLI ACQUISITION



Transaction

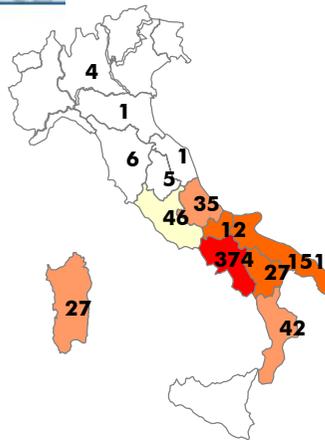
- ▶ The cash acquisition of the leading brand franchise in southern Italy with a market share of 18%

Strategic rationale

- ▶ Extend the branch network to the southern Italian market
- ▶ Increase capital allocation to retail banking

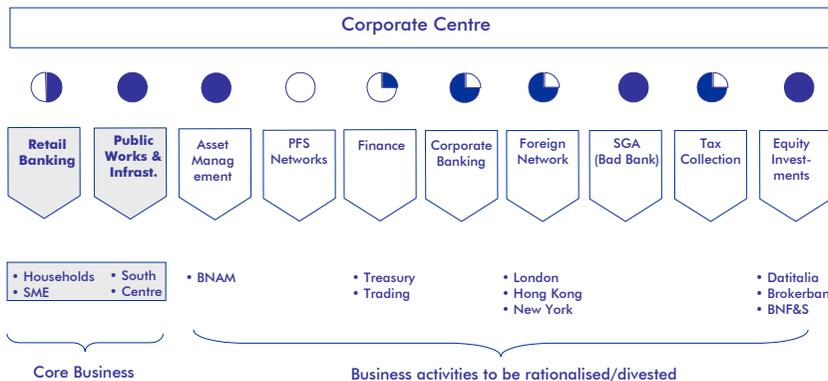
Principle business objectives

- ▶ Restructure the operation: new mission
- ▶ Rationalise the cost base
- ▶ Grow revenues through improved commercial approach to an underdeveloped customer base

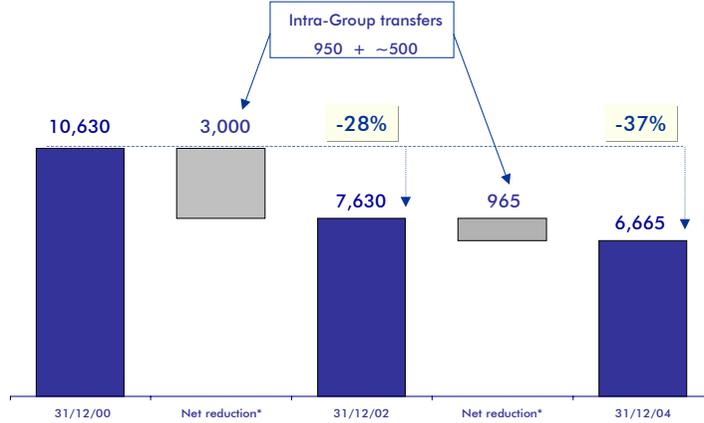


BANCO DI NAPOLI: NEW MISSION

FROM UNIVERSAL BANK TO RETAIL DISTRIBUTION FRANCHISE



BANCO DI NAPOLI: RATIONALISING THE COST BASE



Re-sizing the cost base

- ▶ Raising the targets
- ▶ Accelerating the process

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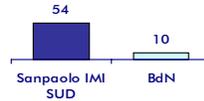
* Net of new hirings



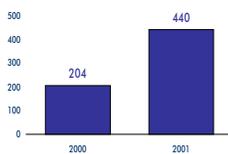
BANCO DI NAPOLI: DELIVERING FIRST RESULTS ON COMMERCIAL EFFECTIVENESS

Asset management opportunities

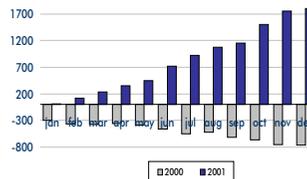
Management & Dealing income/employee (12/2000, euro/000)



