

GRUPPO SANPAOLO IMI

Q1 2005 RESULTS

13th May 2005

DISCLAIMER

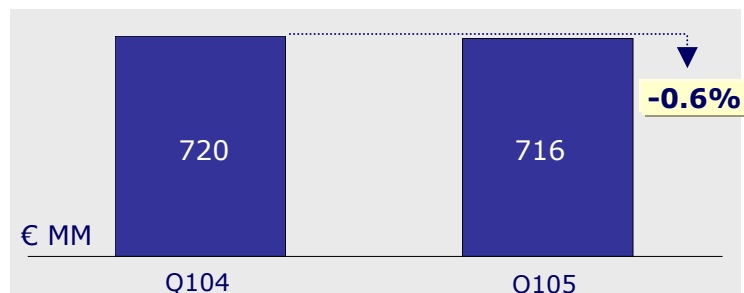
This presentation has been prepared by Sanpaolo IMI and provides information on the management's business plans and strategies. As such, the presentation contains forward-looking information which reflects management's current views with respect to certain future events and the financial performance 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

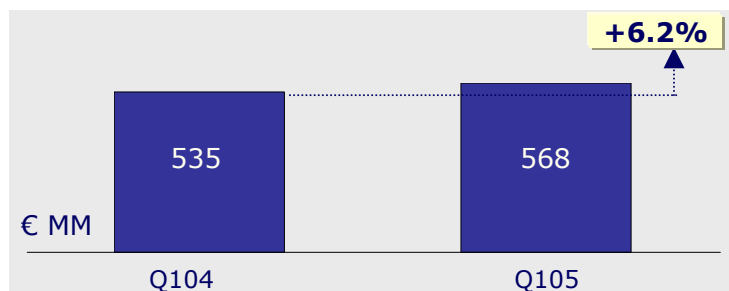
OVERVIEW OF RESULTS

Gross Operating Profit



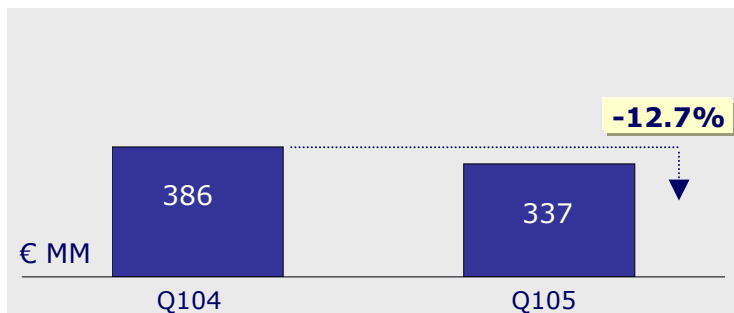
Operating results stable on last year with positive underlying trends

Ordinary Income



Ordinary income up as a result of high asset quality

Net Income

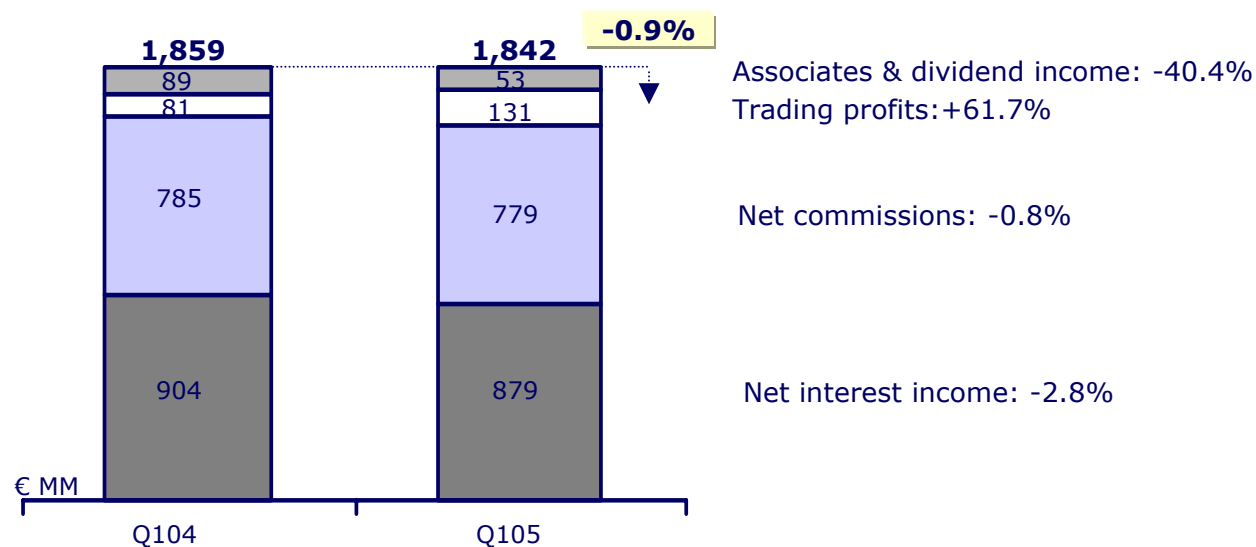


Net income comparison penalised by absence of extraordinary income and related higher tax rate

POSITIVE TRENDS UNDERLYING STABLE OPERATING RESULTS

Total Income

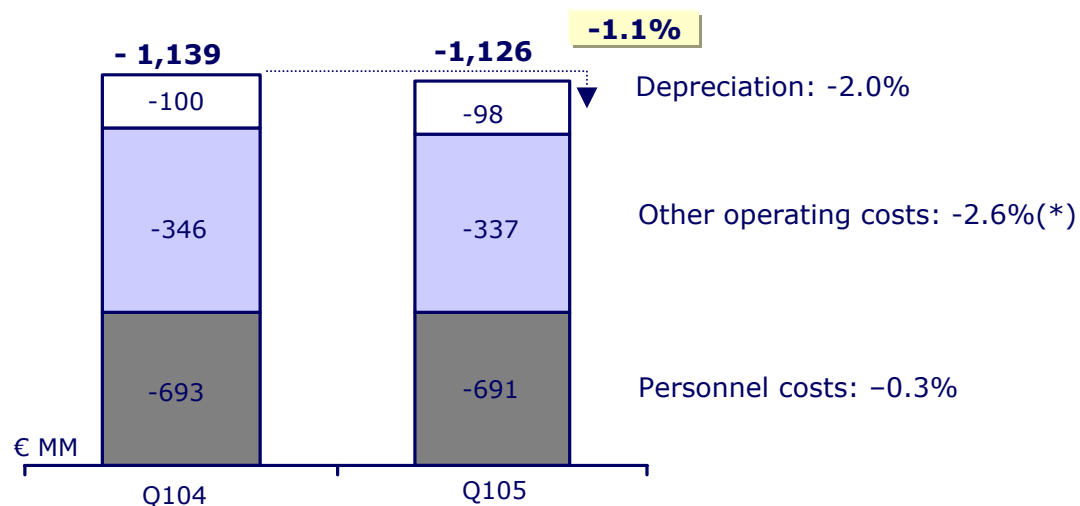
- Some encouraging trends in lending but not evident in year on year comparison due to negative trend line in 2004
- Asset management commissions up 6.2% driven by good and accelerating growth in core stock
- Total net commissions lower due to “exceptional” items
- Strong trading profits driven by core business activity
- Lower contribution from companies carried at equity as a result of insurance accounting



