

Quarterly Report 30 June 2001



SANPAOLO IMI S.p.A.

REGISTERED OFFICE: PIAZZA SAN CARLO 156, TURIN, ITALY

SECONDARY OFFICE: VIALE DELL'ARTE 25, ROME, ITALY

COMPANY REGISTER OF TURIN 06210280019

SHARE CAPITAL EURO 3,932,435,119.2 FULLY PAID

PARENT BANK OF THE SANPAOLO IMI BANKING GROUP

MEMBER OF THE INTERBANK DEPOSIT GUARANTEE FUND

Contents

4	Key figures
5	Group structure
6	Reclassified consolidated statement of income
7	Analysis of quarterly consolidated statement of income
8	Reclassified consolidated balance sheet
9	Analysis of quarterly consolidated balance sheet
11	Report on Group Operations
12	Action points and initiatives in the quarter
16	Consolidated results
23	Equity capital
24	Financial risk management
26	Supplementary information
26	• Performance of share prices
27	• Shareholders
27	• Ratings
28	Group Business Areas
47	Explanatory Notes
51	Attachments
52	Statement of reclassified consolidated pro forma statement of income for the first half of 2000
53	Statement of reclassified consolidated pro forma balance sheet at 30/6/2000
54	Statement of reclassified consolidated pro forma statement of income for the full year 2000

Key figures

	First half 2001	First half 2000 pro forma (1)	Change first half 2001 / First half 2000 pro forma (%)	2000	
				Pro forma (1)	Financial Statement
CONSOLIDATED STATEMENT OF INCOME (€/mil)					
Net interest income	1,426	1,396	+2.1	2,874	2,572
Net commissions and other net dealing revenues	1,330	1,438	-7.5	2,852	2,641
Administrative costs	-1,783	-1,752	+1.8	-3,572	-3,076
Operating income	1,200	1,316	-8.8	2,514	2,460
Provisions and net adjustments to loans and financial fixed assets	-248	-271	-8.5	-639	-581
Income before extraordinary items	883	959	-7.9	1,699	1,789
Net extraordinary income	173	310	-44.2	402	396
Net income	688	729	-5.6	1,231	1,292
CONSOLIDATED BALANCE SHEET (€/mil)					
Total assets	173,979	177,901	-2.2	172,101	172,101
Loans to customers (excluding net NPLs and SGA loans)	94,648	90,851	+4.2	94,953	94,953
Securities	26,397	28,049	-5.9	25,000	25,000
Equity investments	4,240	2,917	+45.4	3,573	3,573
Customer deposits and securities issued	104,919	103,135	+1.7	104,144	104,144
Subordinated liabilities	5,179	3,760	+37.7	5,158	5,158
Shareholders' equity	7,668	7,282	+5.3	7,353	7,353
CUSTOMER FINANCIAL ASSETS (€/mil)					
Customer financial assets	306,762	306,075	+0.2	304,141	304,141
- Direct deposits	104,919	103,135	+1.7	104,144	104,144
- Indirect deposits	201,843	202,940	-0.5	199,997	199,997
- Asset administration	74,246	74,399	-0.2	71,084	71,084
- Asset management	127,597	128,541	-0.7	128,913	128,913
- Group products	123,327	124,530	-1.0	124,907	124,907
- Other products	4,270	4,011	+6.5	4,006	4,006
PROFITABILITY RATIOS (%)					
Annualized RoE (2)	19.0	21.0		18.5	18.1
Cost / Income ratio (3)	60.4	57.2		59.2	56.2
Net commissions / Administrative costs	74.6	82.1		79.8	85.9
CREDIT RISK RATIOS (%)					
Net non-performing loans / Net customer loans	0.8	1.2		1.0	1.0
Net problem loans and loans in restructuring / Net customer loans	0.9	1.5		1.0	1.0
CAPITAL ADEQUACY RATIOS (%) (4)					
Tier 1 capital / Weighted assets	7.8	n.a.		7.1	7.1
Total capital / Weighted assets	9.3	n.a.		9.2	9.2
SANPAOLO IMI SHARES					
Number of shares (millions)	1,404	1,403	+0.1	1,404	1,404
- number of shares in circulation	1,387	1,399	-0.9	1,365	1,365
- number of own shares held by the Parent Bank	17	4	n.s.	39	39
Quoted price per share (€; reference prices)					
- average	16.201	14.774	+9.7	16.612	16.612
- low	14.002	11.483	+21.9	11.483	11.483
- high	18.893	18.482	+2.2	20.800	20.800
Earnings per average number of shares in circulation (€)	0.50	0.52	-3.8	0.93	0.93
Dividend per share (€)				0.57	0.57
Dividend / Average annual price (%)				3.42	3.42
Shareholders' equity per share in circulation (€)	5.53	5.21	+6.1	5.39	5.39
OPERATING STRUCTURE					
Employees	35,628	35,809	-0.5	35,729	35,729
Domestic branches	2,170	2,112	+2.7	2,137	2,137
Foreign branches and representative offices	95	89	+6.7	91	91
Financial planners	5,529	5,216	+6.0	5,495	5,495

(1) The pro forma data have been restated, according to the criteria set out in detail in the Explanatory Notes, on the basis of the acquisition of control of Banco di Napoli and Wargny from 1/1/2000. This provides a consistent comparison with 2001.

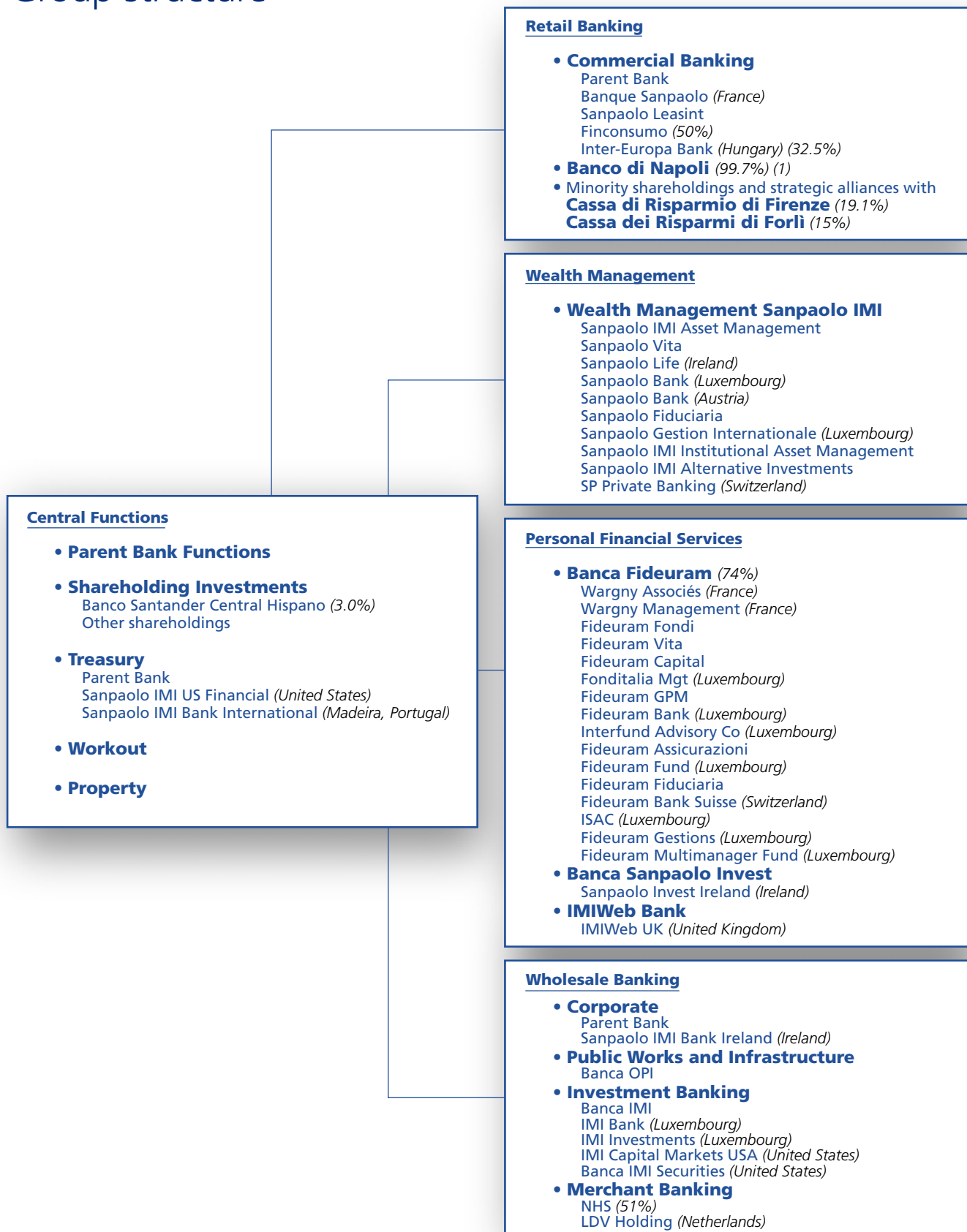
(2) Annualized net income / Average net shareholders' equity excluding income for the period.

