



# Italian Leader with European Dimension

*Setting the New Benchmark for Value Creation*

*26 August 2006*

# Disclaimer

## IMPORTANT INFORMATION

In connection with the proposed business combination, the required information document will be sent to Commissione Nazionale per le Società e la Borsa (“CONSOB”) and, to the extent that the shares issued in connection with the proposed business combination will be required to be registered in the United States, a registration statement on Form F-4, which will include a prospectus, may be filed with the United States Securities and Exchange Commission (“SEC”). If an exemption from the registration requirements of the U.S. Securities Act of 1933 (the “Securities Act”) is available, the shares issued in connection with the proposed business combination will be made available within the United States pursuant to such exemption and not pursuant to an effective registration statement on Form F-4. Investors are strongly advised to read the documents that will be sent to CONSOB, the registration statement and prospectus, if and when available, and any other relevant documents sent to CONSOB and/or the SEC, as well as any amendments or supplements to those documents, because they will contain important information. If and when filed, investors may obtain free copies of the registration statement, the prospectus as well as other relevant documents filed with the SEC, at the SEC’s web site at [www.sec.gov](http://www.sec.gov) and will receive information at an appropriate time on how to obtain these transaction-related documents for free from the parties involved or a duly appointed agent.

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The shares to be issued in connection with the proposed business combination may not be offered or sold in the United States except pursuant to an effective registration statement under the Securities Act or pursuant to a valid exemption from registration.

## FORWARD-LOOKING STATEMENTS

This communication contains forward-looking information and statements about Sanpaolo IMI S.p.A. and Banca Intesa S.p.A. and their combined businesses after completion of the proposed business combination. Forward-looking statements are statements that are not historical facts. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. Forward-looking statements are generally identified by the words “expects,” “anticipates,” “believes,” “intends,” “estimates” and similar expressions. Although the managements of Sanpaolo IMI S.p.A. and Banca Intesa S.p.A. believe that the expectations reflected in such forward-looking statements are reasonable, investors and holders of Sanpaolo IMI S.p.A. and Banca Intesa S.p.A. shares are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of Sanpaolo IMI S.p.A. and Banca Intesa S.p.A., that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified in the public documents sent by Sanpaolo IMI S.p.A. and Banca Intesa S.p.A. to CONSOB and under “Risk Factors” in the annual report on Form 20-F for the year ended December 31, 2005 filed by Sanpaolo IMI S.p.A. with the SEC on June 29, 2006. Except as required by applicable law, neither Sanpaolo IMI S.p.A. nor Banca Intesa S.p.A. undertakes any obligation to update any forward-looking information or statements.

# Agenda

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## 1. Transaction Summary

2. Industrial Rationale

3. Value Creation

4. Organisational Model and Corporate Governance

# Solid Transaction Rationale: Creation of an Undisputed Italian Leader with European Dimension

## The Italian Leader

- Undisputed leader in all segments with market share of ~22% in customers loans and deposits, twice the number two player
- High incidence of Italian retail representing ~60% of combined revenues
- Clear leadership in most attractive products
- Strong capital base and best in-class asset quality

## Unique Customer Reach

- Most extensive network in Italy: over 6,100 branches, ~20% market share and ~13 million clients
- Deep and well-balanced presence (market share >15% in 15 regions and <5% only in 7 provinces), focus on the wealthiest areas of the country (63% branches located in Northern Italy)
- Strong reinforcement of territory coverage: market share above 20% in 40 provinces out of 103 vs. 9 and 11 pre-combination for Intesa and SPIMI respectively

## Complementary Presence in CEE

- Complementary presence in CEE reaching over ~6 million clients in 10 countries through ~1,400 branches<sup>(1)</sup>

*Unique positioning allowing to deliver significant in-market synergies and superior sustainable results*

(1) Including UkrSotsbank in Ukraine and Panonska in Serbia (acquisitions underway)

# Attractive Financial Proposition

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## Value Creation

- €1.3bn fully phased-in pre-tax preliminary estimated synergies in 2009
  - ~75% cost synergies, equivalent to ~9% of combined cost base
  - ~25% revenue synergies, equivalent to ~2% of combined revenue base
- One-off integration costs conservatively estimated at €1.5bn

## Attractive Financial Proposition

- High dividend policy: payout in excess of 60% while maintaining a sound capital base
- Possibility to return excess capital to shareholders
- Transaction EPS accretive for both Intesa and SPIMI shareholders

# Key Terms and Clear Corporate Governance

## Key Terms and Conditions

- Friendly transaction to be implemented via a merger of equals
- 3.115 new Intesa ordinary shares for each SPIMI ordinary / privileged share
- Combined market capitalisation of ~€65bn<sup>(1)</sup>
- Conditions: subject to regulatory, Boards and EGM approvals

## Clear Corporate Governance

- Legal HQ in Turin, operating HQs in Milan and in Turin
- Innovative corporate governance proposition with Dualistic Model:
  - Supervisory Board - strategic decisions such as M&A and capital actions
  - Management Board - ordinary administration of the Group
- Well-defined allocation of responsibilities
  - 1 Chairman at Supervisory Board level (Giovanni Bazoli) and 1 Chairman at Management Board level (Enrico Salza)
  - Empowered CEO: Corrado Passera, part of the Management Board
  - 2 general managers. One of them, Pietro Modiano, deputy to the CEO

## Organisational Model

- Reinforcement the “Banca dei Territori” concept: strong ties to local markets fully leveraging on the value of local brands attributing a specific territory to each brand on an exclusivity basis
- Adoption of a single national brand for Intesa S.p.A. and SPIMI S.p.A. branch networks