POSITIVE TRENDS UNDERLYING STABLE OPERATING RESULTS

Operating Costs

- Personnel costs stable as a result of a reduced average headcount offsetting the salary increase deriving from the new national banking contract
- Cost synergies from integration continuing to drive other administrative costs down
- Increase in indirect duties and taxes offset by related rise in other income net



(*) Other operating costs include:

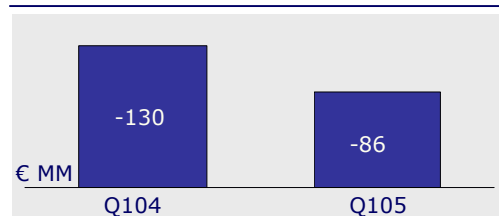
- Other administrative costs: -2.2%
- Indirect duties and taxes: +15.6%
- Other operating income, net: +14.5%

NET INCOME IMPACTED BY REDUCED EXTRAORDINARY INCOME

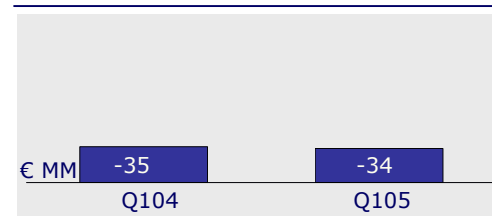
Var. Q105/Q104: -33.8%

- Lower cost of credit thanks to high quality assets and high level of generic coverage on the performing loans

Credit Provisions



Goodwill



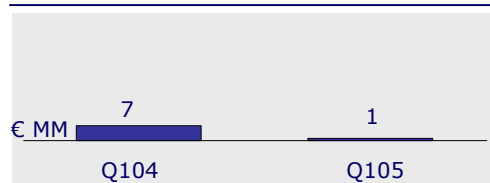
Var. Q105/Q104: -2.9%

- Amortisation charge for goodwill in line with last year

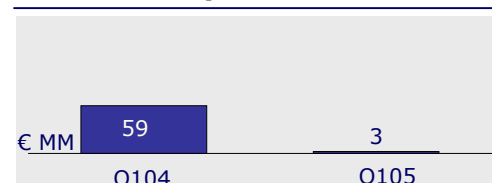
Var. Q105/Q104: -85.7%

- Prudent accounting of financial holdings

Adjustments to Financial Assets



Extraordinary Income



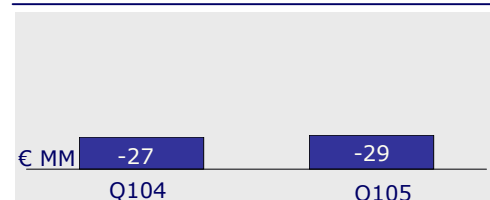
Var. Q105/Q104: -94.9%

- No significant extraordinary income to offset the benefit of the sale of 30% of Finconsumo last year

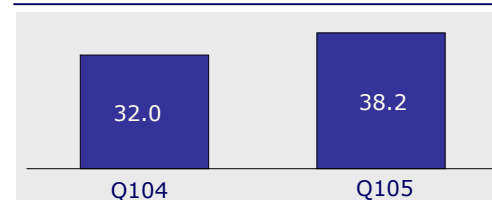
Var. Q105/Q104: +7.4%

- Stable charge for other risks

Other Risks and Charges



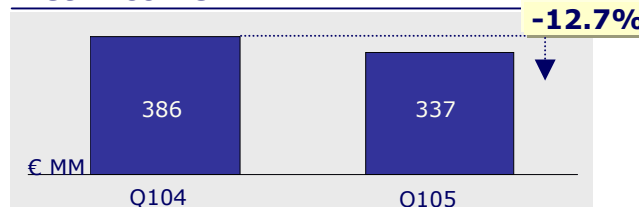
Tax Rate (%)



Var. Q105/Q104: +620bps

- Higher tax rate due to the fiscal treatment on the extraordinary income in 04

Net Income



STRONG BALANCE SHEET

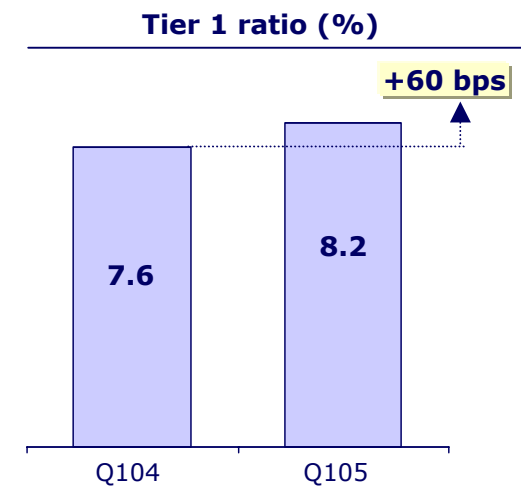
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Good asset quality

- 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 NPL and PPL ratios currently at 0.9% and 1.1% respectively
- A prudent approach to statistical risk with a generic reserve of €1.2 billion which, importantly, represents approximately 1.0% coverage of the performing loans or nearly x2 the annual expected loss of the performing loan 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 significant impact (\sim +260 million €) on capital base from introduction of the new IFRS
- Capital ratios have strengthened to 12.2% total capital, 8.2% tier 1 and 7.4% core capital