(3) Administrative costs (net of recoveries) and amortization (excluding value adjustments on goodwill, merger differences and consolidation) / Net interest and other banking income.

(4) The data for 30/6/2001 are estimated.

The pro forma data for the first half of 2000 and for the year 2000, as well as the data for the first half of 2001 are not audited.

Group structure



(1) Shareholding in ordinary capital.

Reclassified consolidated statement of income

	First half 2001 (€/mil)	First half 2000 pro forma (1) (€/mil)	Change first half 2001 / First half 2000 pro forma (%)	2000	
				Pro forma (1) (€/mil)	Financial Statement (€/mil)
NET INTEREST INCOME	1,426	1,396	+2.1	2,874	2,572
Net commissions and other net dealing revenues	1,330	1,438	-7.5	2,852	2,641
Profits and losses from financial transactions and dividends on shares	133	165	-19.4	296	263
Profits from companies carried at equity and dividends from shareholdings	145	76	+90.8	147	146
NET INTEREST AND OTHER BANKING INCOME	3,034	3,075	-1.3	6,169	5,622
Administrative costs	-1,783	-1,752	+1.8	-3,572	-3,076
- <i>personnel</i>	-1,116	-1,094	+2.0	-2,256	-1,929
- <i>other administrative costs</i>	-562	-555	+1.3	-1,109	-958
- <i>indirect duties and taxes</i>	-105	-103	+1.9	-207	-189
Other operating income, net	122	120	+1.7	247	213
Adjustments to tangible and intangible fixed assets	-173	-127	+36.2	-330	-299
OPERATING INCOME	1,200	1,316	-8.8	2,514	2,460
Value adjustments on goodwill, merger differences and consolidation	-69	-86	-19.8	-176	-90
Provisions and net adjustments to loans and financial fixed assets	-248	-271	-8.5	-639	-581
INCOME BEFORE EXTRAORDINARY ITEMS	883	959	-7.9	1,699	1,789
Net extraordinary income	173	310	-44.2	402	396
INCOME BEFORE TAXES	1,056	1,269	-16.8	2,101	2,185
Income taxes for the period	-314	-489	-35.8	-770	-785
Change in reserves for general banking risks	4	3	+33.3	2	2
Income attributable to minority interests	-58	-54	+7.4	-102	-94
Reversal of second half income Banco di Napoli group (2)	-	-	n.s.	-	-16
NET INCOME	688	729	-5.6	1,231	1,292

(1) The pro forma statement of income for the first half of 2000 and that for the year 2000 have been prepared, according to the criteria detailed in the Explanatory Notes, on the basis of the acquisition of control of Banco di Napoli and Wargny from 1/1/2000. This allows a more consistent comparison with 2001.

(2) The caption refers to the share of the net result of the second half of 2000 of the Banco di Napoli group included in the price of the various tranches acquired by SANPAOLO IMI during 2000. As described in the Explanatory Notes to the consolidated financial statements at 31/12/2000, the reversal is made necessary in that the income statement contribution of the Neapolitan group into the preceding year's consolidated financial statements was reflected line by line throughout the whole of the second half.

The pro forma income statements for the first half of 2000 and for the year 2000 as well as the income statement for the first half of 2001 are not audited.

Analysis of quarterly consolidated statement of income

	2001			2000 pro forma (1)			
	2nd quarter (€/mil)	1st quarter (€/mil)	Quarterly average (€/mil)	4th quarter (€/mil)	3rd quarter (€/mil)	2nd quarter (€/mil)	1st quarter (€/mil)
NET INTEREST INCOME	700	726	719	759	719	709	687
Net commissions and other net dealing revenues	677	653	713	735	679	692	746
Profits and losses from financial transactions and dividends on shares	68	65	74	76	55	49	116
Profits from companies carried at equity and dividends from shareholdings	86	59	37	41	30	41	35
NET INTEREST AND OTHER BANKING INCOME	1,531	1,503	1,543	1,611	1,483	1,491	1,584
Administrative costs	-910	-873	-893	-932	-888	-897	-855
- <i>personnel</i>	-561	-555	-564	-601	-561	-550	-544
- <i>other administrative costs</i>	-294	-268	-277	-278	-276	-296	-259
- <i>indirect duties and taxes</i>	-55	-50	-52	-53	-51	-51	-52
Other operating income, net	68	54	62	65	62	63	57
Adjustments to tangible and intangible fixed assets	-93	-80	-82	-127	-76	-66	-61
OPERATING INCOME	596	604	630	617	581	591	725
Value adjustments on goodwill, merger differences and consolidation	-36	-33	-44	-49	-41	-44	-42
Provisions and net adjustments to loans and financial fixed assets	-147	-101	-160	-263	-105	-159	-112
INCOME BEFORE EXTRAORDINARY ITEMS	413	470	426	305	435	388	571
Net extraordinary income	100	73	100	41	51	201	109
INCOME BEFORE TAXES	513	543	526	346	486	589	680
Income taxes for the period	-119	-195	-193	-97	-184	-200	-289
Change in reserves for general banking risks	2	2	1	-1	-	3	-
Income attributable to minority interests	-35	-23	-26	-22	-26	-29	-25
NET INCOME	361	327	308	226	276	363	366

(1) The pro forma quarterly statements of income for 2000 have been prepared, according to the criteria detailed in the Explanatory Notes, on the basis of the acquisition of control of Banco di Napoli and Wargny from 1/1/2000. This allows a more consistent comparison with 2001. The pro forma quarterly statements of income for 2000 and the quarterly statements of income for 2001 are not audited.