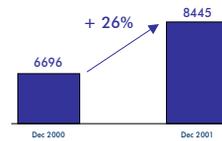
Life policies: Cumulative Net Inflows



Mutual Funds Cumulative Net Flows



AuM: Total Stock



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INCORPORATION OF BANCA CARDINE



Transaction

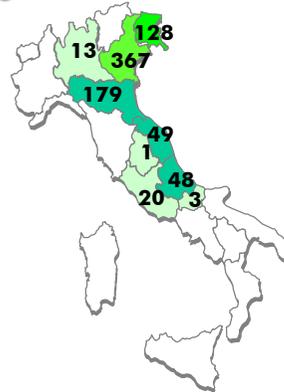
- ▶ The incorporation through a share exchange of a recently created federal group with strong regional brands and a 10% market share in the north-east of Italy

Strategic rationale

- ▶ Expansion of the Group into a key economic region
- ▶ Enhanced business customer mix through the Cardine SME strength

Principle business objectives

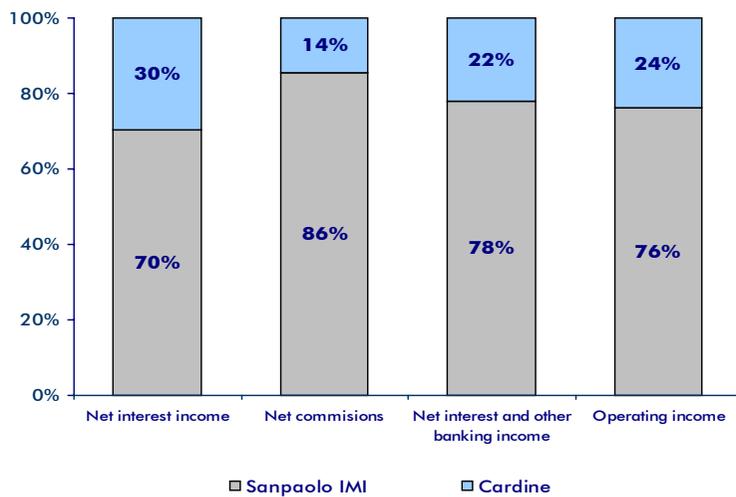
- ▶ Develop the asset management business
- ▶ Extend the service role offered to the SME market
- ▶ Rationalise the back office operations and organisational structure



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BANCA CARDINE: PRO-FORMA CONTRIBUTION TO THE NEW GROUP P&L



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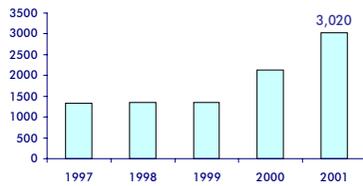


RESULT: GROWTH IN SIZE AND IN VOLUMES

Euro m

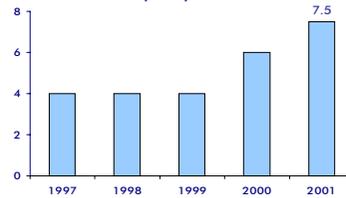
Branches

+165.4%



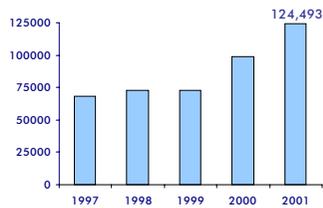
Customers (mil.)