OPERATING TRENDS IN Q105 IN COMMERCIAL BANKING

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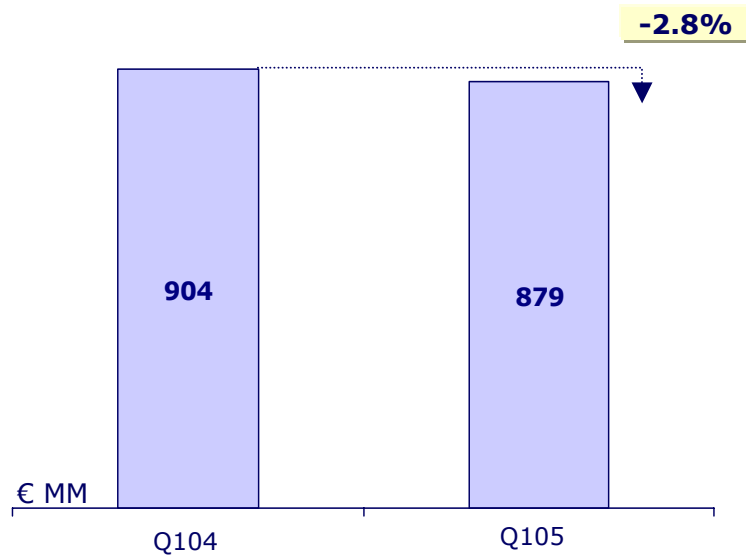
- Clear acceleration in SME lending in Sanpaolo and Sanpaolo Banco di Napoli up +4.9% and 2.3% respectively since 31/12/04
 - Inversion of market share trend
 - Encouraging figures emerging in terms of share of wallet
 - Positive early results from the pilot project in Milan
 - Slower start for ex-Cardine banks
- Strong inflows of new customer financial assets for Sanpaolo and Sanpaolo Banco di Napoli of 3.5 billion and 0.5 billion respectively
 - Winning market share across all aggregates
 - Improving asset mix in the customer portfolio
- Noticeable improvement in asset management trends in ex-Cardine banks as a result of conversion from other asset classes

Asset management stock variations for ex-Cardine Banks	Change y-o-y	Change from 1/1/2005
Banca Popolare dell'Adriatico	+2.2%	+6.7%
C.R. in Bologna	+0.2%	+4.6%
C.R. di Padova e Rovigo	+2.3%	+4.9%
C.R. di Venezia	+1.4%	+6.5%
Friulcassa	+4.5%	+6.9%

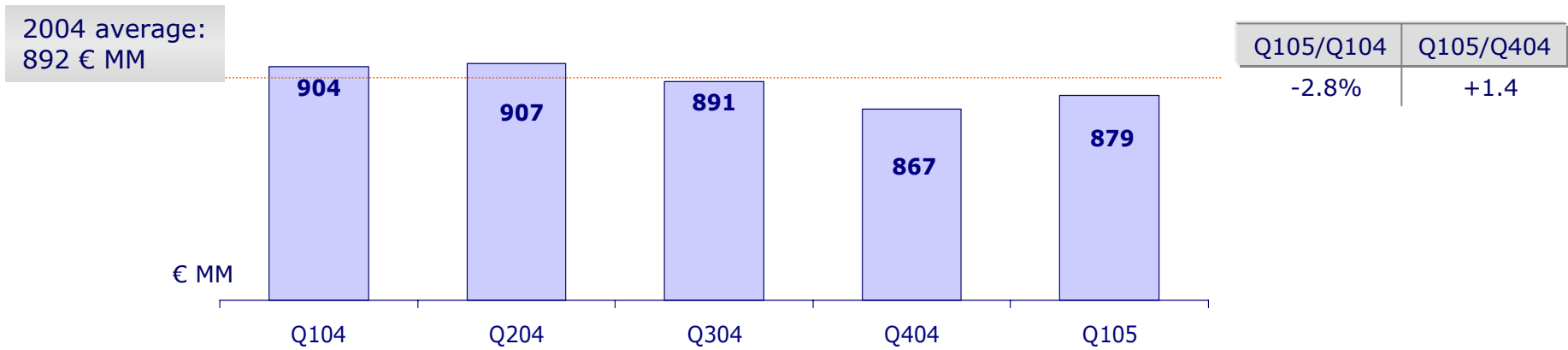
- Overview of results

- P&L breakdown

NET INTEREST INCOME



- Lower NII as a result of margin erosion due to a portfolio effect, as well as a weaker mix of the interest earning assets and higher customer deposits
- Asset quality in the performing loan portfolio continues to remain good and stable



NET CUSTOMER LOANS

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Net customer loans

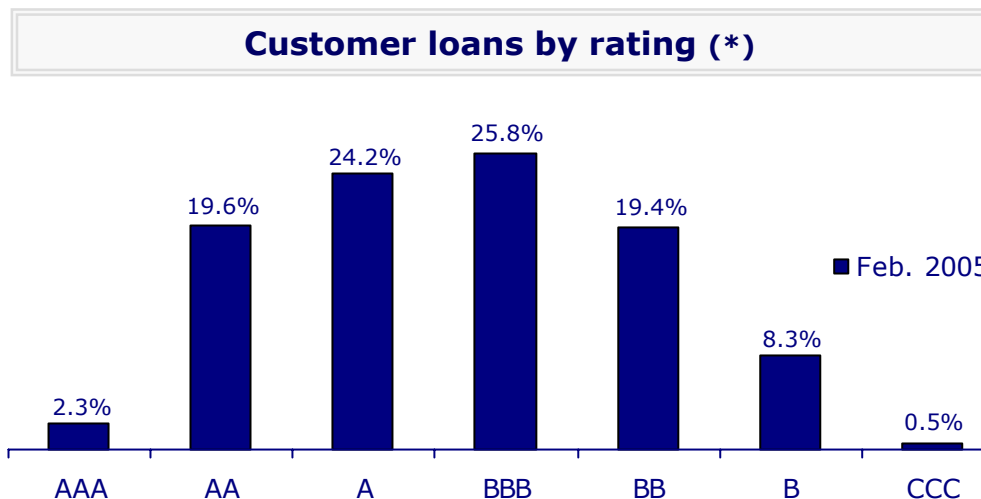
- Net customer loans were up 2.2% year on year driven by higher volumes in the first quarter of the 2005
- Year to date loan portfolio is up 2.9% and although a significant part of that growth was generated by Banca IMI in non-core business, there has been a continuation of good trends in retail lending both in residential mortgages and in consumer finance as well as in public sector lending
- Encouraging signs in Q1 of a pick up in SME business despite a difficult market

€ MM	Stock 31/03/2005	Change Q105/Q104
GROUP:	123,354	+2.2%
▪ Medium-long term	82,921	+3.9%
▪ Short term	40,433	-1.0%
PRINCIPLE BUSINESS UNIT NUMBERS:		
▪ Commercial Banking		
▪ Private & Retail	41,906	+2.6%
▪ Finemiro	3,813	+9.2%
▪ Corporate		
▪ SMEs	35,867	+1.5%
▪ Large Groups	6,206	-12.3%
▪ International Corporate	2,907	-4.8%
▪ Leasing	2,988	-30.0%
▪ Commercial Banking		
▪ Sanpaolo	57,872	-0.8%
▪ Private & Retail	18,227	+7.5%
▪ SMEs	20,725	+4.7%
▪ Sanpaolo Banco di Napoli	8,222	+8.0%
▪ NE Banks	25,393	-2.7%
▪ Banca OPI	19,375	+5.1%

MARGINS AND ASSET QUALITY

- Mark up down 18 bps as a result of a portfolio mix effect
- Mark down increased as retail deposits benefited from a rise in average Euribor
- Strong and stable asset quality

Average spread on customer business	
	Change Y/Y
Average spread	-11
▪ Mark up	-18
▪ Mark down	7
3 month Euribor	7



(*)The portfolio includes analytically rated performing loans to customers on and off-balance sheet which represent approximately 70% of the total portfolio. The remaining portion of the portfolio is principally in retail lending most of which is made by residential mortgage lending.