Reclassified consolidated balance sheet

	30/6/2001 (€/mil)	30/6/2000 pro forma (1) (€/mil)	Change 30/6/01- 30/6/00 pro forma (%)	31/12/2000 (€/mil)
ASSETS				
Cash and deposits with central banks and post offices	492	617	-20.3	708
Loans	116,761	121,247	-3.7	117,825
- due from banks	18,849	25,852	-27.1	19,119
- loans to customers	97,912	95,395	+2.6	98,706
Dealing securities	21,773	20,929	+4.0	18,329
Fixed assets	11,009	12,164	-9.5	12,396
- investment securities	4,624	7,120	-35.1	6,671
- equity investments	4,240	2,917	+45.4	3,573
- intangible fixed assets	368	335	+9.9	359
- tangible fixed assets	1,777	1,792	-0.8	1,793
Differences arising on consolidation and on application of the equity method	1,064	941	+13.1	989
Other assets	22,880	22,003	+4.0	21,854
Total assets	173,979	177,901	-2.2	172,101
LIABILITIES				
Payables	136,047	138,250	-1.6	133,740
- due to banks	31,128	35,115	-11.4	29,596
- customer deposits and securities issued	104,919	103,135	+1.7	104,144
Provisions	4,254	4,035	+5.4	4,601
- for taxation	880	999	-11.9	1,230
- for termination indemnities	758	740	+2.4	743
- for risks and charges	1,506	1,105	+36.3	1,500
- for pensions and similar	1,110	1,191	-6.8	1,128
Other liabilities	20,094	23,844	-15.7	20,534
Subordinated liabilities	5,179	3,760	+37.7	5,158
Minority interests	737	730	+1.0	715
Shareholders' equity (2)	7,668	7,282	+5.3	7,353
Total liabilities	173,979	177,901	-2.2	172,101

(1) The pro forma balance sheet data at 30/6/2000 have been prepared, according to the criteria detailed in the Explanatory Notes, on the basis of the acquisition of control of Banco di Napoli and Wargny from 1/1/2000.

(2) Reserves are net of own shares held by the Parent Bank, 3,709,000 at a book value of 47 million Euro at 30 June 2000, 39,345,982 at a book value of 697 million Euro at 31 December 2000 and 16,712,003 at a book value of 289 million Euro at 30 June 2001.

The pro forma balance sheet data at 30/6/2000 and the balance sheet data at 30/6/2001 are not audited.

Analysis of quarterly consolidated balance sheet

	2001			2000		
	30/6 (€/mil)	31/3 (€/mil)	31/12 (€/mil)	30/9 pro forma (1) (€/mil)	30/6 pro forma (1) (€/mil)	31/3 pro forma (1) (€/mil)
ASSETS						
Cash and deposits with central banks and post offices	492	507	708	676	617	514
Loans	116,761	117,966	117,825	118,220	121,247	118,771
- due from banks	18,849	21,382	19,119	23,028	25,852	24,752
- loans to customers	97,912	96,584	98,706	95,192	95,395	94,019
Dealing securities	21,773	19,283	18,329	18,601	20,929	18,557
Fixed assets	11,009	12,197	12,396	12,415	12,164	11,955
- investment securities	4,624	5,746	6,671	7,103	7,120	6,635
- equity investments	4,240	4,313	3,573	3,199	2,917	3,224
- intangible fixed assets	368	356	359	335	335	326
- tangible fixed assets	1,777	1,782	1,793	1,778	1,792	1,770
Differences arising on consolidation and on application of the equity method	1,064	966	989	907	941	918
Other assets	22,880	23,452	21,854	21,518	22,003	23,660
Total assets	173,979	174,371	172,101	172,337	177,901	174,375
LIABILITIES						
Payables	136,047	135,464	133,740	135,093	138,250	134,402
- due to banks	31,128	30,679	29,596	31,380	35,115	30,529
- customer deposits and securities issued	104,919	104,785	104,144	103,713	103,135	103,873
Provisions	4,254	4,857	4,601	4,204	4,035	4,194
- for taxation	880	1,432	1,230	1,147	999	1,352
- for termination indemnities	758	753	743	743	740	739
- for risks and charges	1,506	1,553	1,500	1,132	1,105	903
- for pensions and similar	1,110	1,119	1,128	1,182	1,191	1,200
Other liabilities	20,094	20,077	20,534	20,937	23,844	23,595
Subordinated liabilities	5,179	5,148	5,158	3,803	3,760	3,906
Minority interests	737	736	715	755	730	699
Shareholders' equity (2)	7,668	8,089	7,353	7,545	7,282	7,579
Total liabilities	173,979	174,371	172,101	172,337	177,901	174,375

(1) The pro forma balance sheet data at 31/3/2000, 30/6/2000 and 30/9/2000 have been prepared, according to the criteria detailed in the Explanatory Notes, on the basis of the acquisition of control of Banco di Napoli and Wargny from 1/1/2000.

(2) Reserves are net of own shares held by the Parent Bank.

The pro forma balance sheet data at 31/3/2000, 30/6/2000 and 30/9/2000 as well as the balance sheet data at 31/3/2001 and 30/6/2001 are not audited.

Report on Group Operations

ACTION POINTS AND INITIATIVES IN THE QUARTER

CONSOLIDATED RESULTS

EQUITY CAPITAL

FINANCIAL RISK MANAGEMENT

SUPPLEMENTARY INFORMATION

Performance of share prices

Shareholders

Ratings

GROUP BUSINESS AREAS

Action points and initiatives in the quarter

The Macchina Operativa Integrata project and initiatives for the structural containment of costs

In a difficult external scenario, with an accentuated phase of economic slowdown and the continuing negative environment in world stock markets, SANPAOLO IMI launched in June a plan of rationalization and structural containment of costs, aimed at a further improvement of the Group's levels of efficiency.

The plan, which will be completed over two years, comprises two distinct projects:

- the creation of a Macchina Operativa Integrata (Integrated Operating Vehicle) between the SANPAOLO IMI Parent Bank and Banco di Napoli in information systems, auxiliary activities and back offices;
- a reorganization of the head office functions of the Parent Bank and subsidiaries.

The Macchina Operativa Integrata project envisages the unification in a single organizational structure of the information systems and support functions of the Parent Bank and Banco di Napoli. The two commercial banks of the Group, thanks to a common IT platform and a same operating system, will be able to optimize investments in new technologies and personnel. Particular benefits will come thus:

- a significant reduction in costs at Group level in information technology and auxiliary activities;
- the provision to Banco di Napoli of the multi-channel information system of SANPAOLO IMI, with its greater functionality and customer segmentation;
- the foundation of a structure and IT platform extendable in the future to other banks, inside or outside the Group.

The reorganization project of head office functions of the Parent Bank and major subsidiaries is also intended to reach a structural reduction of the Group's costs. The project envisages cost containment initiatives in personnel and in other administrative expenses.

The combination of the measures planned, together with rationalization in Banco di Napoli, will allow

the SANPAOLO IMI Group to achieve, from 2003, a structural reduction in personnel of approximately 3,000 and a reduction in administrative costs of more than 350 million Euro, approximately 10% of the level recorded in the previous year.

The Banco di Napoli Relaunch Plan

June also saw the approval of the Banco di Napoli Relaunch Plan, which defines the lines required for the achievement of the strategic objectives at the basis of the acquisition of the Neapolitan bank.

The Plan aims, through the launch of growth, efficiency and productivity initiatives, to make the Banco a point of excellence for banking and financial services in the south of Italy. The Plan particularly envisages that the Banco should:

- focus on its traditional historical area and customer sectors in households and small- and medium-sized enterprises; commercial development will be addressed to these sectors;
- achieve a strict efficiency project aimed at optimizing the cost structure;
- complete the sale of all non-core businesses.

The Relaunch Plan sets the Banco a RoE target in 2004 of 15%, considerably higher than the 6.5% recorded in 2000. The cost/income target is 57%, against 78% in 2000.