+87.5%



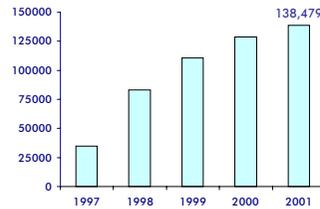
Customer loans

+83.1%



AUM

+299.7%



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RESULT: IMPROVED COMPETITIVE POSITIONING

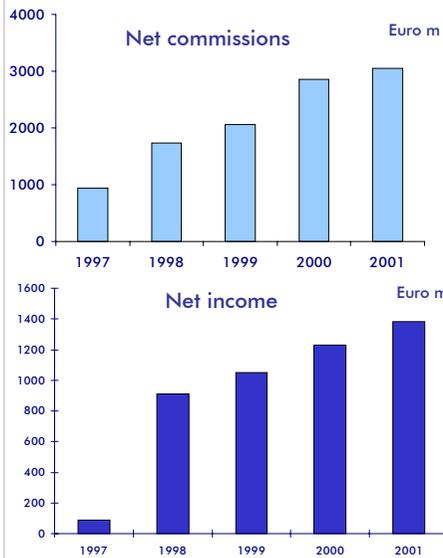
Total New Group Figures
(inclusive of Cardine) as of
31/12/2001



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RESULT: SHAREHOLDER VALUE CREATED



Earnings per share (cents)

1997	11
1998	65
1999	75
2000	93
2001	87
2001*	75

CAGR 97/01 - 68%

15

* including Cardine



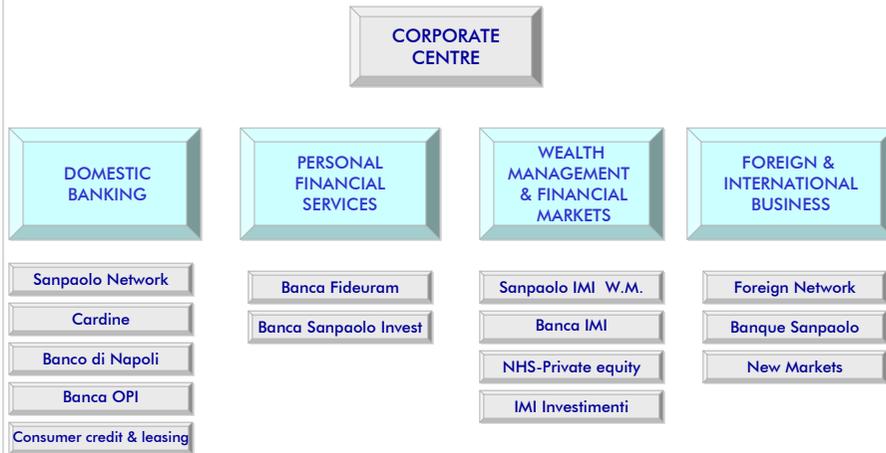
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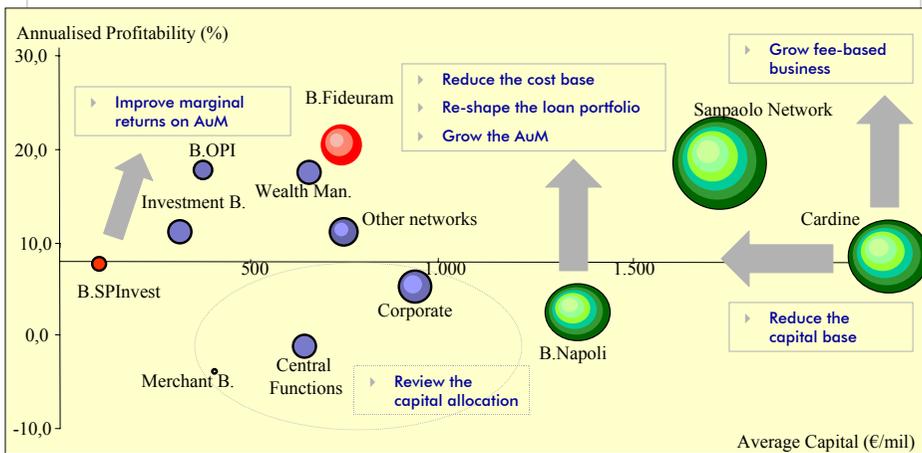
GROUP STRUCTURE



