

GRUPPO SANPAOLO IMI

Q1 2003 RESULTS

14 May 2003

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 Q1 2003 RESULTS

	Q103	Q102 pro forma	Var. Y/Y
Net interest income	955	927	3.0%
Net commissions and other net dealing revenues	692	707	-2.1%
Net interest and other banking income	1,778	1,768	0.6%
Administrative costs	-1,142	-1,129	1.2%
Operating income	609	606	0.5%
Provisions and net adjustments to loans and financial fixed assets	-135	-156	-13.5%
Income before extraordinary items	441	409	7.8%
Net extraordinary income	42	56	-25.0%
Net income	280	278	0.7%

Difficult macro scenario

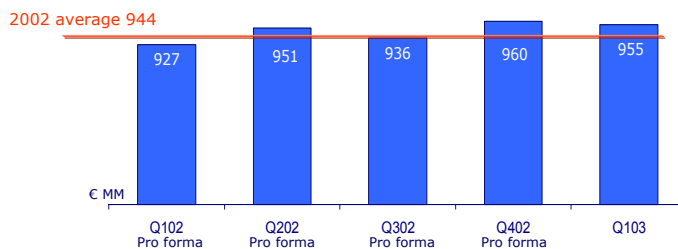
- ▶ Sluggish economic growth: 0.4% 2002
- ▶ Falling 3 month Euribor: -68 bsp Y/Y, -43 bsp Q/Q
- ▶ Negative equity markets: -5.5% Q1 03
- ▶ Pressure on costs (from one off integration charges and salary inflation, +3.8%)

Positive operating trends

- ▶ Management of low interest rate environment
- ▶ Very positive asset gathering results
- ▶ Good cost control
- ▶ High asset quality

NET INTEREST INCOME

Quarterly analysis



Var.	Y/Y	Q/Q	Q103/av.02
	+3.0%	-0.5%	+1.2%

DETAIL ON SPREADS

- ▶ Mark down further squeezed by falling rates
- ▶ Offset by :
 - ▶ Y/Y improvement in customer spread
 - ▶ Active ALM to reduce interest rate sensitivity

Average spread on customer business

	Var. Y/Y	Var. Q/Q
Average spread	+21 bsp	-1 bsp
▶ Mark up	+29 bsp	+21 bsp
▶ Mark down	-8 bsp	-22 bsp
3 month Euribor	-68 bsp	-43 bsp

DETAIL ON CUSTOMER LENDING

- ▶ Selective loan policy. Focus remains on:
 - ▶ asset quality
 - ▶ Appropriate risk adjusted pricing
- ▶ Positive trends in loan growth:
 - ▶ Mortgage lending up 0.8 € billion Q/Q
 - ▶ Public authority lending up 8% Q/Q

€ MM	Stock Q103	Var. Y/Y
GROUP:	126,371	+2.5%
▶ Medium-long term	77,735	+7.7%
▶ Short term	48,636	-4.9%
PRINCIPLE BUSINESS UNIT NUMBERS:		
▶ Sanpaolo Network	50,335	+7.0%
▶ Cardine	25,086	+7.0%
▶ Large Domestic Groups	11,539	+0.5%
▶ Banca OPI	18,056	+14.2%
▶ Consumer Banking	3,725	+16.5%
▶ Foreign corporate	4,978	-33.8%

DETAILS ON CUSTOMER DEPOSITS

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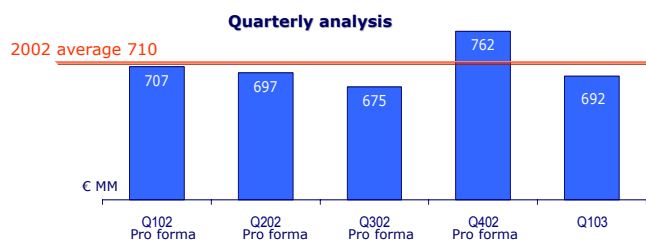
- ▶ Growth in current accounts and repos reflect risk adverse stance of customers to volatile markets