In line with the objectives of the Relaunch Plan, the Banco has recently initiated:

- the restructuring of the domestic distribution network: 11 territorial areas have been identified, reorganizing the former structure made of areas, regional offices and dependent offices;
- the revision of the shareholding portfolio: the contract for the sale of the subsidiary Fumagalli & Soldan has been signed and the concentration of asset management into the Wealth Management structures of the SANPAOLO IMI Group is in course;
- the withdrawal from business conducted by the foreign network: the transfer of the Hong Kong branch to the Parent Bank's Corporate Area has been defined, as well as the sale of the London branch to a third party; the business undertaken by the New York branch is being downsized;

- a voluntary incentive retirement scheme: the project has so far led to agreements for the departure of some 500 employees.

The second quarter also saw the completion by SANPAOLO IMI of the residual Public Offer for the ordinary capital of the Banco, in order to complete total ownership of the Neapolitan bank. The transaction, completed in May, concerned 42.1 million ordinary shares of the Banco and was effected at a price, set by Consob, of 1.549 Euro per share. At the closing of the transaction, 84.92% of the shares under offer or 1.92% of the ordinary capital of the issuer were tendered; the outlay by SANPAOLO IMI was thus 55.4 million Euro and the total stake held rose from 97.74% to 99.66% of the ordinary capital of the Banco. From 1 June the ordinary shares of Banco di Napoli were removed from listing; furthermore, having exceeded the shareholding ceiling of 98%, SANPAOLO IMI will use its right to acquire the remaining ordinary shares within four months since the conclusion of the Offer at a price to be set by an expert nominated by the President of the Tribunale of Naples.

Alliances and commercial agreements in Italy

In the context of the collaboration agreements reached with the Cassa di Risparmio di Firenze in 2000, which identifies SANPAOLO IMI as the primary reference for the Tuscan bank in asset management, CR Firenze Gestion Internationale, a Luxembourg mutual fund management company, held 20% by SANPAOLO IMI and 80% by the Cassa, became operational in April 2001. The banks of the Cassa di Risparmio di Firenze Group, with a total of more than 400 branches, began in April to distribute funds managed by the company; in the first three months of operations the net flow was 1,368 million Euro.

In June 2001 SANPAOLO IMI and Cassa di Risparmio di Firenze also completed the acquisition from Fondazione Cassa dei Risparmi di Forlì of a stake of respectively 15% and 5% of Cassa dei Risparmi di Forlì, for a total amount of 163 million Euro. In the middle of July, as envisaged in last November's agreement, the Public Offer for a further stake of 8% of the capital of Cassa dei Risparmi di Forlì was launched; the Offer, at a price of 41.413 Euro per

ordinary share and 42.246 Euro per preference share, will mean, in case of total acceptance, a maximum outlay of 62 million Euro and will bring the share held by SANPAOLO IMI to 21% and that of Cassa di Risparmio di Firenze to 7%.

The collaboration agreements among SANPAOLO IMI, Cassa di Risparmio di Firenze and Cassa dei Risparmi di Forlì concerning the distribution of insurance and asset management products, leasing, debt placement and financing and consultancy for companies and local entities also became operational during the second quarter. In particular, the Cassa dei Risparmi di Forlì launched the distribution, through its network of 61 branches, of Sanpaolo Vita policies and fund-based portfolio management from Sanpaolo IMI Asset Management, as well as mutual funds managed by CR Firenze Gestion Internationale.

Initiatives abroad

SANPAOLO IMI has pursued steps aimed at strengthening its operations in selected foreign countries which present high growth opportunities.

Among the initiatives realized in the second quarter, the opening of contacts with the main shareholders of Banca Koper, the number four in Slovenia by total assets, should be noted. The bank, which operates through a network of 37 branches concentrated around Lubjana and mostly dedicated to retail business, has a market share of more than 7% in Slovenia, which has close commercial ties with Italy and is among the most interesting markets in the area in terms of macro-economic indicators and growth prospects. At the end of June SANPAOLO IMI obtained authorization from the Slovenian central bank to carry out a due diligence on Banca Koper, at the end of which negotiations could be initiated for the acquisition of a stake in the bank.

Further initiatives, aimed at reinforcing the Group in the corporate sector, are in course in Poland, Hungary and the Czech Republic. In particular:

- a collaboration agreement was signed by Sanpaolo IMI Bank Ireland and FIAT Bank Polska to develop financial support in local currency aimed mainly at Italian companies operating in Poland;

- the procedures to open a representative office in Budapest were set in motion; the office will complement Inter-Europa Bank, held 32.5% by SANPAOLO IMI and 10% by Banco Santander Central Hispano;
- the opening of a representative office in Prague is envisaged before the end of the year.

In July, Sanpaolo Vita also signed a letter of intent to create a new bancassurance company in a joint venture with the Agrotiki Life & Health, the Greek insurance company controlled by the Agricultural Bank of Greece, the country's number two bank, with a network of more than 440 branches. The new company, which should become operational in the opening months of next year, will progressively broaden its activities from Greece into the Balkans, opening interesting growth opportunities to Sanpaolo Vita in countries in which the life market offers growth prospects related both to the expected reform of the local social security system and to the processes of bringing them into line with the levels of the EU's more financially developed markets.

Other important initiatives undertaken in the quarter

Among the other initiatives effected in the quarter was the completion of the project aimed to establish an autonomous Business Area dedicated to Wealth Management, intended to provide asset management products and services both to internal distribution networks of the Group and to other networks and institutional investors. In April, the transfer from the Parent Bank to the Wealth Management Sanpaolo IMI holding of the stakes in subsidiary companies operating in mutual funds, portfolio management, private banking and life insurance was completed. Sanpaolo IMI Alternative Investments SGR, dedicated to hedge fund management, was also established in the same month.

Actions to improve further asset quality were also taken. In this context, the closing at the end of May of a non-recourse sale of short-term unguaranteed non-performing loans with a balance sheet value of 110 million Euro was of particular note; the transaction was effected at a price of 2 million Euro over

book value. Also, in June agreement was reached with a major Italian company for the sale of 100% of Sanpaolo Immobiliare, the specialist company managing non-performing mortgage loans acquired without recourse from the Parent Bank in 1994; the transaction, completed at the beginning of July, reduced the net value of the non-performing loans of the Group of 45 million Euro and led to a gross capital gain of 5 million Euro, which will be accounted for in the income statement for the second half of the year. These initiatives contributed to a further improvement in the ratio of net NPLs to net loans which fell to 0.8% at the end of June, including the effect of the sale of Sanpaolo Immobiliare.

Certain important transactions in the shareholding portfolio were also realized in the quarter:

- in June the SANPAOLO IMI Group sold a stake of 10.7% of Beni Stabili, from its shareholding of 14.2%, which was thus reduced to 3.5%. The transaction produced a capital gain of 50 million Euro;
- NHS, the merchant bank controlled 51% by the SANPAOLO IMI Group, reduced from 5.5% to 4.4% its interest in Montedison, posting capital gains of 41 million Euro, in addition to the 17 million from the first quarter. At the beginning of July, the remaining stake in Montedison was sold by NHS to Italenergia; the transaction, set at a price of 3.22 Euro per share, will produce an income statement effect in the second half of the year of a gross capital gain of 170 million Euro. NHS then took a stake of 7.81% in Italenergia, which placed the SANPAOLO IMI Group among the main shareholders of the company, together with FIAT, EDF, IntesaBCI and Banca di Roma.