WELL BALANCED CUSTOMER DEPOSIT BASE

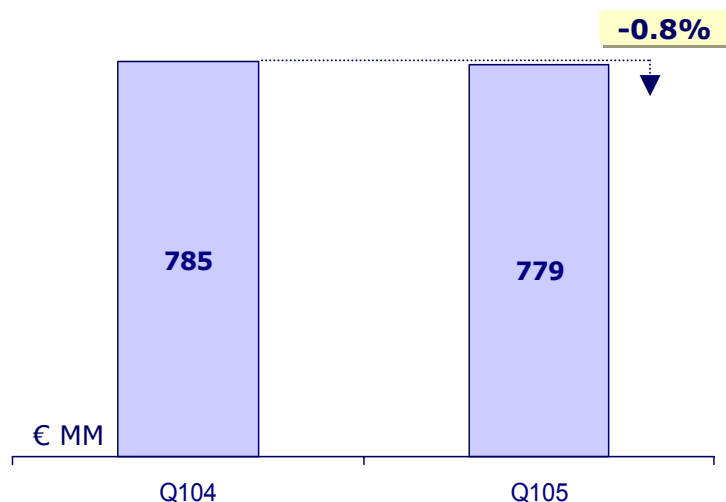
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- Current accounts and deposits account for more than 50% of direct deposits

€ MM	31/03/2005	%	31/03/2004	%	Change Q105/Q104
Current accounts and deposits	72,997	53.6	67,741	50.2	+7.8
CDs	3,107	2.3	5,355	4.0	-42.0
Bonds	39,036	28.7	41,479	30.8	-5.9
Commercial paper	3,208	2.3	3,659	2.7	-12.3
Repos	12,382	9.1	12,757	9.4	-2.9
Other	5,449	4.0	3,872	2.9	+42.0
Total	136,229	100.0	134,863	100.0	+1.0

NET COMMISSION INCOME

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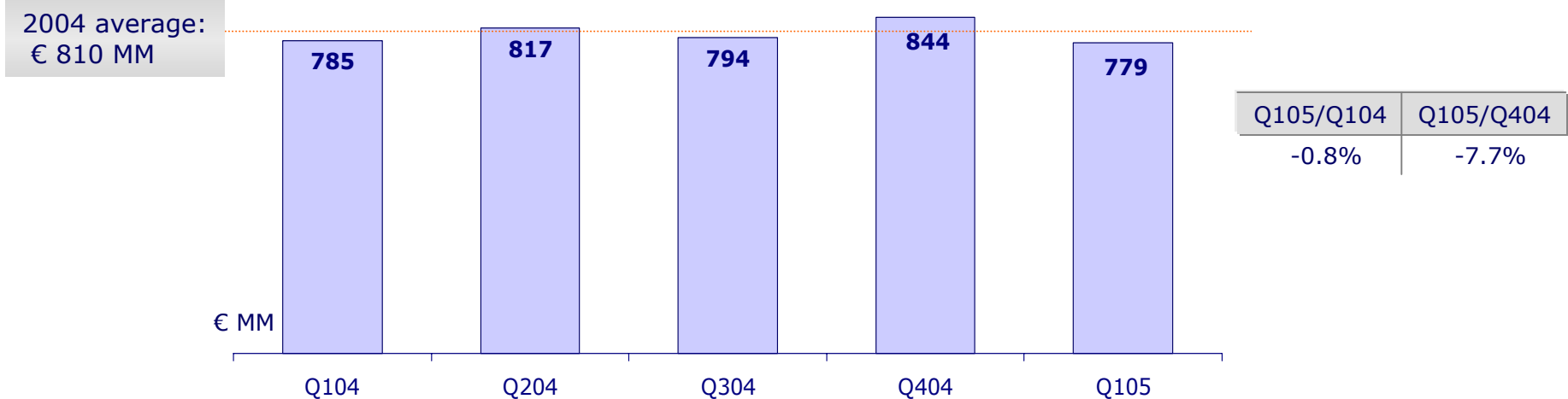


- Asset management fees driven by good operating trends and positive performance effect
- Traditional banking fees continue to contribute to growth
- Total commissions penalised by:
 - prudent accounting of tax collection commission
 - lower dealing fees due to structured bond issue in Q105 being accounted for as POF income
 - higher life fees being in part accounted for as associate income

€ MM	Q105	Q104	Change Q105/Q104
Management, Dealing and advisory services	478	477	+0.2
▪ <i>asset management</i>	430	405	+6.2
▪ <i>dealing, advisory and custody, currencies</i>	48	72	-33.3
Loans and guarantees	79	76	+3.9
Collection and payment services	62	62	-
Deposits and current accounts	122	119	+2.5
Other services and net dealing revenues	38	51	-25.5
Net commissions and other dealing revenues	779	785	-0.8

FEE INCOME QUARTERLY ANALYSIS

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€ MM	Q105	Q404	Q304	Q204	Q104	Change Q105/Q104	Change Q105/Q404
Management, Dealing and advisory services	478	491	466	470	477	+0.2%	-2.6%
▪ <i>asset management</i>	430	421	414	406	405	+6.2%	+2.1%
▪ <i>dealing and custody, currencies</i>	48	70	52	64	72	-33.3%	-31.4%
Loans and guarantees	79	80	84	93	76	+3.9%	-1.3%
Collection and payment services	62	67	59	60	62	0.0%	-7.5%
Deposits and current accounts	122	143	134	135	119	+2.5%	-14.7%
Other services and net dealing revenues	38	63	51	59	51	-25.5%	-39.7%
Net Commissions and other dealing revenues	779	844	794	817	785	-0.8%	-7.7%