€ MM	Q103	%	Q102	%	Var. Y/Y
Current account and deposits	69,226	50.0	66,354	49.0	+4.3
CDs	7,654	5.5	9,022	6.7	-15.2
Bonds	38,764	28.0	38,605	28.5	+0.4
Commercial paper	4,486	3.2	4,682	3.5	-4.2
Repos	13,482	9.8	12,812	9.5	+5.2
Other	4,819	3.5	3,830	2.8	+25.8
Total	138,431	100.0	135,305	100.0	+2.3

FEE INCOME

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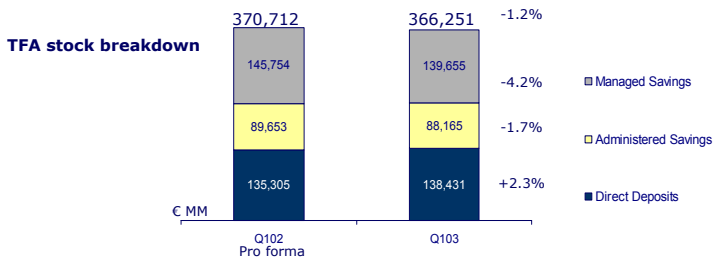
- ▶ Weaker asset management and market related fees
- ▶ Offset in part by good growth in banking fees



€ MM	Q103	Q102	Var. Y/Y	Var. Q/Q
Asset Management, Dealing and advisory services	410	445	-7.9	-3%
▶ <i>asset management</i>	344	375	-8.3	10.2%
▶ <i>dealing and custody, currencies</i>	66	70	-5.7	-35.3%
Loans and guarantees	61	56	+8.9	-9%
Collection and payment services	56	59	-5.1	+0%
Deposit and current accounts	115	97	+18.6	-7%
Other services and net dealing revenues	50	50	-	-47%
Fee income	692	707	-2.1	-1%

DETAIL ON CUSTOMER FINANCIAL ASSETS

- ▶ Strong asset gathering capacity of the Group confirmed
- ▶ Reflecting underlying strength in customer relationships

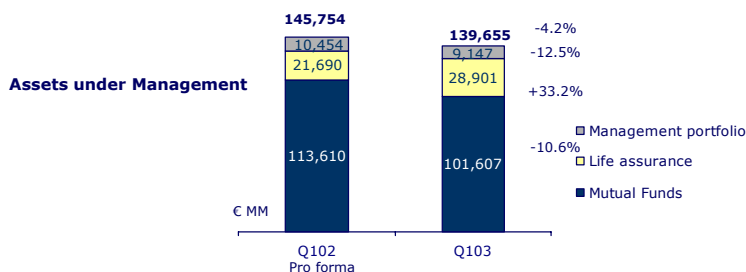


€ MM

Aggregate	Q12003 stock	Q12003 inflows	Q12003 Performance	Net change year to date	
AFI	366,251	+6,952	-2,863	+4,089	+1.1%
AUM	139,655	+3,919	-2,224	+1,695	+1.2%
▶ Life assurance	28,901	+1,649	+98	+1,747	+6.4%
▶ Mutual funds	101,607	+2,448	-2,196	+252	+0.2%
Administered	88,165	+1,499	-639	+860	+1.0%
Direct deposits	138,431	+1,534	-	+1,534	+1.1%

DETAIL ON ASSETS UNDER MANAGEMENT

- ▶ Positive inflows offset in part negative performance effect
- ▶ Significant increase in life reserves
- ▶ Good performance across all distribution channels



€ MM

€ MM	Q103 Flows			Q103 Stock		
	Life assurance	Mutual funds	Total (*)	Total (*)	Var. Y/Y	Var. Q/Q
Sanpaolo Network	1,072	1,214	1,999	72,238	-2.4%	+1.6%
Cardine	96	426	613	13,349	6.3%	+1.4%
Fideuram	335	489	845	40,120	-11.6%	+0.2%
Other	146	319	462	13,948	+1.7%	+1.9%
Total	1,649	2,448	3,919	139,655	-4.2%	+1.2%