(1) Based on share prices as of 25 August 2006

# Transaction Milestones

26 August  
2006

- Announcement of Transaction by respective Boards

September/  
Mid November  
2006

- Relevant authorities approvals
  - Antitrust
  - Bank of Italy
  - ISVAP
- Elaboration of the Merger Project
- Intesa and SPIMI Boards to approve Merger Documentation (“Progetto di Fusione”)
- Calling of Intesa and SPIMI Shareholders’ Meetings
- Presentation to the market of the Merger Project (End October/Mid November)

December  
2006

- Respective Shareholders’ Meetings to approve Merger Documentation (“Progetto di Fusione”)

*Timetable is indicative only and could change depending on legal and regulatory considerations*

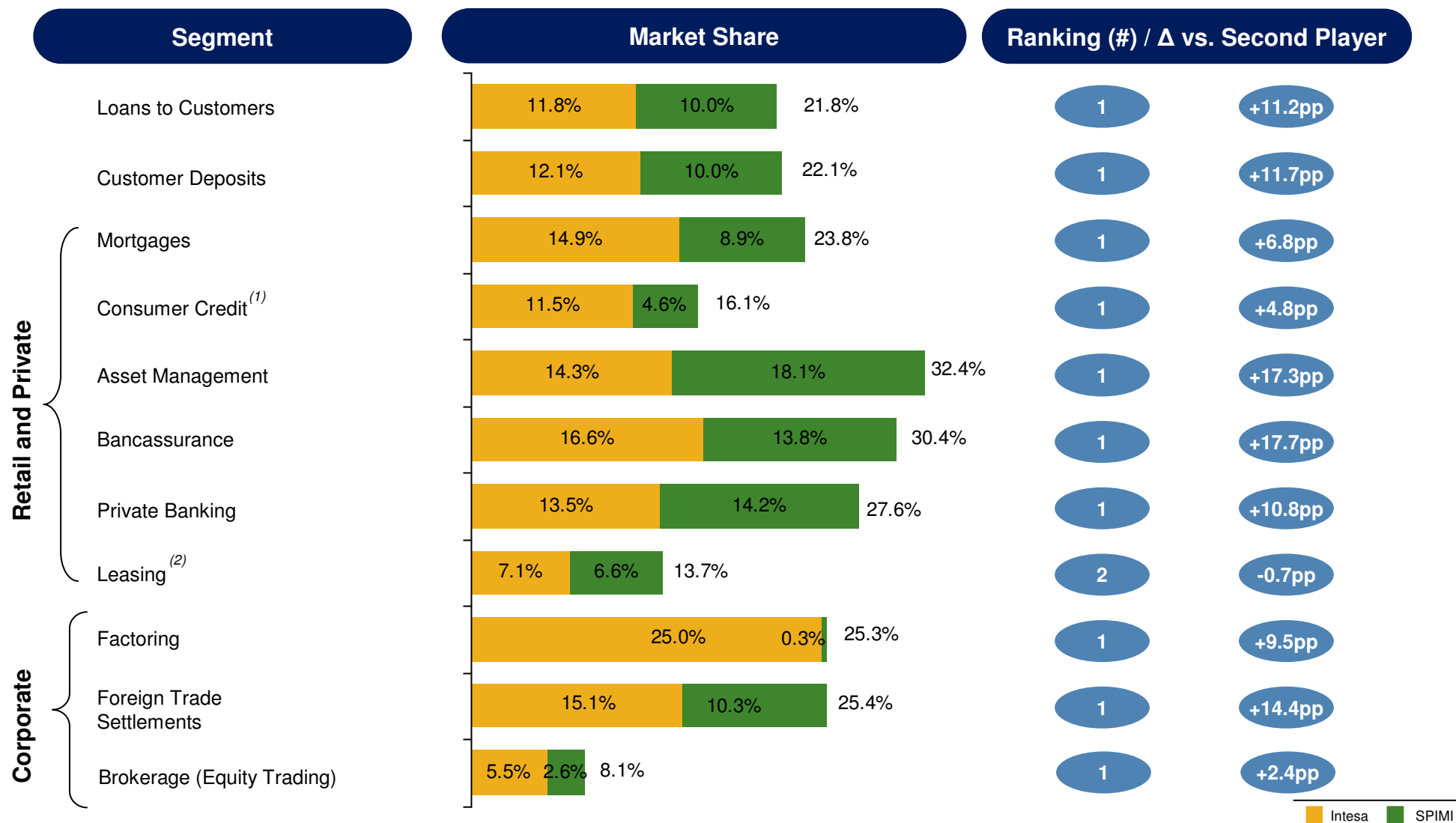
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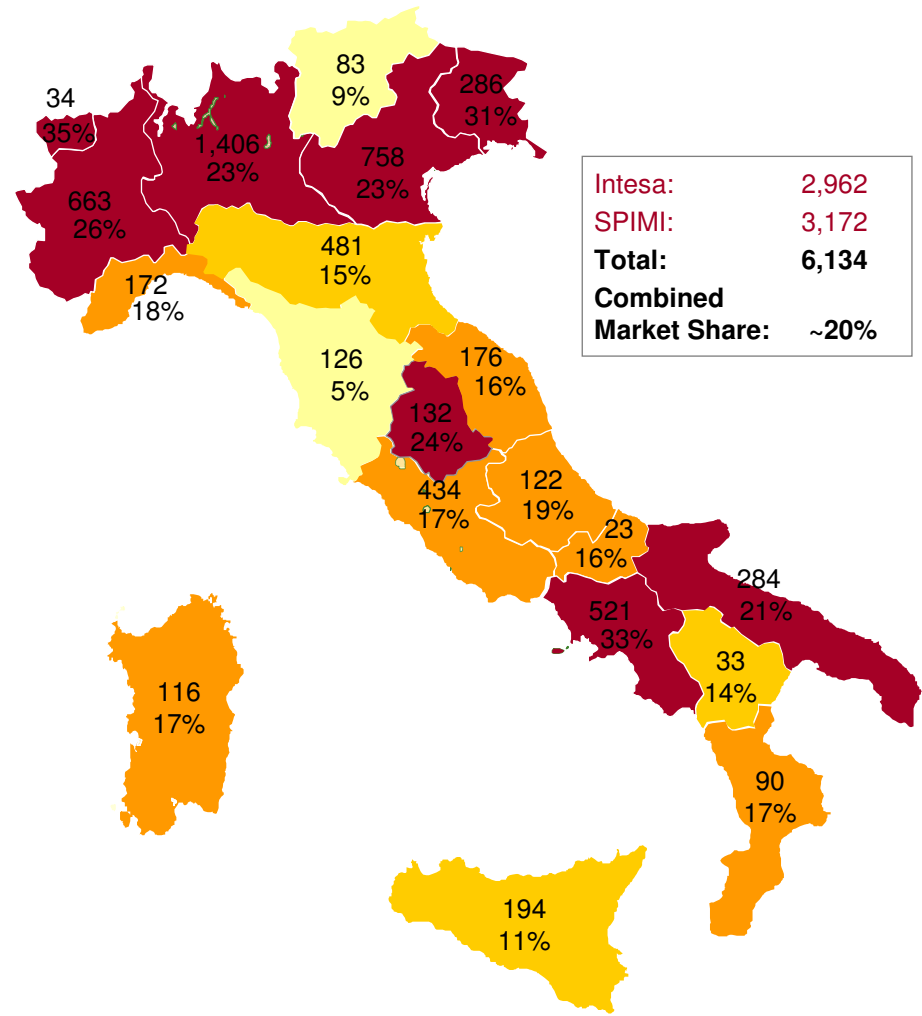
# The Italian Leader