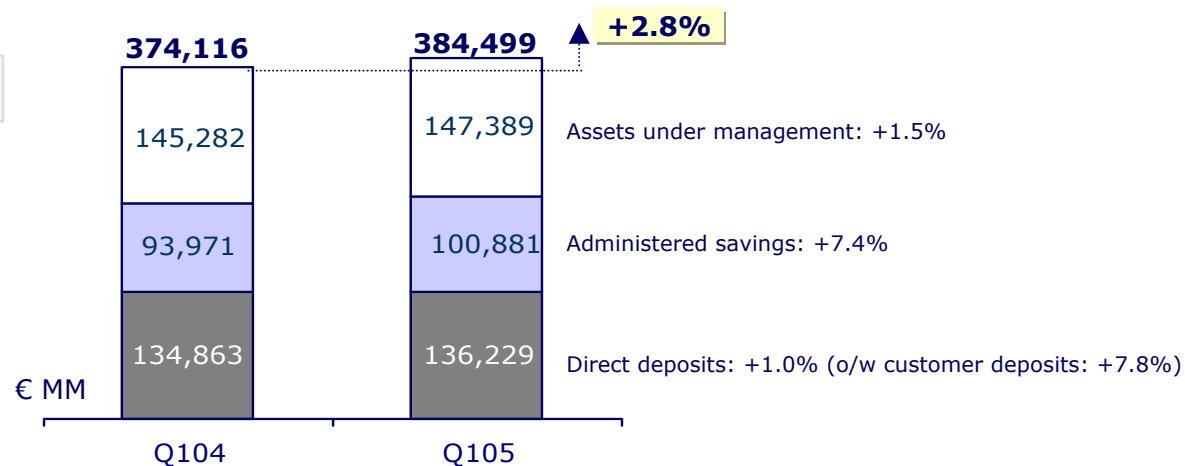
DETAIL ON CUSTOMER FINANCIAL ASSETS

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Total financial assets

- The increase in TFA has been as a result of growth in all three aggregates
- The driver to growth has been the commercial bank where TFA were up +7.0% year on year
- In the first three months of this year the net increase in financial assets was more than €7 billion of which 5 billion from new net money driven by inflows from the commercial bank of more than €4 billion

TFA stock breakdown



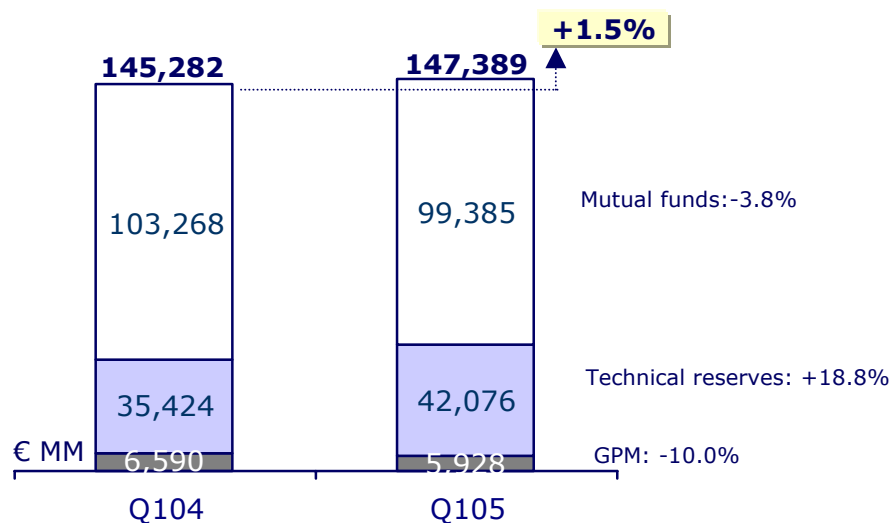
€ MM	31/03/05 stock	Q105 flows	Q105 performance	Net change year to date
TFA	384,499	+5,121	1,936	7,057
AUM	147,389	+2,093	+812	+2,905
▪ Life assurance	42,076	+1,686	-51	+1,635
▪ Mutual funds	99,385	+415	+962	+1,377
▪ GPM	5,928	-8	-99	-107
Administered	100,881	+2,001	+1,124	+3,125
Direct deposits	136,229	+1,027	-	+1,027

DETAIL ON ASSETS UNDER MANAGEMENT

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- Customer preference for life products at the expense of mutual funds
- Good y-o-y growth in asset under management stock particularly in Sanpaolo and Sanpaolo Banco di Napoli networks
- Noticeable increase in net new money flows from NE Banks in Q105

Assets under Management



€ MM	Q105 Flows				Q105 Stock	
	Life assurance	Mutual funds	GPM	Total	Total	Var. Y/Y
Sanpaolo (*)	1,218	372	18	1,608	81,721	+5.0%
North East Network	178	381	-29	530	13,984	+1.5%
Fideuram	141	-167	21	-5	46,515	+0.8%
Other	149	-171	-18	-40	5,169	-31.5%
Total	1,686	415	-8	2,093	147,389	+1.5%

(*) Includes Sanpaolo Network, Sanpaolo Banco di Napoli and BPA

DETAIL ON MUTUAL FUNDS

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- A 19.5% 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 33.4%.

Mutual fund portfolio composition

€ MM	31/03/05	31/03/04
▪ Equity	25.2%	24.2%
▪ Balanced	8.2%	7.9%
▪ Bond	44.6%	41.9%
▪ Money	22.0%	26.0%
Mutual funds stock	100.0%	100.0%

Market share: 19.5% as of March 2005

DETAIL ON LIFE ASSURANCE

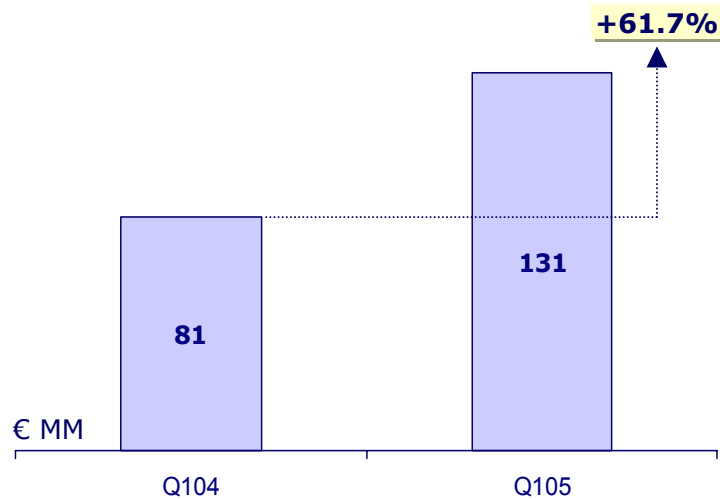
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- Leading bancassurance Group in Italy with a 12% market share of technical reserves (*)
- Technical reserves up 18.8% Y/Y
- Continuing to win market share: 18,2% share of the bancassurance market for new business (15.5% of total life market) (*)
- **Significant embedded value in life portfolio: € 2,433 MM** (as at 31/12/2004)