Finally, initiatives for joint development with Banco Santander Central Hispano were pursued. In particular, the project, launched in April 2000, in partnership with Commerzbank, The Royal Bank of Scotland and Société Générale, aimed at the creation of an Internet platform to offer on-line treasury and capital market products to companies and institutional investors, should be noted. In this context, Centradia, an English law company with equity capital of 50 million Euro, was established. The company, which will be operational from the coming September, will operate as a multi-bank, multi-product and multi-client portal.

The relationship with Banco Santander Central Hispano was further reinforced in July through the arrival of the Spanish bank in the Gruppo Europeo di Interesse Economico Coopération Bancaire pour l'Europe (CBE-GEIE), founded in 1992 in Brussels on

the initiative of certain European banks, including IMI, to provide services and consultancy for companies on EU projects; CBE-GEIE was also entered by Banco di Napoli, Cassa di Risparmio di Firenze and Cassa dei Risparmi di Forlì.

Consolidated results

Summary of results

The SANPAOLO IMI Group, in an external scenario which showed a strong deterioration compared to the first half of the previous year, recorded net six-month income of 688 million Euro, down by 5.6% on the pro forma figure for the first six months of 2000.

The Group, notwithstanding the difficult market context, succeeded in maintaining for the first half of 2001 substantially the same levels of earnings recorded in the first half of 2000: net interest and other banking income was 3,034 million Euro, against 3,075 million Euro a year ago. Major investments made last year and in the first half of 2001, designed to reinforce the distribution structures, were reflected in a growth in Group costs, in particular in amortization. The operating income fell by 8.8% to 1,200 million Euro and income before extraordinary items was 883 million Euro, against 959 in the first half of 2000.

The project of rationalization and structural reduction in costs, launched by the Group in June, while delivering significant effects only from 2002, will allow, in the coming months, a reduction in the rate of growth in administrative costs, which should be around last year's levels by the end of the year. This will contribute to the achieve-

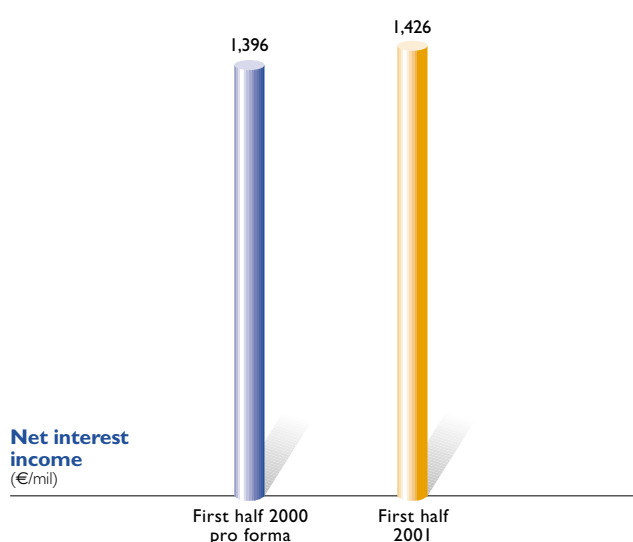
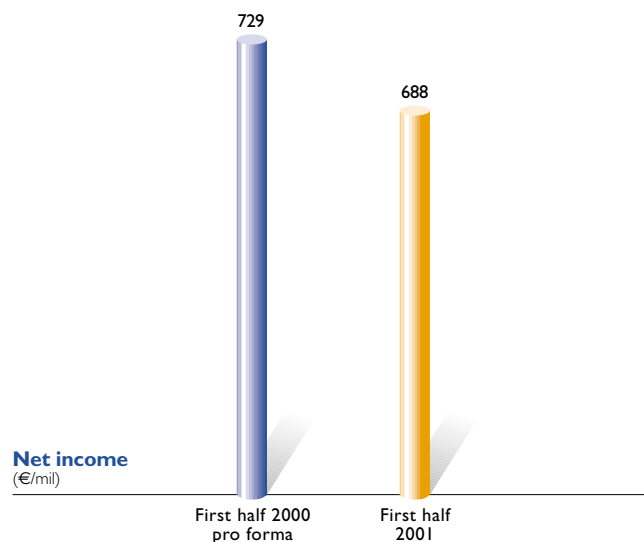
ment of the objective of ordinary income for 2001 in advance against 2000.

Net interest income

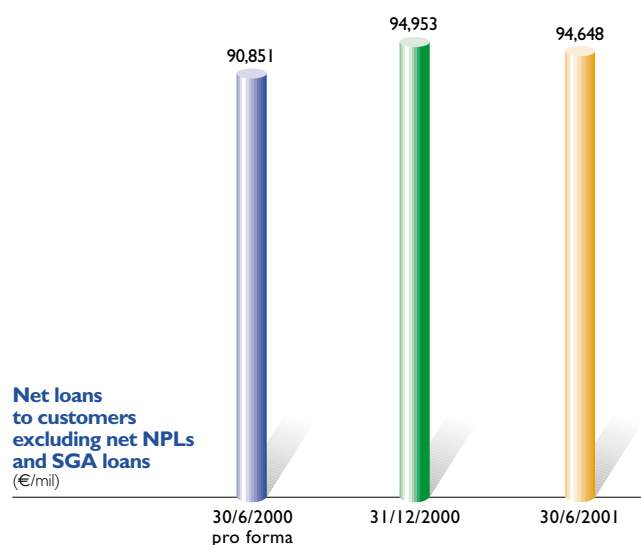
Group net interest income in the first half of 2001 was 1,426 million Euro, with an increase of 2.1% on the same period of 2000. The progress was made possible thanks to the growth, compared to the average of the first half of 2000, both of operating volumes with customers and of market rates and spreads.

The fall in interest rates from the end of the preceding year was however reflected in a slowing in net interest income in the second quarter of 2001 against the first three months of the year. The margin, 726 million Euro in the first quarter, showed a flow of 700 million in the following quarter, as a result of the contraction of the spread in terms of funding.

In detail, Group net loans at the end of June 2001, excluding net non-performing loans and loans to SGA, the company to which the doubtful loans of Banco di Napoli were transferred, were 94.6 billion Euro, up by 4.2% on an annual basis and substantially in line with the levels of the end of 2000. The most dynamic component was in medium- and long-term loans, which registered an increase on the end of June 2000 of 7.4%.



The positive movement in loans to the private sector continued: in the first half of 2001 new household mortgage disbursements worth 864 million Euro were made by Commercial Banking's Italian network, 5.6% more compared to the same period in 2000. Positive results also came from loans to the public sector infrastructure from Banca OPI, which had grown at the end of June by 7% on an



annual basis, as well as in Corporate, up by 7.1%. In contrast, loans by Banco di Napoli, as a result of the focussing of the business, fell by 6.1% against 30 June 2000.

On the liability side the first half of 2001 closed with direct customer funds of 104.9 billion Euro, up by 1.7% on the end of June 2000 and 0.7% from the beginning of the year. From the end of 2000 there was a recomposition in the total amounts: the fall, of approximately one billion Euro, recorded in certificates of deposit was in fact more than compensated by flows of 696 million Euro into bonds and an increase in commercial paper of 1.2 billion. Sight deposits showed a slight increase.

The Group's market share in Italy at the end of May, the last available month for system data, was 8.7% both for customer loans and direct deposits.