Source: 2005 Annual Reports, Bank of Italy, UIC, IAMA, Assilea, Assifact, Assogestioni, Assofin, Ass. Italiana Private Banking and Thomson Financial. All data as of December 2005 except asset management (June 2006)

Note: Market shares based on the following metrics: for mortgages, consumer credit and leasing new business; for asset management, OICR funds; for bancassurance, life gross written premiums; for private banking, total assets' clients; for factoring, cumulated turnover; for foreign trade settlements, total value of payments; for brokerage, trading volumes in cash segment (1) Including Agos Itafinco (2) For leasing market share difference calculated vs. first player

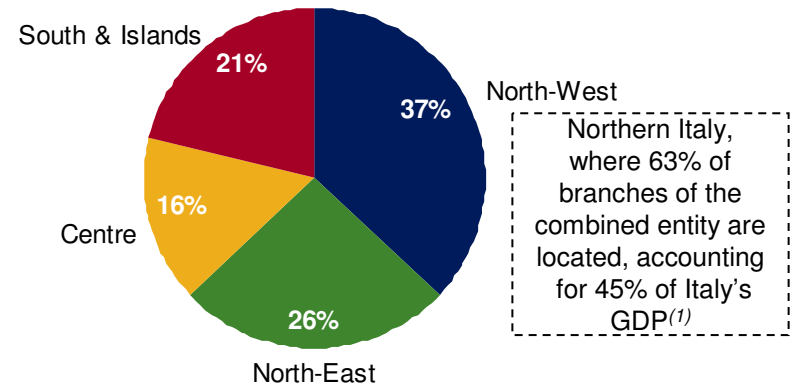
# Unique Customer Reach, Particularly in Wealthiest Areas



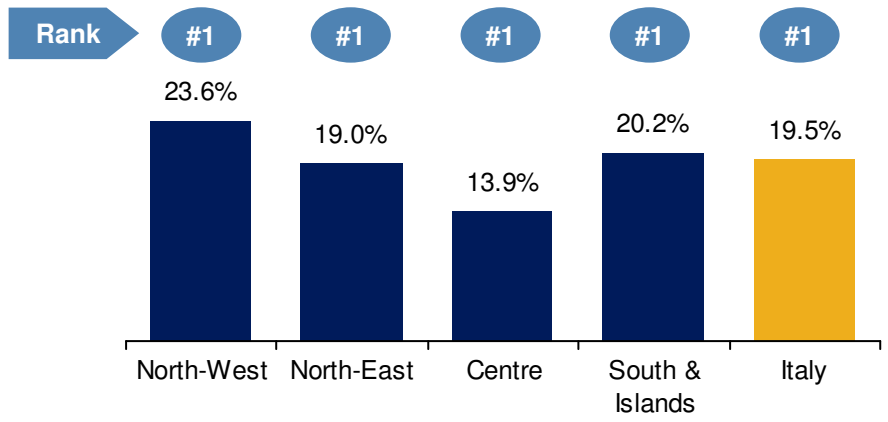
Intesa:	2,962
SPIMI:	3,172
<b>Total:</b>	<b>6,134</b>
<b>Combined Market Share:</b>	<b>~20%</b>