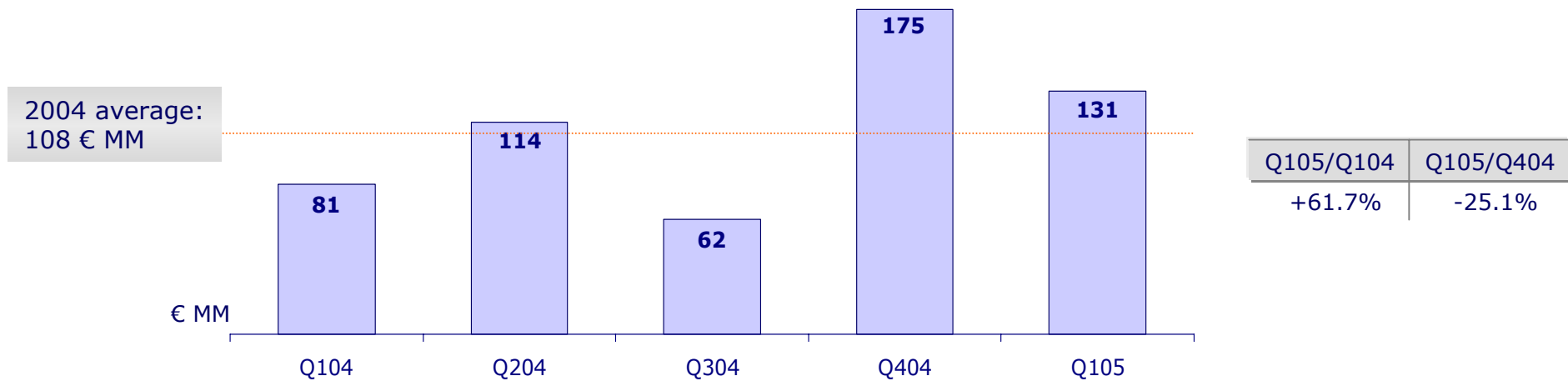
€ MM	31/03/2005 stock	31/03/2004 stock	Var. 05/04
Total	42,076	35,424	+18.8%
▪ Traditional	16,904	13,261	+27.5%
▪ Unit linked	13,322	11,872	+12.2%
▪ Index linked	10,442	8,259	+26.4%
▪ Third parties	1,408	2,032	-30.7%

(*) as at 31/03/2005

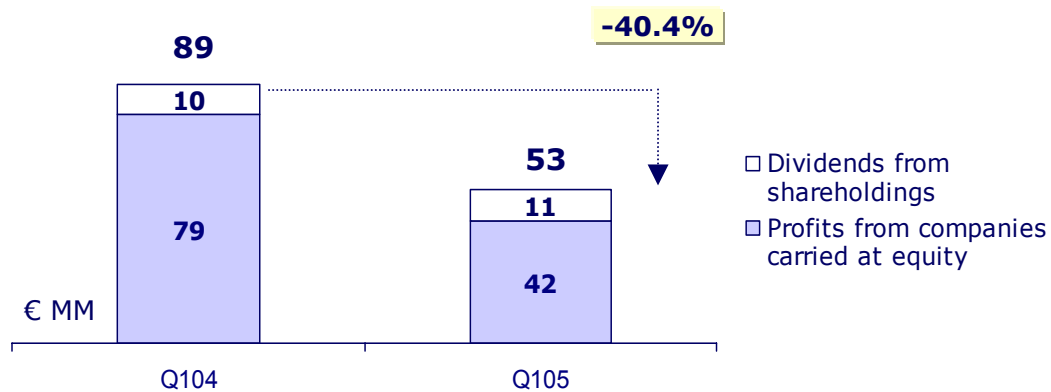
PROFITS ON FINANCIAL TRANSACTIONS AND DIVIDENDS ON SHARES



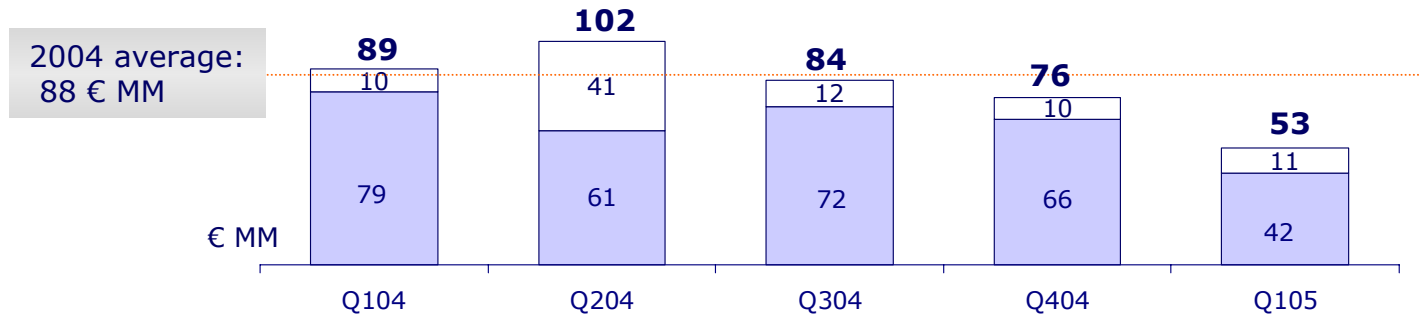
- Good growth in profits on financial transactions thanks to strong contributions from Banca IMI and the Commercial Bank
- Low risk trading portfolio Average VaR in Q105 €7 MM down from 13 MM in Q104



PROFITS OF COMPANIES CARRIED AT EQUITY AND DIVIDENDS ON EQUITY INVESTMENTS



Lower contribution from companies carried at equity as a result of insurance accounting