(*) Includes GPM

- ▶ Significantly weakened asset allocation of customer assets as a result of:
 - ▶ negative performance effect
 - ▶ allocation of new investment flows to lower risk asset classes

Stock and composition

€ MM	Q103	%Q103	%Q102	%Q402
▶ Equity	19,508	19.2	32.5	22.4
▶ Balanced	9,145	9.0	13.2	10.5
▶ Bond	42,573	41.9	35.3	39.4
▶ Money	30,380	29.9	19.0	27.7
Mutual funds stock	101,607	100.0	100.0	100.0

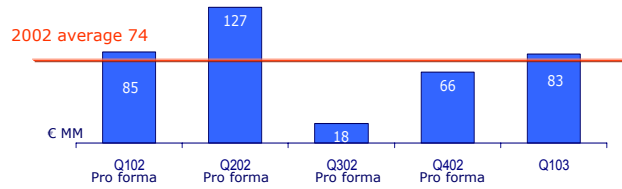
Market share: 21.3% as of April 2003

- ▶ Leading bancassurance Group in Italy :
 - ▶ market share of technical reserves 11.6% (Dec. 02)
 - ▶ market share of new business 16.5% (Dec. 02)
- ▶ **Significant embedded value in life portfolio: 1,743 € MM (Dec. 02)**

€ MM	Q103 stock	Var. Y/Y	Var. Q/Q
Total	28,901	33.2%	6.4%
▶ Traditional	11,236	24.9%	2.3%
▶ Unit linked	7,794	47.5%	5.1%
▶ Index linked	5,690	62.0%	18.7%
▶ Third parties	4,180	7.2%	5.5%

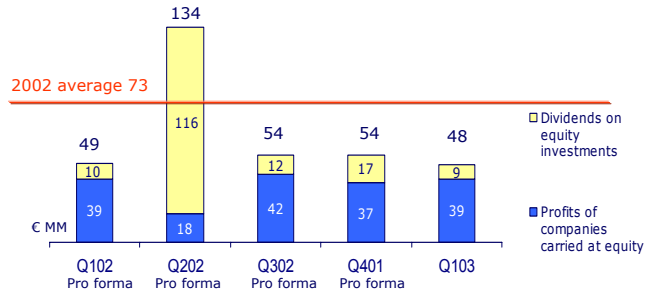
PROFITS ON FINANCIAL TRANSACTIONS AND DIVIDENDS ON SHARES

- ▶ Low risk trading portfolio (Quarterly average Var 11 € MM)



PROFITS OF COMPANIES CARRIED AT EQUITY AND DIVIDENDS ON EQUITY INVESTMENTS

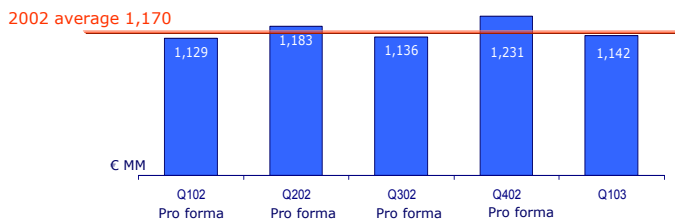
- ▶ Equity accounted insurance contribution up 52.6% Y/Y to 29 € MM



COSTS

- ▶ Salary inflation in part offset by headcount reduction
- ▶ Good cost control on other administrative costs offset by increase in indirect taxes

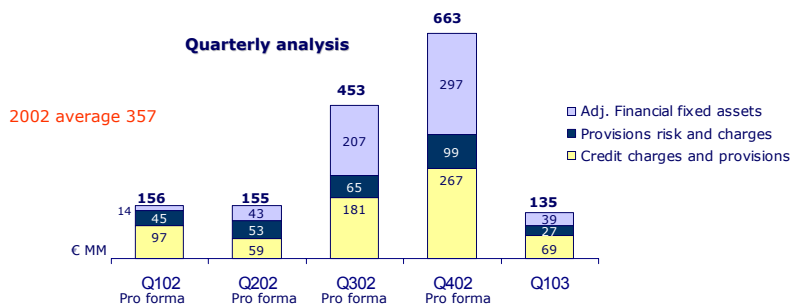
Quarterly analysis



€ MM	Q103	Var. Y/Y	Var. Q/Q	Var. Q103/av.02
Administrative costs	1,142	+1.2%	-7.2%	-2.4%
▶ Personnel expenses	713	+1.4%	-4.8%	-0.7%
▶ Other administrative costs	429	+0.7%	-11.0%	-5.1%
Depreciation	111	-0.9%	-31.5%	-13.9%