5-10% 10-15% 15-20% >20%

## Distribution of Branches by Geography



## Market Share and Positioning of the Combined

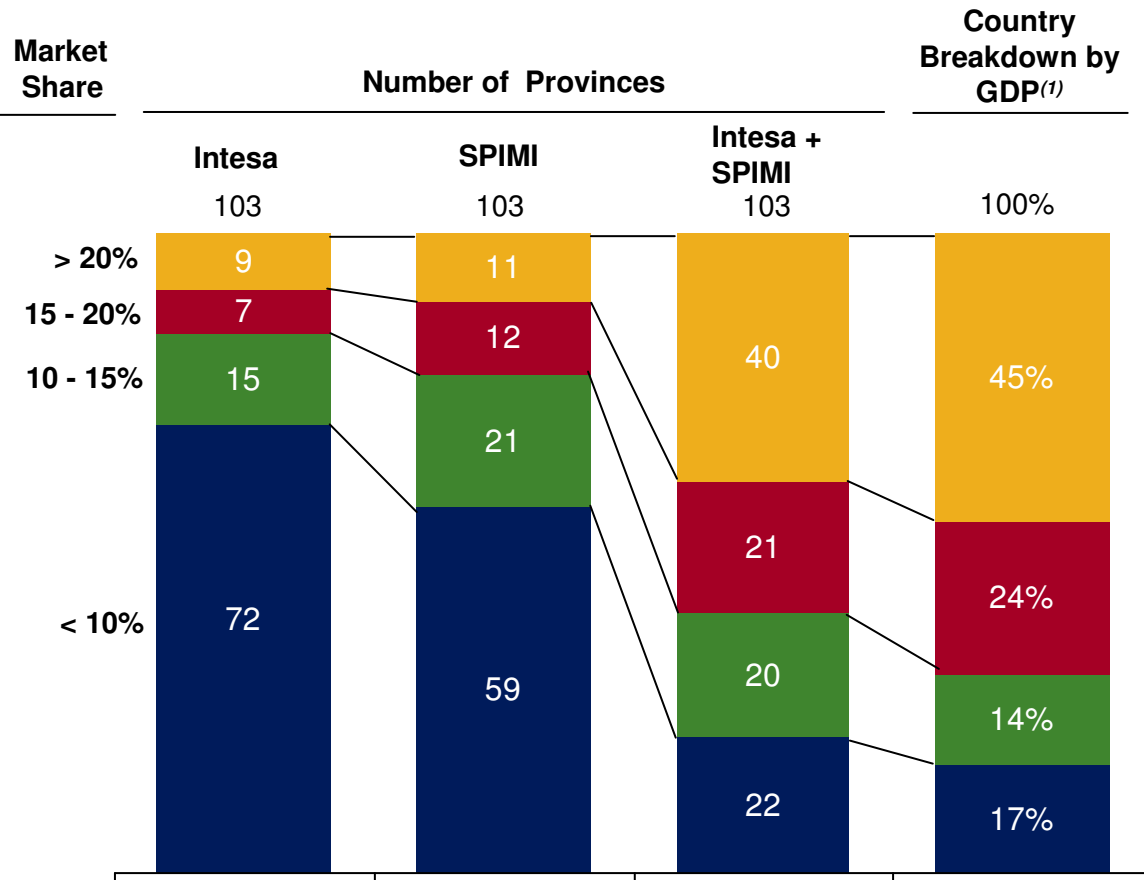


Source: Bank of Italy. Data as of December 2005 (1) Source: Bank of Italy regional accounting reports as of May 2006 based on 2004 data

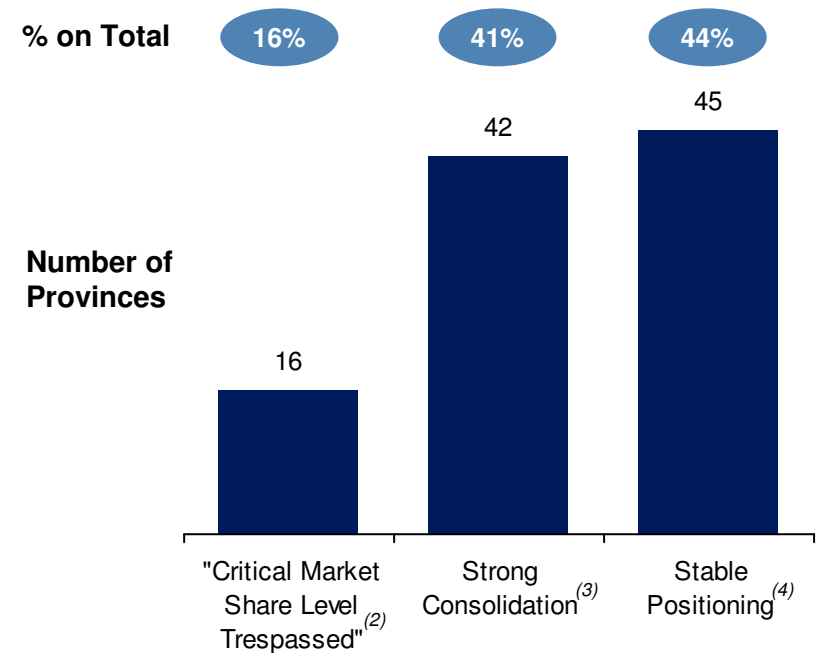
# Strong Complementarity and Strengthening of Networks

## Capillar Presence Covering More than 80% of the Country Wealth

## N. of Provinces by Type of Strategic Impact



- Market share will significantly increase in 16 provinces, trespassing 10% threshold and will further strengthen in 42 provinces where Intesa or SPIMI already have more than 10% market share



"Banca dei Territori" organisational model with strong brands will help to maximize local reach