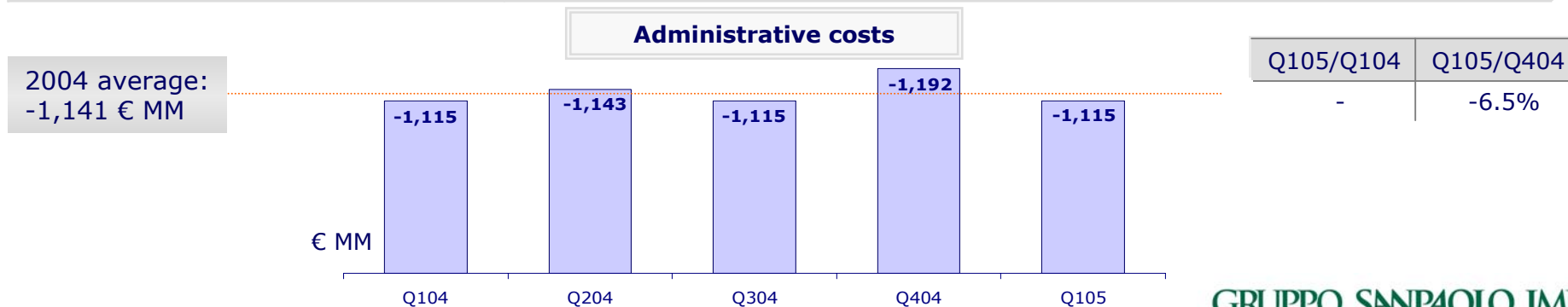
Q105/Q104	Q105/Q404
-40.4%	-30.3%

BENEFITS FROM INTEGRATION LEAD TO LOWER COSTS

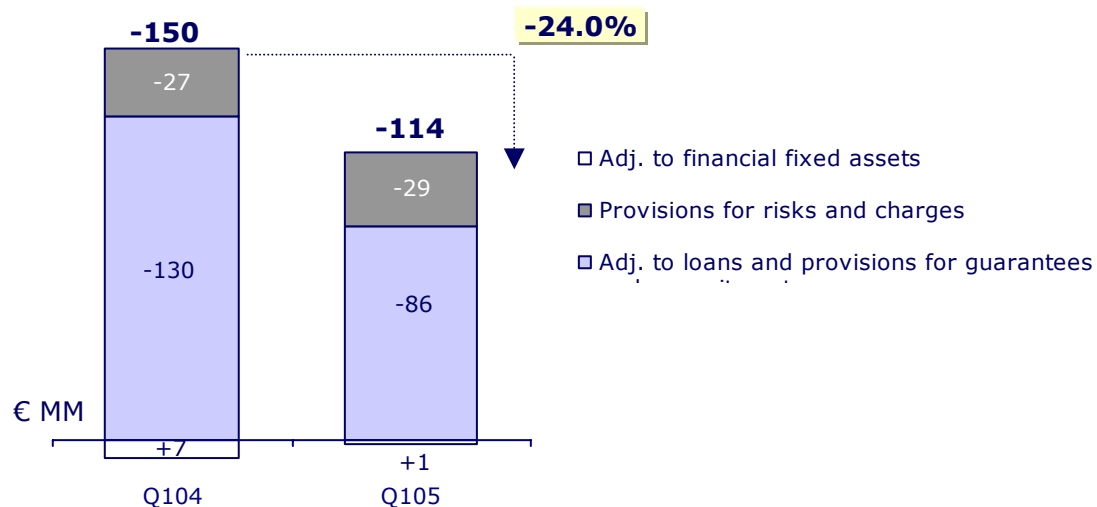
- Fall in personnel expenses driven by average net headcount reduction of 1.4% Y/Y despite a salary increase of 2% starting in February 2005
- Other operating costs continue to benefit from integration down 2.2% in nominal terms down 4% in real terms

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€ MM	Q105	Q104	Change Q105/Q104
Administrative costs	-1,115	-1,115	-
▪ Personnel expenses	-691	-693	-0.3%
▪ Other administrative costs	-350	-358	-2.2%
▪ <i>IT costs</i>	-96	-102	-5.9%
▪ <i>Real estate costs</i>	-69	-73	-5.5%
▪ <i>General costs</i>	-56	-60	-6.7%
▪ <i>Professional and insurance costs</i>	-66	-60	+10.0%
▪ <i>Advertising and marketing costs</i>	-17	-19	-10.5%
▪ <i>Indirect personnel costs</i>	-24	-23	+4.3%
▪ <i>Utilities</i>	-22	-21	+4.8%
▪ Indirect duties and taxes	-74	-64	+15.6%
Other operating income, net	87	76	+14.5%
Depreciation	-98	-100	-2.0%



TOTAL NET PROVISIONS



- Credit provisioning reflects good quality of loan portfolio and high level of coverage on performing loan portfolio
- Prudential accounting of other risks and charges and adjustments to financial assets

Financial assets

FIAT
SCH

Principle Quarterly Adj.

€ -1 MM
€ 0 MM

Book value as at 31/03/05

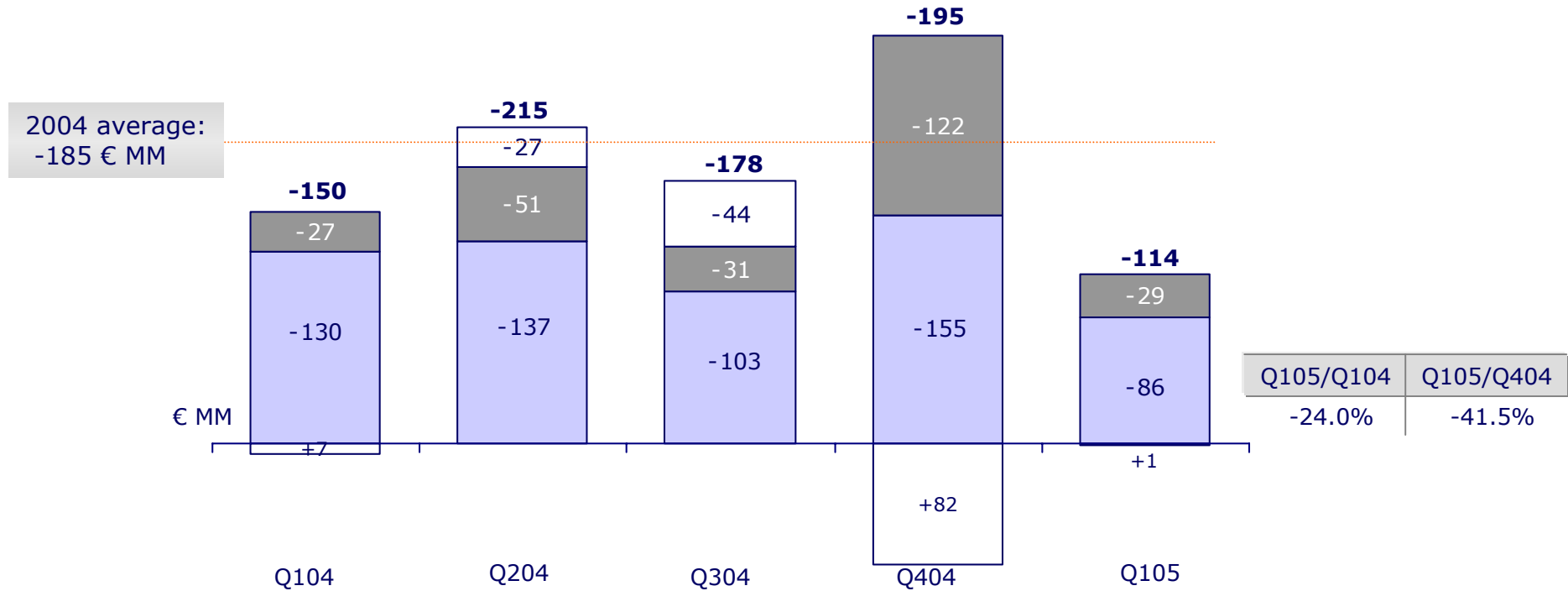
€ 5.7 Book value p.s.
€ 8.9 Book value p.s.