TOTAL NET PROVISIONS

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Adjustment

Financial assets

FIAT 24 € MM 6.1 euro Book value p.s. (as of 31/03/03)

Credit provisions

Generic provisions 23 € MM (total generic provision: 1.1 € MM)
Specific provisions 46 € MM

MAINTAINING GOOD ASSET QUALITY AND ADEQUATE COVERAGE RATIOS

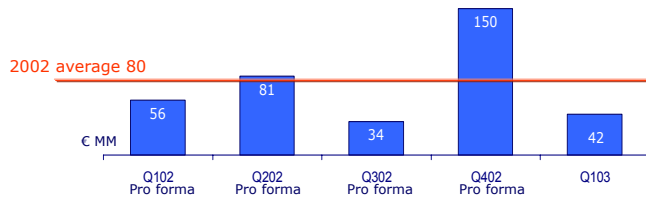
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	Q103							
	Gross exposure	Var. Y/Y	Var. Q/Q	Total adjustments	Net exposure	Var. Y/Y	Var. Q/Q	Coverage
Doubtful loans	6,457	+3.3%	+0.2%	3,590	2,867	-1.6%	+1.0%	55.6%
▶ Non-performing loans	4,271	+1.8%	-0.5%	2,933	1,338	-4.9%	+0.3%	68.7%
▶ Problem loans	2,186	+6.4%	+1.5%	657	1,529	+1.4%	+1.5%	30.0%
Performing loans	127,078	+1.9%	+1.2%	1,087 (*)	126,066	+1.8%	+1.2%	0.86% (*)
Total loans	133,535	+1.9%	+1.2%	4,602	128,933	+1.7%	+1.2%	

	Q103	Q102 pro forma
NPL'S ratio	1.0%	1.1%
Watchlist ratio	1.1%	1.1%

(*) Includes 75 € MM of reserve for credit risks

Quarterly analysis

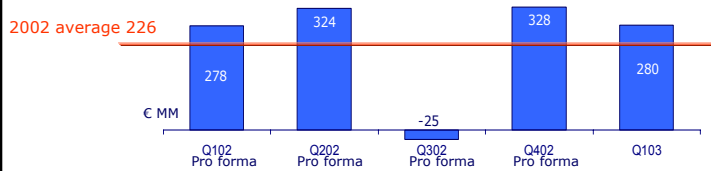


Principal contribution

Release of excess provisions
for renegotiable mortgages
following Government decision
at the end of March

30 € MM

Quarterly analysis



► Despite an uncertain outlook the Group confirms its objectives for 2005:

- Roe 15%
- Cost/income 55%

ANNEX

INDEX

Group financial highlights

Group volume highlights

Divisionalization:

- ▶ Domestic Banking
 - ▶ Sanpaolo Network
 - ▶ Cardine
 - ▶ Banca OPI
- ▶ Personal Financial Services
- ▶ Wealth Management and Financial Markets
 - ▶ Sanpaolo IMI WM
 - ▶ Banca IMI
- ▶ International Activities
 - ▶ Banque Sanpaolo