Source: Istat, Bank of Italy, Data as of December 2005

(1) Calculated on the basis of GDP per province

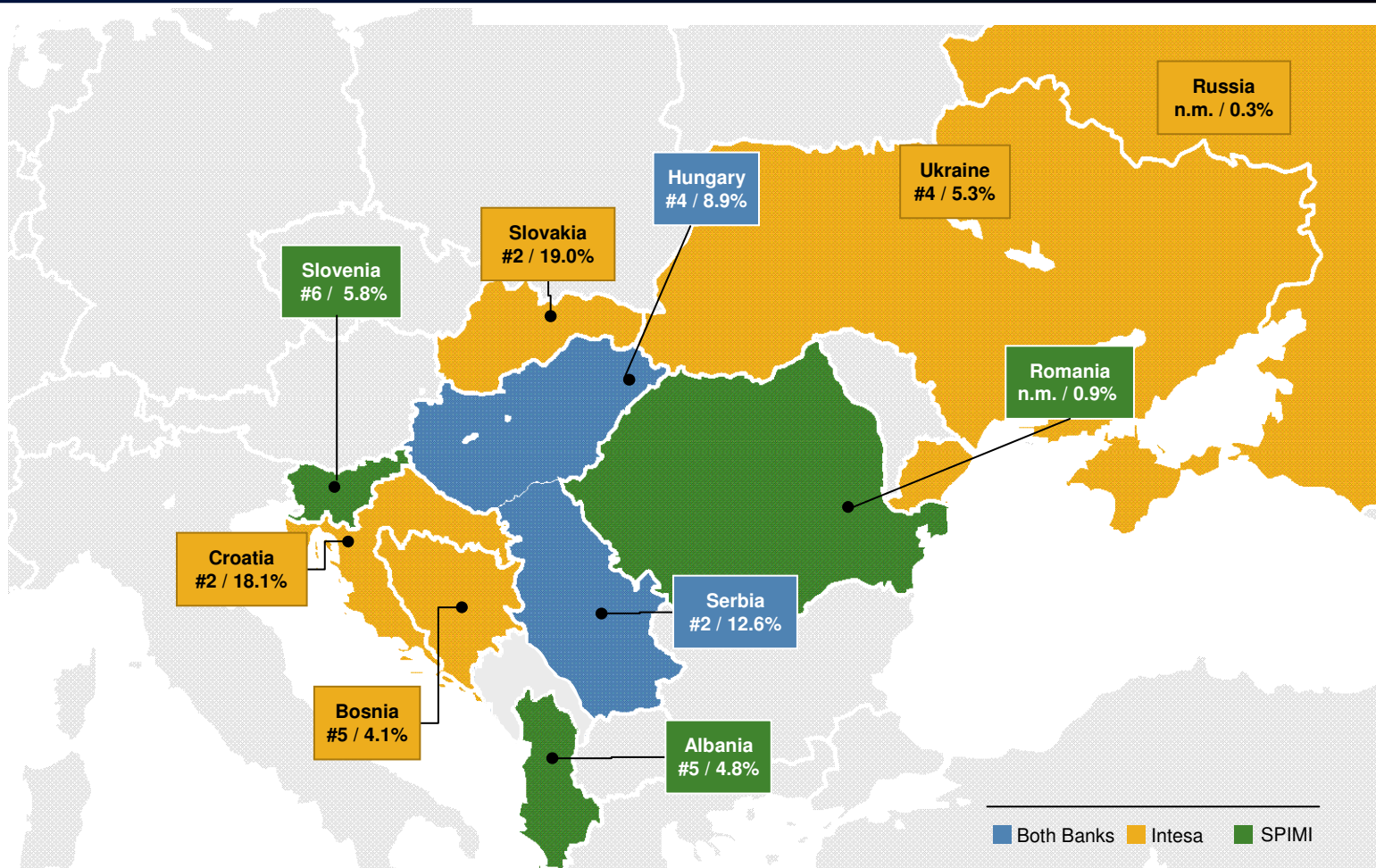
(2) Including provinces where: (i) combined entity market share between 10% and 30%; (ii) market share before merger of stronger bank (between Intesa and SPIMI) <10%; (iii) increase >25% in the market share vs. the previous market share of the stronger bank

(3) Including provinces, not included in the previous group, where: (i) increase >25% in the market share vs. the previous market share of the stronger bank and (ii) combined entity market share between 10% and 50%

(4) Provinces where neither conditions listed in (2) nor in (3) are satisfied

# Complementary Presence in CEE

## Combined Presence in CEE



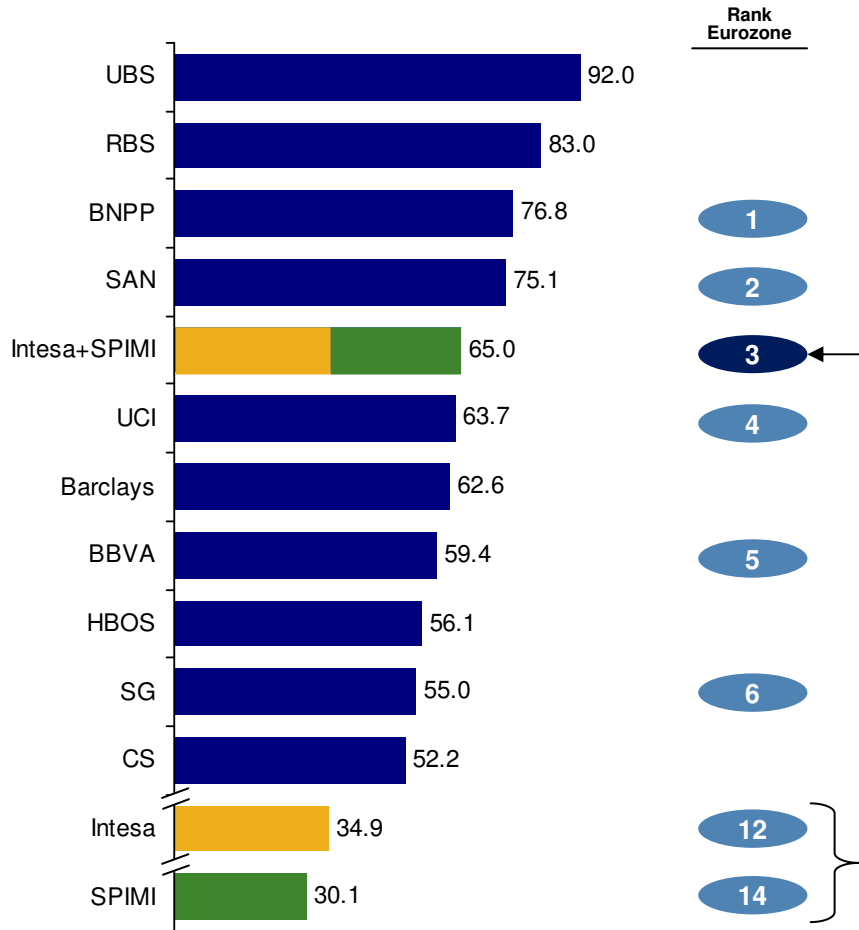
Good complementarity, with presence in 10 countries, total assets of over €25bn and ~1,400 branches<sup>(1)</sup>