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ACTIVE CAPITAL MANAGEMENT TO CREATE VALUE

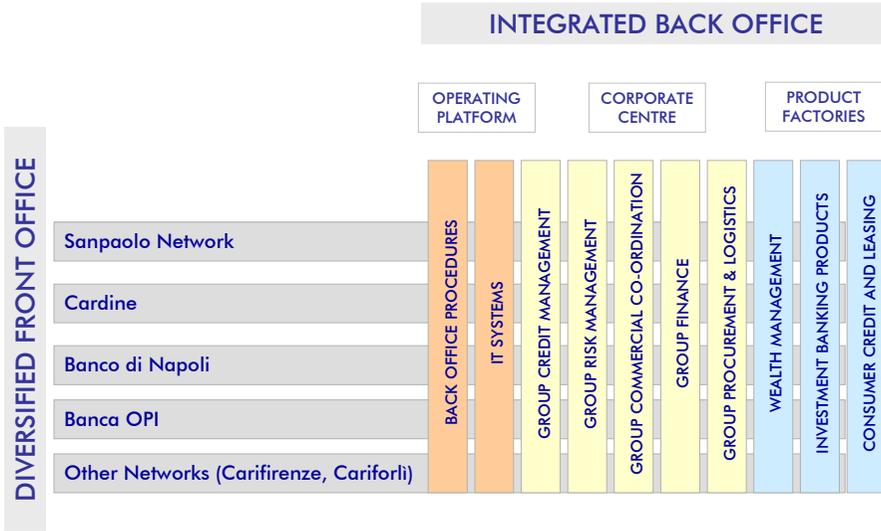


○ Net interest and other banking income = 100 €/mil

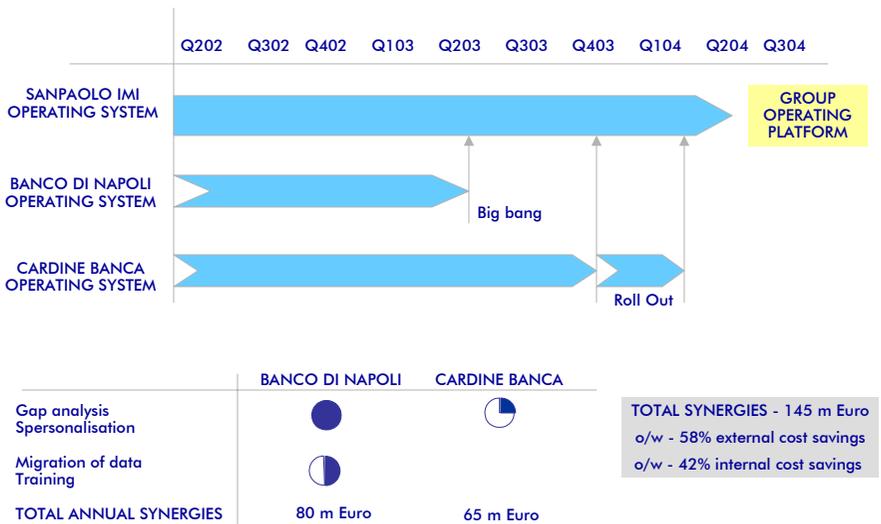
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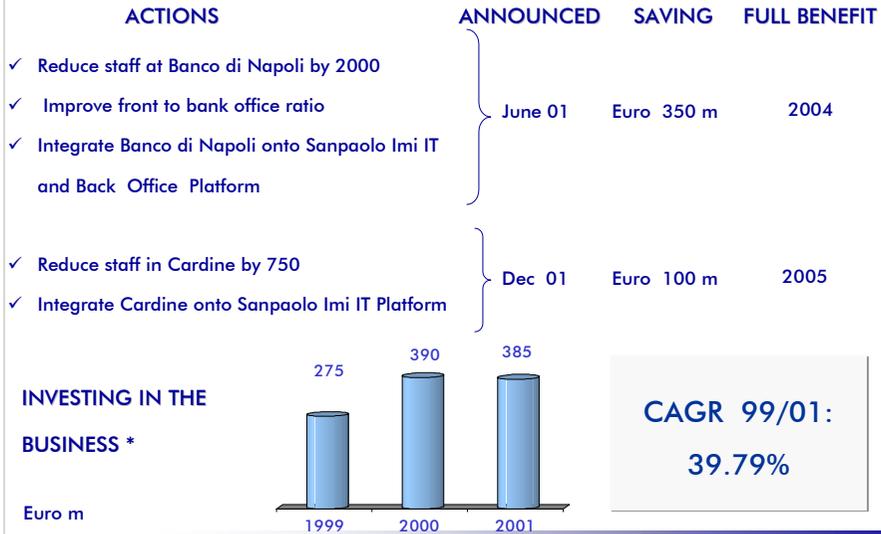
AN INTEGRATED APPROACH FOR DOMESTIC BANKING