In terms of interest rates, the fall in market yields which began in the latter part of the previous year continued in the first half of 2001, following the maximum values touched last Autumn; the reduction was accentuated following the reduction of 25 basis points in the cost of money made by the ECB at the beginning of May. In aver-

Net loans to customers

	30/6/2001		30/6/2000 pro forma		Change 30/6/01-30/6/00 pro forma (%)	31/12/2000	
	Amount (€mil)	%	Amount (€mil)	%		Amount (€mil)	%
Short-term loans	38,575	39.4	38,647	40.5	-0.2	41,438	42.0
Medium- and long-term loans	56,073	57.3	52,204	54.7	+7.4	53,515	54.2
Loans to customers excluding NPLs and SGA loans	94,648	96.7	90,851	95.2	+4.2	94,953	96.2
Non-performing loans	830	0.8	1,182	1.3	-29.8	1,015	1.0
SGA loans	2,434	2.5	3,362	3.5	-27.6	2,738	2.8
Net loans to customers	97,912	100.0	95,395	100.0	+2.6	98,706	100.0

Direct customer deposits

	30/6/2001		30/6/2000 pro forma		Change 30/6/01-30/6/00 pro forma (%)	31/12/2000	
	Amount (€mil)	%	Amount (€mil)	%		Amount (€mil)	%
Current accounts and deposits	53,592	51.1	52,581	51.0	+1.9	53,396	51.3
Certificates of deposit	7,803	7.4	9,969	9.7	-21.7	8,888	8.5
Bonds	27,285	26.0	26,724	25.9	+2.1	26,589	25.5
Commercial paper	4,296	4.1	2,013	1.9	+113.4	3,107	3.0
Repurchase agreements and securities lending	7,242	6.9	7,717	7.5	-6.2	7,944	7.6
Other deposits	4,701	4.5	4,131	4.0	+13.8	4,220	4.1
Direct customer deposits	104,919	100.0	103,135	100.0	+1.7	104,144	100.0

age terms, the levels of reference rates in the first half of 2001 were however higher than those in the same period of 2000 and in the previous year; in particular three month Euribor averaged 4.67% in the first half of 2001, with an increase of 76 basis points on the first six months of 2000 and 29 basis points on the average for 2000.

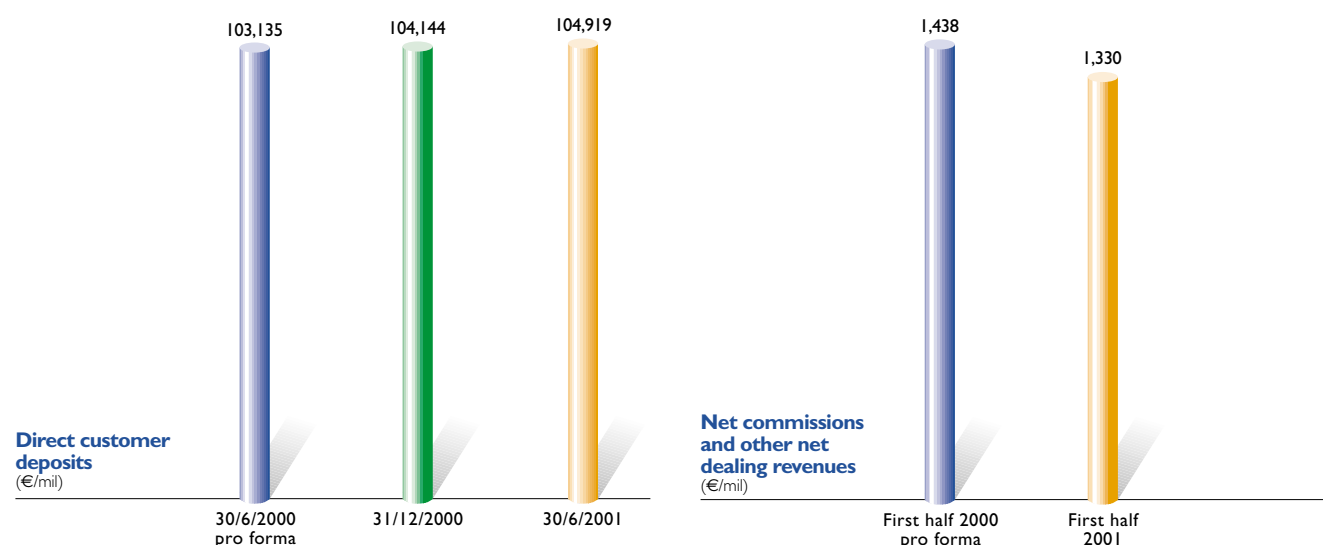
Net commissions and other net dealing revenues

Net commissions in the first half of 2001 amounted to 1,330 million Euro, showing a reduction of 7.5% against the first six months of 2000. The phase of instability which is characterizing the securities markets has in fact led to a downsizing in commissions from asset management and dealing compared to the high levels reached in the particularly positive environment of the first part of the previous year.

The contribution of commissions grew moreover in the

second quarter of 2001 against the first three months of the year: the past quarter showed an incremental flow of 677 million Euro against 653 million in the preceding three months. This was a result of both a recovery in commissions from customer asset management and the positive movement in revenues in financing, payment services and other banking services.

Notwithstanding the difficult external environment, the Group recorded a positive net inflow in asset management in the first six months of 2001 at 2.6 billion Euro. The fall recorded in the markets however produced a devaluation of 3.9 billion Euro in total Group asset management, which at the end of June was 127.6 billion Euro, down 1% against the end of 2000 and 0.7% on an annual basis. More positive was the performance in the second quarter against the first three months of the year: in the second quarter the volumes of asset management at Group level grew by 2.6 billion Euro, thanks to a net inflow of 2.1 billion Euro and a revaluation of the stock of 0.5 billion Euro.



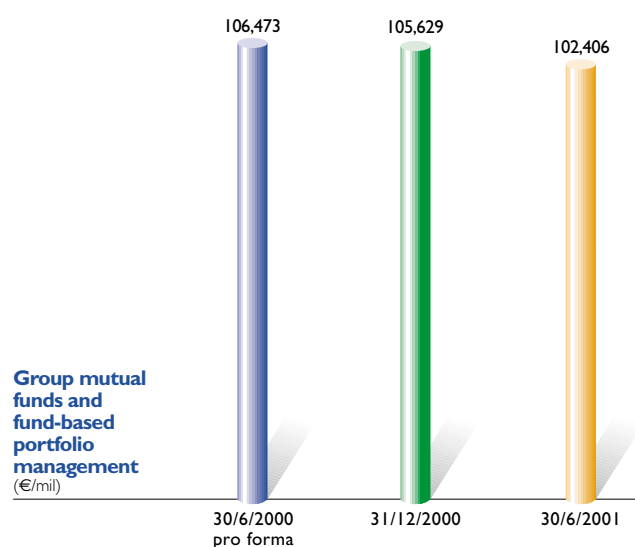
Customer financial assets

	30/6/2001		30/6/2000 pro forma		Change 30/6/01- 30/6/00 pro forma (%)	31/12/2000	
	Amount (€/mil)	%	Amount (€/mil)	%		Amount (€/mil)	%
Asset management	127,597	41.6	128,541	42.0	-0.7	128,913	42.4
Asset administration	74,246	24.2	74,399	24.3	-0.2	71,084	23.4
Direct deposits	104,919	34.2	103,135	33.7	+1.7	104,144	34.2
Customer financial assets	306,762	100.0	306,075	100.0	+0.2	304,141	100.0

In terms of the various asset management products, it should be noted that:

- amounts in mutual funds and fund-based portfolio management at Group level were 102.4 billion Euro at the end of June, down by 3.1% from the beginning of the year and 3.8% against the end of June 2000. Performance in the first half of 2001 was influenced by the fall in share prices, which was reflected in a devaluation in the total stock of 3.5 billion Euro, only partially compensated for by a net positive inflow of 294 million Euro. The second quarter showed an improvement on the first, registering a net inflow of 451 million Euro and a positive performance effect of 591 million Euro. Compared to the end of March there was a slight recovery in equity funds, whose proportion of the total, while remaining lower than the 38.8% at the end of 2000, rose from 36.1% to 36.9%. At the end of the first half of 2001 the Group's domestic market share in funds was 18.9%,

stable on the end of December 2000 and slightly up on the 18.8% of June 2000;



Asset management

	30/6/2001		30/6/2000 pro forma		Change 30/6/01- 30/6/00 pro forma (%)	31/12/2000	
	Amount (€/mil)	%	Amount (€/mil)	%		Amount (€/mil)	%
Group products	123,327	96.7	124,530	96.9	-1.0	124,907	96.9
- Mutual funds and fund-based portfolio management	102,406	80.3	106,473	82.8	-3.8	105,629	82.0
- Portfolio management	7,046	5.5	6,962	5.5	+1.2	6,860	5.3
- Life technical reserves	13,875	10.9	11,095	8.6	+25.1	12,418	9.6
Other products	4,270	3.3	4,011	3.1	+6.5	4,006	3.1
Asset management	127,597	100.0	128,541	100.0	-0.7	128,913	100.0

Net asset management flows

	First half 2001 (€/mil)	First half 2000 pro forma (€/mil)	2000 (€/mil)
Group products	2,278	8,387	14,846
Other products	335	239	267
Net asset management flows	2,613	8,626	15,113

Mutual funds by type

	30/6/2001 (%)	30/6/2000 pro forma (%)	31/12/2000 (%)
Equity	36.9	40.4	38.8
Balanced	17.5	17.7	19.0
Bond	45.6	41.9	42.2
Total Group mutual funds	100.0	100.0	100.0

- a particularly positive performance was registered by the Group in insurance: the total of life policies rose to 13.9 billion Euro, up by 11.7% from the beginning of the year and 25% from the end of June 2000; the net inflow in the half was 1.6 billion Euro, of which one billion came in the second quarter; it was driven above all by unit linked and index linked policies, which represented more than two thirds of premia. The market share in technical reserves was further strengthened to 7.4%;
- third party asset management products distributed through the SANPAOLO IMI networks also grew: the net flow in the first half, 335 million Euro, took the amount to 4.3 billion Euro, 3.3% of the Group total.

The first half of 2001 was further characterized by a growing propensity on the part of customers towards direct investment in fixed income products: the volumes of Group asset administration amounted to 74.2 billion Euro, showing a flow of 3.2 billion Euro and a positive change of 4.4% against the end of December 2000.

Profits from financial transactions, profits from companies carried at equity and dividends

Profits from financial transactions, 133 million Euro in the first half of 2001, recorded a fall of 19.4% on the same period in 2000. The reduction should be considered in relation both to the different external environment and to the high profits registered in the first half of the previous

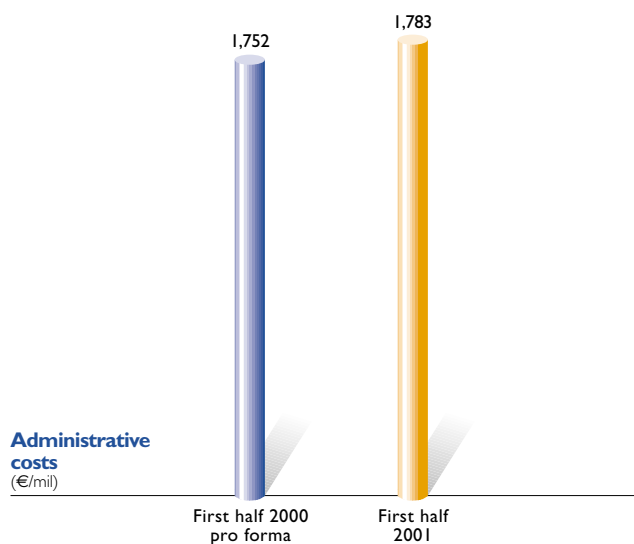
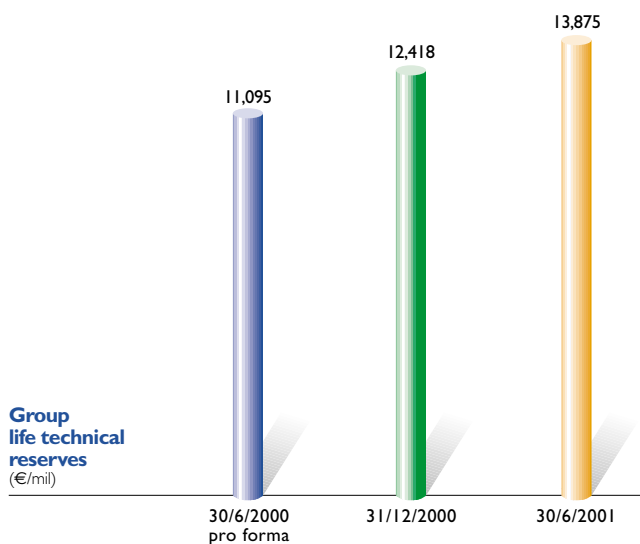
year, as a result of the sale of important equity interests held for dealing.

Income from companies carried at equity and dividends from minority shareholdings were 145 million Euro, up by 90.8% on the first half of 2000. The growth was attributable mostly to increased dividends banked through the increase in the shareholding portfolio: dividends grew from 40 million Euro in the first half of 2000 to 97 million in the first half of 2001; of these, 27 million came from the stake in Banca Cardine acquired at the beginning of the year and 19 million from Banco Santander Central Hispano. Profits from companies carried at equity were also higher than last year, amounting to 48 million Euro, of which 25 million concerned the insurance companies in Wealth Management, Sanpaolo Vita and Sanpaolo Life, 13 million relative to Fideuram Vita and 10 million attributable to the shareholding in Cassa di Risparmio di Firenze.

Costs

Group administrative expenses in the first half of 2001 amounted to 1,783 million Euro, up by 1.8% on the first six months of 2000. Operating amortization was 173 million Euro, up by 36.2%.

The increase in costs, in line with expectations, should be considered in relation to the acceleration, experienced from the second half of the previous year, of initiatives



aimed at strengthening distribution channels. The increase in amortization is also consequent upon the higher proportions adopted by Banco di Napoli. Group costs in the second half of the year will decelerate, as a result of a more consistent base of comparison and the first results of actions recently taken to contain expenses.

Amortization on merger goodwill and positive differences resulting from consolidation and net equity were 69 million Euro. The item includes 42 million Euro of goodwill for Banco di Napoli.