Source: Annual reports, public information. Market shares and rankings calculated on total assets

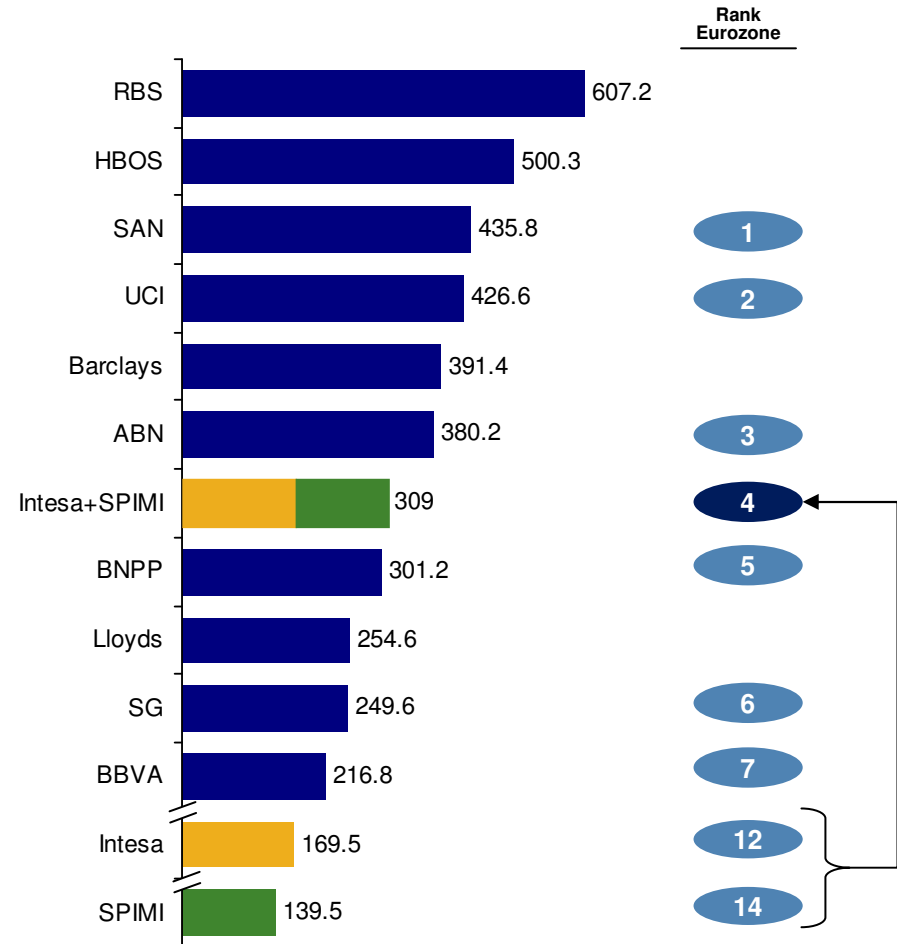
(1): Including UkrSotsbank in Ukraine and Panonska in Serbia (acquisitions underway)