GROUP Q1 2003 RESULTS

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€ MM	Q103	Q102 pro forma	Var. Y/Y
Net interest income	955	927	3.0%
Net commissions and other net dealing revenues	692	707	-2.1%
Profits and losses from financial transactions and dividends on shares	83	85	-2.4%
Profits from companies carried at equity and dividends from shareholdings	48	49	-2.0%
Net interest and other banking income	1,778	1,768	0.6%
Administrative costs	-1,142	-1,129	1.2%
Other operating income, net	84	79	6.3%
Adjustments to tangible and intangible fixed assets	-111	-112	-0.9%
Operating income	609	606	0.5%
Adjustments to goodwill and merger and consolidation differences	-33	-41	-19.5%
Provisions and net adjustments to loans and financial fixed assets	-135	-156	-13.5%
Income before extraordinary items	441	409	7.8%
Net extraordinary income	42	56	-25.0%
Income before taxes	483	465	3.9%
Income taxes for the period	-194	-173	12.1%
Income attributable to minority interests	-9	-14	-35.7%
Net income	280	278	0.7%

GROUP Q1 2003 OPERATING DATA AND RATIOS

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€ MM	Q103	Q102 pro forma	Var. Y/Y
Customer financial assets	366,251	370,712	-1.2%
▶ Direct deposits	138,431	135,305	2.3%
▶ Assets under management	139,655	145,754	-4.2%
▶ Mutual funds and fund-based portfolio management	101,607	113,610	-10.6%
▶ Portfolio management	9,147	10,454	-12.5%
▶ Life technical reserves	28,901	21,690	33.2%
▶ Assets under administration	88,165	89,653	-1.7%
Net loans to customers (excluding NPL's)	126,371	123,327	2.5%
ROE	10.5%	10.0%	
COST/INCOME RATIO	63.6%	63.8%	
Tier 1 ratio	7.4%	6.9%	
Total ratio	10.7%	9.1%	

DOMESTIC BANKING DIVISION

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C MM	Q103	Q102	Var. Y/Y
Net interest income	872	848	2.8%
Net commissions and other net dealing revenues	508	511	-0.6%
Other income	36	37	-2.7%
Net interest and other banking income	1,416	1,396	1.5%
Administrative costs	-883	-879	0.4%
Other operating income, net	36	31	17.3%
Adjustments to tangible and intangible fixed assets	-20	-24	-15.4%
Operating income	548	523	4.9%
Adjustments to goodwill and merger and consolidation differences	0	0	-
Provisions and net adjustments to loans and financial fixed assets	-104	-80	29.8%
Income before extraordinary items	444	442	0.5%
Net extraordinary income	7	0	-
Income before taxes	451	442	2.0%
Income taxes for the period	-191	-197	-3.1%
Net income	253	235	7.4%
CAPITAL ALLOCATED	7,925	7,676	3.2%
RORAC/ROE	12.7%	12.3%	
COST/INCOME RATIO	60.9%	62.2%	
OPERATING DATA			
Direct deposits	87,099	87,302	-0.2%
Assets under management	85,833	87,096	-1.4%
Assets under administration	73,774	72,702	1.5%
Net loans to customers (excluding NPL's)	109,898	102,637	7.1%

Sanpaolo Network

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C MM	Q103	Q102	Var. Y/Y
Net interest and other banking income	860	854	0.7%
Administrative costs	-573	-568	0.9%
Operating income	287	286	0.3%
Provisions and net adjustments to loans and financial fixed assets	-48	-54	-11.1%
Income before extraordinary items	239	232	3.0%
Net extraordinary income	-1	-2	-50.0%
Income before taxes	238	230	3.5%
Income taxes for the period	-108	-113	-4.4%
Net income	130	117	11.1%
CAPITAL ALLOCATED	3,044	2,858	6.5%
RORAC/ROE	17.1%	16.4%	
COST/INCOME RATIO	66.5%	66.5%	
OPERATING DATA			
Customer financial assets	182,102	182,709	-0.3%
▶ Direct deposits	49,498	49,564	-0.1%
▶ Assets under management	72,238	74,004	-2.4%
▶ Assets under administration	60,366	59,141	2.1%
Net loans to customers (excluding NPL's)	50,335	47,033	7.0%