Credit provisions

Generic provisions
Specific provisions

€ 66 MM (total generic provision: € 1.2 BN)
€ 19 MM

QUARTERLY ANALYSIS TOTAL NET PROVISIONS



- Adjustments to financial fixed assets
- Provisions for risks and charges
- Adjustments to loans and provisions for guarantees and commitments

DETAIL ON ASSET QUALITY AND CAPITAL RATIOS

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- Net NPL and watchlist ratios at 0.9% and 1.1% respectively
- Net NPL and net watchlist coverage levels at 75.0% and 30.6% respectively
- Net NPL and problem loans -0.8% and -14.8% Y/Y
- Net loans to countries at risk only € 29 million
- High level of general reserve maintained at around 2X average cost of risk

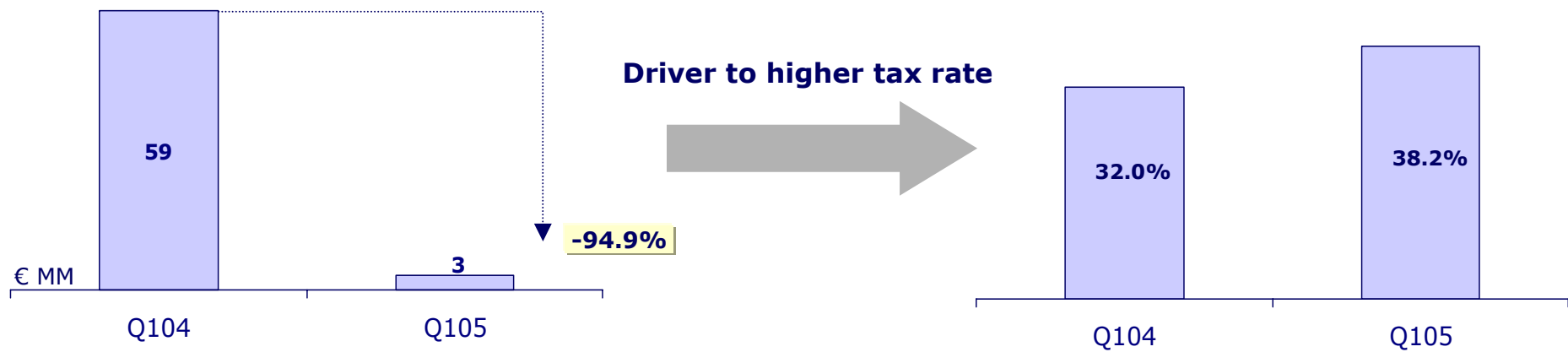
€ MM	31/03/05							
	Gross exposure	Var. Y/Y	Var. Q/Q	Total adjustments	Net exposure	Var. Y/Y	Var. Q/Q	Coverage
Doubtful loans	6,615	-1.8%	-0.2%	4,095	2,520	-8.7%	-1.1%	61.9%
▪ Non-performing loans	4,671	+6.1%	+1.1%	3,503	1,168	-0.8%	+0.6%	75.0%
▪ Problem loans	1,944	-16.7%	-3.1%	592	1,352	-14.6%	-2.5%	30.5%
Performing loans	123,972	+2.4%	+2.9%	1,160	122,812	+2.3%	+2.9%	1.0%*
Total loans	130,587	+2.2%	+2.8%	5,255	125,332	+2.0%	+2.8%	4.0%

	31/03/05	31/03/04
NPL ratio	0.9%	1.0%
Watchlist ratio	1.1%	1.2%

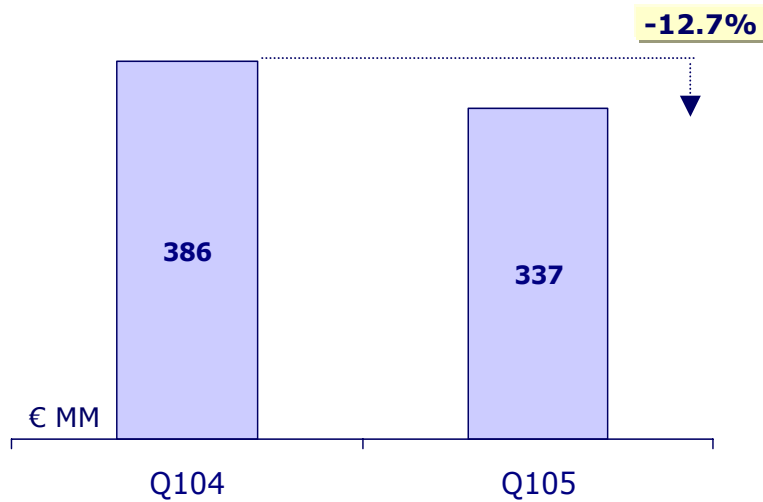
	31/03/05	31/03/04
Core Tier 1 ratio	7.4%	6.8%
Tier 1 ratio	8.2%	7.6%
Total risk ratio	12.2%	10.9%

(*) Includes € 84 MM of reserve for credit risks

NET EXTRAORDINARY INCOME AND TAX RATE

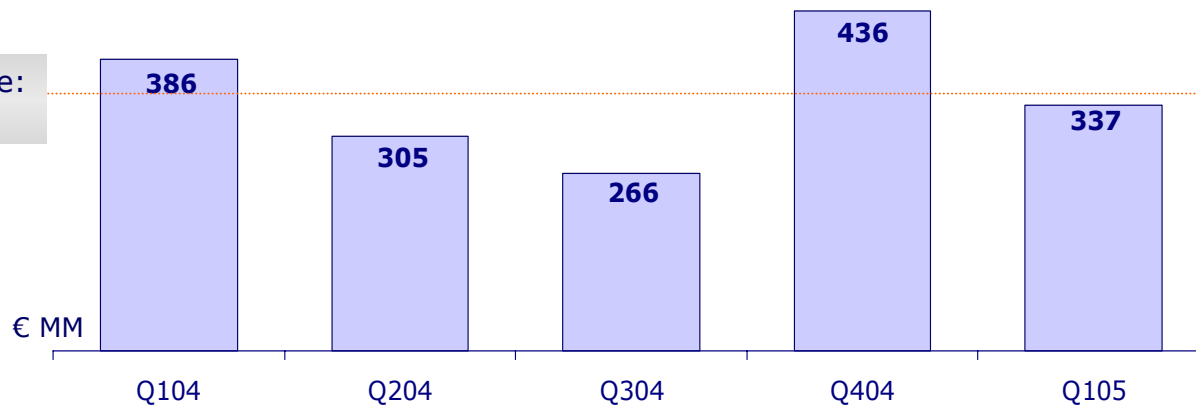


NET INCOME



- Positive ordinary income result offset by lower extraordinary items contributions
- Cost/income 62.9%
- Annualised Return on Equity 11.3%

2004 average:
347 € MM



Q105/Q104	Q105/Q404
-12.7%	-22.7%