# Leading European Player with Enhanced Strategic Options

## Market Capitalisation (€bn)



## Customer Loans (€bn)



The combined entity will be positioned amongst top 5 banks throughout Eurozone

Source: FactSet. 2005 Annual Reports. Prices as of 25 August 2006

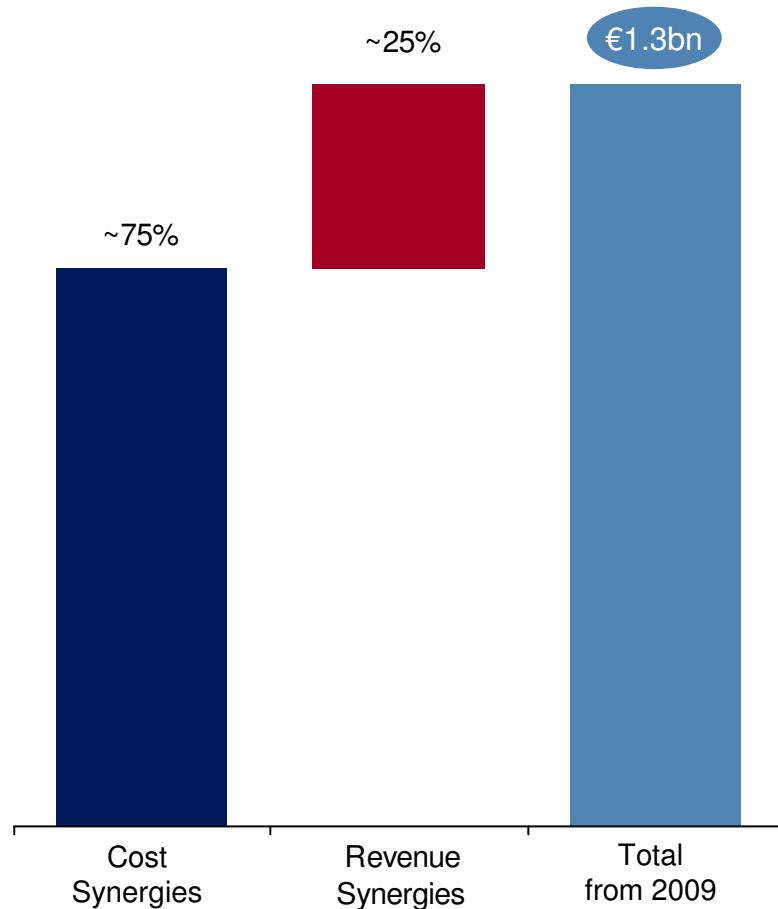
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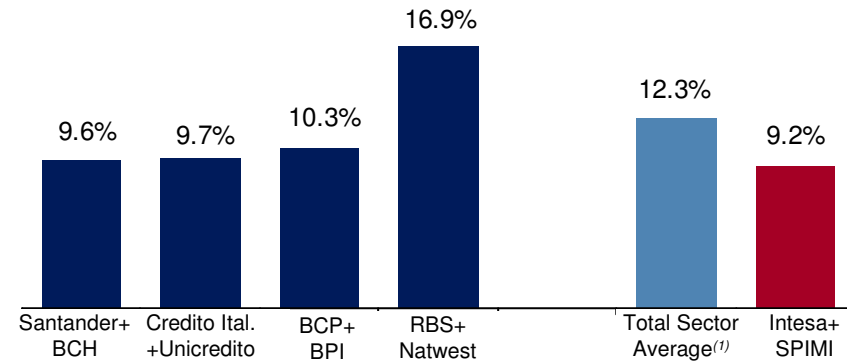
# Expected Synergies (€1.3bn in 2009) Achievable Given Proven Track-Record in Integration and Transaction Characteristics (Domestic MOE)

## Expected Pre-Tax Synergies

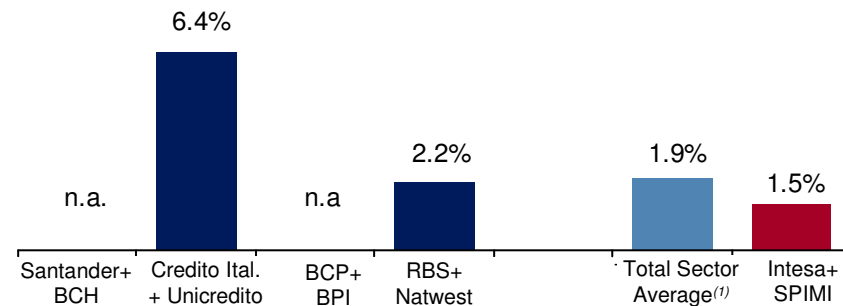


## Precedent M&A Transactions for Similar Sized Banks

### Announced Pre-Tax Cost Synergies / Combined Costs



### Announced Pre-Tax Revenue Synergies / Combined Revenues



Source: Newsrun, Annual reports, Websites

(1) Includes domestic and European transactions involving banks with similar sizes: BP Verona+BP Novara, Intesa+Comit, CAER+Casse Venete, Credito Italiano+Unicredito, Cariplo+BAV, BCP+BPI, DnB+Gjensidige, CA+CL, Halifax+BoS, DnB Bank+Real Danmark, RBS+Natwest, BBV+Argentaria, Santander+BCH, Vereinsbank+Hypobank, Bank Austria+Creditanstalt

# Cost Synergies: Key Actions (Examples)

<b>IT</b>	<ul style="list-style-type: none"><li>■ Unification of IT systems</li><li>■ Rationalisation of hardware and software management and telecommunication systems</li><li>■ Rationalisation of info providers</li><li>■ ...</li></ul>
<b>Back-Office and Support Structures</b>	<ul style="list-style-type: none"><li>■ Integration of back-office structures at centralized and local level</li><li>■ Alignment to best practice</li></ul>
<b>Central Functions</b>	<ul style="list-style-type: none"><li>■ Integration and rationalisation</li></ul>
<b>Administrative Expenses</b>	<ul style="list-style-type: none"><li>■ Unification of purchase functions</li><li>■ Contract renegotiation</li><li>■ Economies of scale</li></ul>
<b>Product Companies</b>	<ul style="list-style-type: none"><li>■ Integration of product companies operating in the same business</li></ul>



# Revenue Synergies: Key Actions (Examples)

## Commercial Effectiveness Increase

- Strengthened market shares per province leading to an increase of cross-selling and share-of-wallet
- Improved pricing competitiveness

## Best Practice Alignment

- Alignment to internal best practice in terms of productivity and/or margins thanks to product sharing, IT, commercial approach

*Already assumed revenue attrition due to diversification of debt exposure by corporate customers*

## Further Unquantified Synergies (Examples)

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- Rationalisation of branch network
- Rationalisation of securities services management functions
- Improvement in operating and credit risk management
- Improvement in access to capital markets
- Scope synergies in product innovation

# Restructuring Charges (Examples)

**Restructuring  
Charges  
Preliminarily  
Estimated at  
€1.5bn**

- Investments to increase efficiency of operating, governance and control structures, which will be unified following the integration
- Branch network rebranding
- Unification of IT systems
- Training of employees operating in ICT/technology area
- Training of commercial personnel to share best distribution practices throughout the group