C. MM	Q103	Q102	Var. Y/Y
Net interest and other banking income	354	349	1.4%
Administrative costs	-213	-226	-5.8%
Operating income	141	123	14.6%
Provisions and net adjustments to loans and financial fixed assets	-35	-19	84.2%
Income before extraordinary items	106	104	1.9%
Net extraordinary income	11	-	-
Income before taxes	117	104	12.5%
Income taxes for the period	-51	-49	4.1%
Net income	65	54	20.4%
Contribution to net income of the Group	64	58	10.3%
CAPITAL ALLOCATED	2,502	2,628	-4.8%
ROE	10.2%	8.8%	
COST/INCOME RATIO	58.8%	63.2%	
OPERATING DATA			
Customer financial assets	51,464	50,053	2.8%
▶ Direct deposits	26,414	25,717	2.7%
▶ Assets under management	13,349	12,562	6.3%
▶ Assets under administration	11,701	11,774	-0.6%
Net loans to customers (excluding NPL's)	25,086	23,445	7.0%

C. MM	Q103	Q102	Var. Y/Y
Net interest and other banking income	36	37	-2.7%
Administrative costs	-6	-6	-
Operating income	30	31	-3.2%
Provisions and net adjustments to loans and financial fixed assets	-16	-16	-
Income before extraordinary items	14	15	-6.7%
Net extraordinary income	-	-	-
Income before taxes	14	15	-6.7%
Income taxes for the period	-5	-4	25.0%
Net income	9	11	-18.2%
Contribution to net income of the Group	18	20	-10.0%
CAPITAL ALLOCATED	682	676	0.9%
ROE	10.6%	11.8%	
COST/INCOME RATIO	16.2%	16.2%	
OPERATING DATA			
Net loans to customers (excluding NPL's)	18,056	15,812	14.2%

C MM	Q103	Q102	Var. Y/Y
Net interest income	2	3	-22.4%
Net commissions and other net dealing revenues	54	65	-17.0%
Other income	77	63	21.2%
Net interest and other banking income	132	131	1.4%
Administrative costs	-69	-70	-1.3%
Other operating income, net	4	8	-43.5%
Adjustments to tangible and intangible fixed assets	-7	-9	-30.2%
Operating income	61	58	3.9%
Adjustments to goodwill and merger and consolidation differences	-2	-2	1.9%
Provisions and net adjustments to loans and financial fixed assets	-2	2	-195.1%
Income before extraordinary items	57	58	-2.2%
Net extraordinary income	-1	-1	-
Income before taxes	56	57	-2.9%
Income taxes for the period	-10	-12	-20.9%
Net income	45	43	4.8%
CAPITAL ALLOCATED	1,360	1,232	10.4%
RORAC/ROE	13.3%	14.0%	
COST INCOME	55.3%	57.5%	
OPERATING DATA			
Direct deposits	14,428	8,385	72.1%
Assets under management	90,158	92,268	-2.3%
Net loans to customers (excluding NPL's)	4,068	2,076	95.9%

C MM	Q103	Q102	Var. Y/Y
Net interest and other banking income	62	55	12.7%
Administrative costs	-23	-18	27.8%
Operating income	39	37	5.4%
Provisions and net adjustments to loans and financial fixed assets	-1	-2	-50.0%
Income before extraordinary items	37	36	2.8%
Net extraordinary income	-	-	-
Income before taxes	37	36	2.8%
Income taxes for the period	-3	-5	-40.0%
Net income	34	31	9.7%
Contribution to net income of the Group	37	33	12.1%
CAPITAL ALLOCATED	712	631	12.8%
ROE	20.8	20.9	
COST/INCOME RATIO	40.0%	39.3%	
OPERATING DATA			
Assets under management	85,059	85,826	-0.9%

C. MM	Q103	Q102	Var. Y/Y
Net interest and other banking income	53	54	-1.9%
Administrative costs	-35	-39	-10.3%
Operating income	18	15	20.0%
Provisions and net adjustments to loans and financial fixed assets	-1	-	-
Income before extraordinary items	17	15	13.3%
Net extraordinary income	-1	-2	-50.0%
Income before taxes	16	13	23.1%
Income taxes for the period	-5	-4	25.0%
Net income	11	9	22.2%
Contribution to net income of the Group	10	9	11.1%
CAPITAL ALLOCATED	365	366	-0.3%
ROE	11.0	9.8	
COST/INCOME RATIO	66.7	72.7	
OPERATING DATA			
Trading volumes			
▶ Trading	194,342	164,149	18.4%
▶ Sales	44,968	29,758	51.1%
▶ Repurchase agreements	480,492	350,532	37.1%
▶ Placements	2,847	2,553	11.5%