A SINGLE GROUP OPERATING PLATFORM FOR DOMESTIC BANKING



DOMESTIC BANKING: RATIONALISING THE COST BASE



21 (*) Capitalised investments



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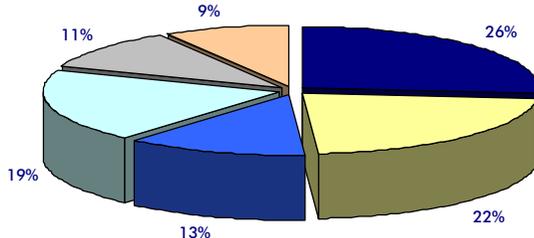
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NEW GROUP: OUTLOOK FOR THE LENDING BUSINESS

(2001 pro forma figures)

Total = 124.5 euro billion



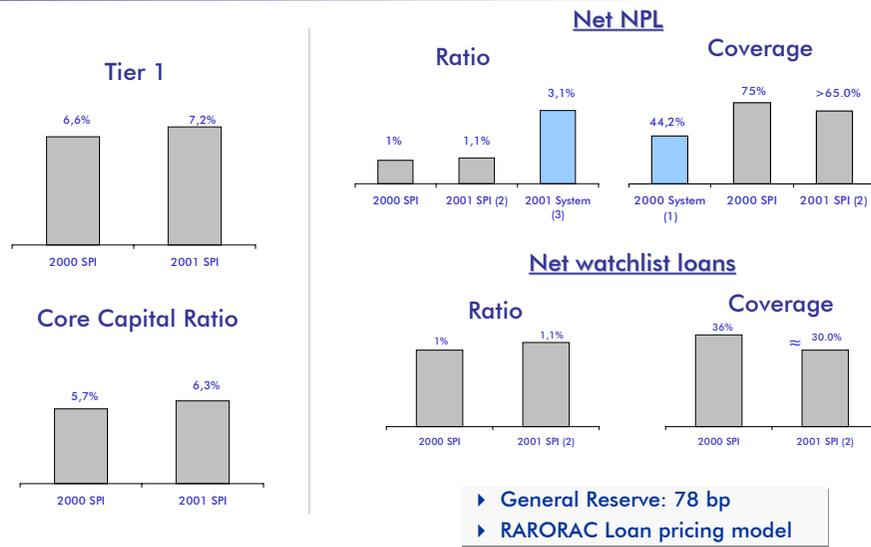
■ Sanpaolo Network ■ Cardine ■ Banco di Napoli □ Corporate ■ Banca OPI ■ Other

	Sanpaolo Network	Banco di Napoli	Banco di Napoli (*)	Cardine	Corporate	Banca OPI
CAGR 01-05						
Customer Loans	+5.7	+0.8	+8.1	+9.1	+2.4	+8.9
Customer Deposits	+1.6	+0.0	+1.3	+4.1	+1.5	+2.2