*Increasing investments in human resources, products development and innovation*

# Preliminary Net Income

	Pro-Forma 2005 (Net Income adjusted for main extraordinary items)	Pro-Forma 2009E (based on previous year analyst consensus growth assumptions including preliminary estimated synergies)	CAGR '05A-'09E
Net Income	€4.3bn	~€7bn	~13%

- *EPS accretive including synergies for both Intesa and SPIMI shareholders*
- *2009E EPS accretion to the combined entity of ~13%*
- *High dividend pay-out policy (60%) while keeping sound capital base*
- *Possibility to return to shareholders excess capital*

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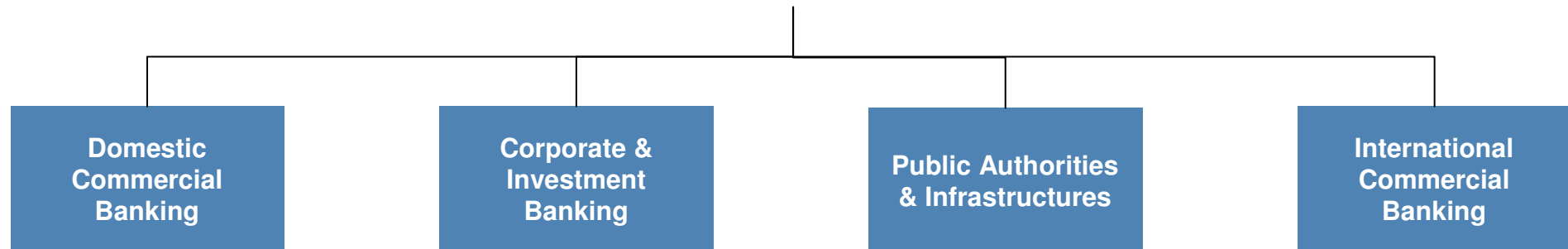
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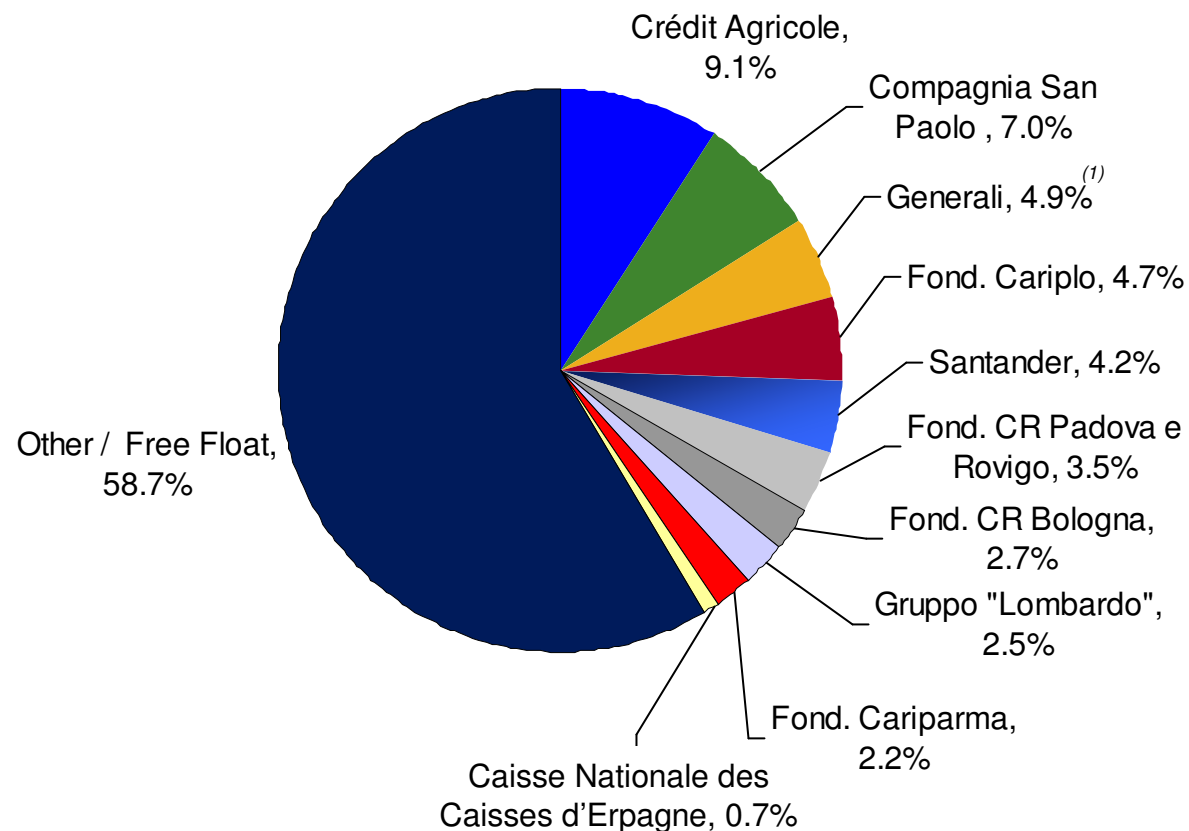
# Divisional Model With Clearly Identified Business Areas

 **Banca Intesa** + GRUPPO SANPAOLO IMI



# Combined Shareholders Base

## Combined Shareholders' Base



- Well diversified reference shareholders' base, holding in total 41% of capital
- Large free-float, amounting approximately to 59%
- Combined entity would benefit from a higher weighting in key domestic and international indices, compared to Intesa and SPIMI stand-alone

Source: Company data. Combined calculated including conversion of SPIMI preferred shares and excluding Intesa saving shares. Including only shareholders from respective shareholders' agreements.

(1) For Generali, taking into account also 2.1% stake on total capital of SPIMI