PERSONAL FINANCIAL SERVICES DIVISION

C. MM	Q103	Q102	Var. Y/Y
Net interest income	15	18	-16.8%
Net commissions and other net dealing revenues	108	130	-17.1%
Other income	1	11	-88.4%
Net interest and other banking income	124	159	-22.0%
Administrative costs	-80	-82	-3.1%
Other operating income, net	6	6	0.6%
Adjustments to tangible and intangible fixed assets	-9	-8	13.9%
Operating income	41	75	-44.9%
Adjustments to goodwill and merger and consolidation differences	-1	-2	-67.8%
Provisions and net adjustments to loans and financial fixed assets	-6	-6	8.2%
Income before extraordinary items	34	67	-48.7%
Net extraordinary income	1	-1	
Income before taxes	36	66	-45.9%
Income taxes for the period	-8	-12	-31.7%
Net income	20	41	-49.6%
CAPITAL ALLOCATED	748	863	-13.3%
RORAC/ROE	10.9%	18.8%	
COST INCOME	63.8%	51.5%	
OPERATING DATA			
Direct deposits	4.049	4.600	12.0%
Assets under management	40.119	45.387	-11.6%
Assets under administration	11.752	11.625	1.1%
Net loans to customers (excluding NPL's)	551	481	14.5%

INTERNATIONAL ACTIVITIES DIVISION

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C MM	Q103	Q102	Var. Y/Y
Net interest income	50	48	4.9%
Net commissions and other net dealing revenues	28	30	-7.7%
Other income	1	3	-69.0%
Net interest and other banking income	79	82	-2.9%
Administrative costs	-42	-42	-
Other operating income, net	1	2	-62.3%
Adjustments to tangible and intangible fixed assets	-5	-5	-
Operating income	33	37	-12.2%
Adjustments to goodwill and merger and consolidation differences	-	-	-
Provisions and net adjustments to loans and financial fixed assets	-5	-21	-75.2%
Income before extraordinary items	28	17	66.4%
Net extraordinary income	0	0	-
Income before taxes	28	17	65.6%
Income taxes for the period	-9	-9	-
Net income	19	8	130.7%
CAPITAL ALLOCATED	764	800	-4.5%
RORAC/ROE	9.8%	4.1%	
COST INCOME	57.4%	53.9%	
OPERATING DATA			
Direct deposits	8,474	7,124	18.9%
Assets under management	5,459	5,708	-4.4%
Assets under administration	1,459	2,552	-42.8%
Net loans to customers (excluding NPL's)	9,081	11,510	21.1%

Banque Sanpaolo

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C MM	Q103	Q102	Var. Y/Y
Net interest and other banking income	49	50	-2.0%
Administrative costs	-35	-34	2.9%
Operating income	14	16	-12.5%
Provisions and net adjustments to loans and financial fixed assets	-1	-4	-75.0%
Income before extraordinary items	13	12	8.3%
Net extraordinary income	-	-	-
Income before taxes	13	12	8.3%
Income taxes for the period	-4	-4	-
Net income	9	8	12.5%
Contribution to net income of the Group	9	7	28.6%
CAPITAL ALLOCATED	448	454	-1.3%
ROE	8.0%	6.2%	
COST/INCOME RATIO	69.4%	66.0%	
OPERATING DATA			
Customer financial assets	11,931	12,696	-6.0
▶ Direct deposits	5,013	4,436	13.0%
▶ Assets under management	5,459	5,708	-4.4
▶ Assets under administration	1,459	2,552	42.8%
Net loans to customers (excluding NPL's)	3,701	3,634	1.8%