23 (*) New perimeter



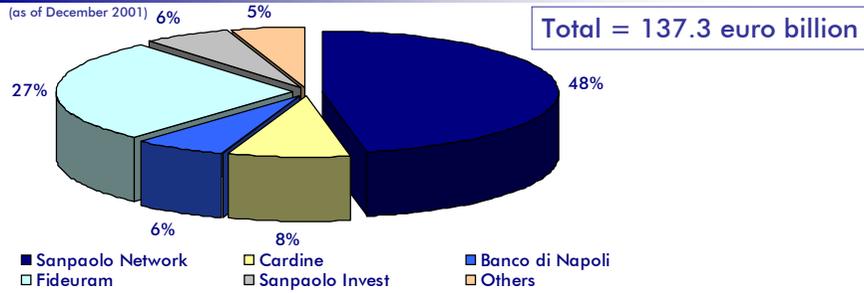
BEST PRACTICE RISK MANAGEMENT SAFEGUARDS CREDIT QUALITY



24 (1) Av of 13 publically quoted banks (inc. SPI)
(2) Estimated figures with Cardine
(3) Average 6 largest Italian banks (ex SPI)



NEW GROUP: OUTLOOK FOR ASSET MANAGEMENT BUSINESS



	Sanpaolo Network	Banco di Napoli	Banco di Napoli (*)	Cardine	Sanpaolo Invest	Fideuram
CAGR 01-05						
TFA	+9.9	+2.9	+5.8	+7.7	+15.7	-
AUM	+10.5	+16.2	+16.2	+19.7	+15.8	-
AUM/TFA 2001	44%	24%	-	23%	80%	77%

25 (*) New perimeter



DISTRIBUTION: SANPAOLO NETWORK; A MODEL TO TRANSFER IN THE GROUP

DRIVERS TO A SUCCESSFUL COMMERCIAL APPROACH

ORGANISATION

- ✓ Business process re-engineering
- ✓ Segmentation of markets

PEOPLE

- ✓ Specialisation of roles
- ✓ Incentivisation of personnel

PLACE

- ✓ Introduction of CRM tools
- ✓ Refurbishment of premises

	Sanpaolo Network	System Average
CROSS SELLING MACRO (1)	3.9	3.2
CROSS SELLING (2)	4.4	3.8
FINANCIAL ASSETS	67,211	54,522

ABI - SDA BOCCONI yearly research on CRM and Commercial Performances of Italian Banks

26 (1) Coverage of needs: average n° out of 10 macro families
 (2) Commercial Pressure: average n° out of 16 prod./services



PRODUCTION: AN INTEGRATED APPROACH TO WEALTH MANAGEMENT

SANPAOLO WM

WEALTH MANAGEMENT

OPTIMISING THE INVESTMENT
OFFER

FULL SERVICE
ROLE



LEVERAGING VALUE CREATION
CAPACITY

- ✓ Increase cross-selling ratios via better links with the distribution networks
- ✓ Focus on more sophisticated value added products
- ✓ Stabilise revenues through a diversified product mix
- ✓ Build distribution capacity through non-captive networks

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MERGE AND RULE: CONCLUSIONS

- ▶ Sanpaolo IMI has successfully exploited the consolidation process in order to improve its competitive position and create shareholder value
- ▶ Strategic objectives:
 - ▶ integrate and rationalise the retail franchises and align Banco di Napoli and Banca Cardine to Group best practice
 - ▶ consolidate leadership in Bancassurance and Asset Management, strengthening both distribution and production capacity
 - ▶ rationalise and refocus wholesale activities
 - ▶ extend and strengthen relationships with SMEs thanks to proven credit and financial skills and the ability to provide international support, including in fast-growing Central-Eastern European markets
- ▶ Active capital management will continue to be used as a tool to enhance value creation

FINANCIAL TARGETS