Provisions and adjustments

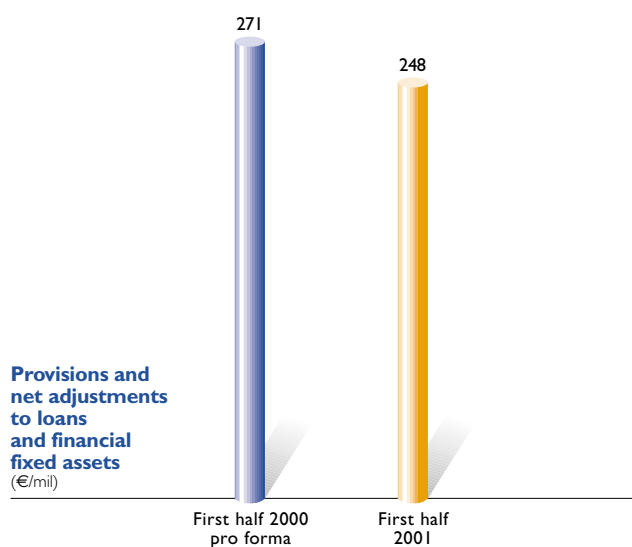
Provisions and net adjustments to loans and financial fixed assets in the first half of 2001 fell to 248 million Euro, down by 8.5% from the 271 million Euro in the same period of 2000. The fall was made possible by the significant improvement in asset quality in the past year and first half of 2001, thanks to the strict loan policy adopted by the Group, the intense recovery activity, as well as the transactions aimed to reduce non-performing loans. In particular, the following operations in the first half should be noted:

- the closing at the end of May of a non-recourse sale of unguaranteed short-term non-performing loans with a book value of 110 million Euro; the transaction was effected at a price of 2 million Euro over book value;
- the sale to a major Italian company of 100% of Sanpaolo Immobiliare, the specialist company managing non-performing mortgage loans acquired without recourse from the Parent Bank in 1994. The

transaction, whose balance sheet effects are included in the accounts at the end of June, reduced the net value of Group non-performing loans by 45 million Euro; in terms of the income statement, it produced a gross capital gain of 5 million Euro, which will be accounted for in the second half results.

Doubtful loans in the first half of 2001 fell by 280 million Euro, amounting to 1,877 million Euro at the end of June; these fell by 32% on an annual basis. In particular, in loans to customers:

- net non-performing loans fell to 830 million Euro, down by 29.8% in 12 months and 185 million Euro against December. The ratio to customer loans fell to 0.8% against 1% at the end of 2000 and 1.2% in June 2000; the NPL coverage ratio, also taking account of tax write-offs, was 76% at the end of June;

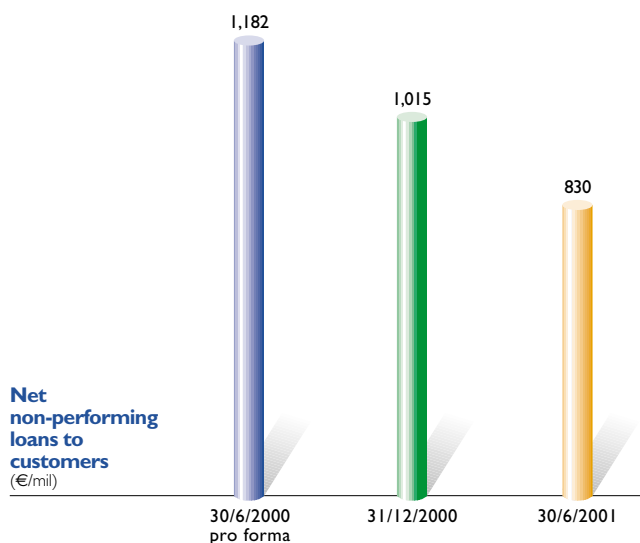


Analysis of loan portfolio

	30/6/2001		30/6/2000 pro forma		Change 30/6/01-30/6/00 pro forma (%)	31/12/2000	
	Amount (€/mil)	%	Amount (€/mil)	%		Amount (€/mil)	%
Non-performing loans	830	0.8	1,182	1.2	-29.8	1,015	1.0
Problem, restructured and in course of restructuring loans	874	0.9	1,387	1.5	-37.0	982	1.0
Loans to countries at risk - customers	111	0.1	92	0.1	+20.7	106	0.1
Performing loans	96,097	98.2	92,734	97.2	+3.6	96,603	97.9
Total loans to customers	97,912	100.0	95,395	100.0	+2.6	98,706	100.0
Non-performing and problem loans - banks	1		2		-50.0	1	
Loans to countries at risk - banks	61		96		-36.5	53	

- problem loans, restructured loans and loans in course of restructuring amounted to 874 million Euro at the end of June 2001, down by 37% on an annual basis and by 108 million Euro from the end of December. The coverage ratio, also taking account of tax write-offs, was 35%;
- non-guaranteed loans to customers in countries subject to country risk at the end of June 2001 amounted to 111 million Euro, against 106 million at the end of December 2000.

Provisions made in the first half of 2001 include 50 million Euro intended to cover the effects, not yet reflected in the net interest income for the period, produced as a result of the regulation concerning usury, and those concerning subsidized and agricultural mortgages.



Extraordinary income and taxes

Net extraordinary income of 173 million Euro contributed to the final results. These include in particular:

- 58 million Euro in capital gains from the sale of shares in Montedison by NHS; in this note, it should be emphasized that the further capital gain of 170 million Euro realized at the beginning of July following the sale to Italenergia of the remaining stake in Montedison will be included in the statements of income for the second half of 2001;
- 50 million Euro in capital gains realized from the sale of a stake of 10.7% in Beni Stabili;
- 39 million Euro in positive surplus from Banco di Napoli as a result of the positive conclusion of two disputes, net of extraordinary provisions for social security;
- 30 million Euro in capital gains realized from the sale of own shares to Fondazione Carivenezia in the context of the acquisition of 10.9% in Banca Cardine.

The reduction, 44%, shown in extraordinary income against the first half of 2000 is the result of the fact that the prior period showed high capital gains from the sale of own shares and the sale of the shareholding of 40% in Crediop.

The tax rate for the first six months of 2001 was 30%, down from the 39% on the same period of 2000; this rate is due to the posting, in the close of the half, of lower current and prepaid taxes of 88 million Euro against the recovery of taxable losses to Group companies. It should also be noted that the taxes in the half have been calculated without taking account of the incentives envisaged by the Legge Ciampi for the merger between San Paolo and IMI and the acquisition of Banco di Napoli.

Equity capital

Net shareholders' equity

Group shareholders' equity at 30 June 2001 was 7,668 million Euro net of own shares held by the Parent Bank. Movements in the first half were as follows:

<i>Movements in Group shareholders' equity</i>	<i>€/mil</i>
Net shareholders' equity at 1 January 2001	7,353
Decreases	-792
- Dividends	-788
- Use of reserve for general banking risks	-4
Increases	1,107
- Equity capital	1
- Share premium reserve	4
- Exchange and other adjustments	6
- Decrease in own shares held by the Parent Bank	408
- Net income for the period	688
Net shareholders' equity at 30 June 2001	7,668

The increase of 1 million Euro in equity capital and of 4 million Euro in share premium reserve followed the subscription of 422,916 shares, at a unit price of 12.396 Euro, by Group senior managers, in the context of a stock option plan described in the annual report for 2000.

Own shares held by the Group at 30 June 2001 were 17,798,660, or 1.27% of the equity capital, and were written into the balance sheet at 306 million Euro. The Parent Bank, in particular, held 16,712,003 shares at the end of June, with a book value of 289 million Euro. The decrease against the end of 2000 is largely attributable to the sale to Fondazione Cassa di Risparmio di Venezia of approximately 27.5 million shares, or 1.96% of the capital of SAN-PAOLO IMI, in the context of the acquisition of a shareholding of 10.9% in Gruppo Cardine.

Regulatory capital and capital adequacy

At the end of June 2001 the ratio of regulatory capital and total weighted assets against credit and market risks was estimated at 9.3%; the ratio of Group primary capital and total weighted assets was estimated at 7.8%.

Financial risk management

Financial risks from lending business

Market risk generated by the lending activities of the Group in the first half of 2001 was similar to that observed on average in the previous year, as restated taking appropriate consideration of the inclusion of Banco di Napoli. The change in the market value of the banking book, measured in terms of shift sensitivity, as an upward, parallel and uniform movement of 100 basis points in the interest rate curve, had an average negative value of 139 million Euro.

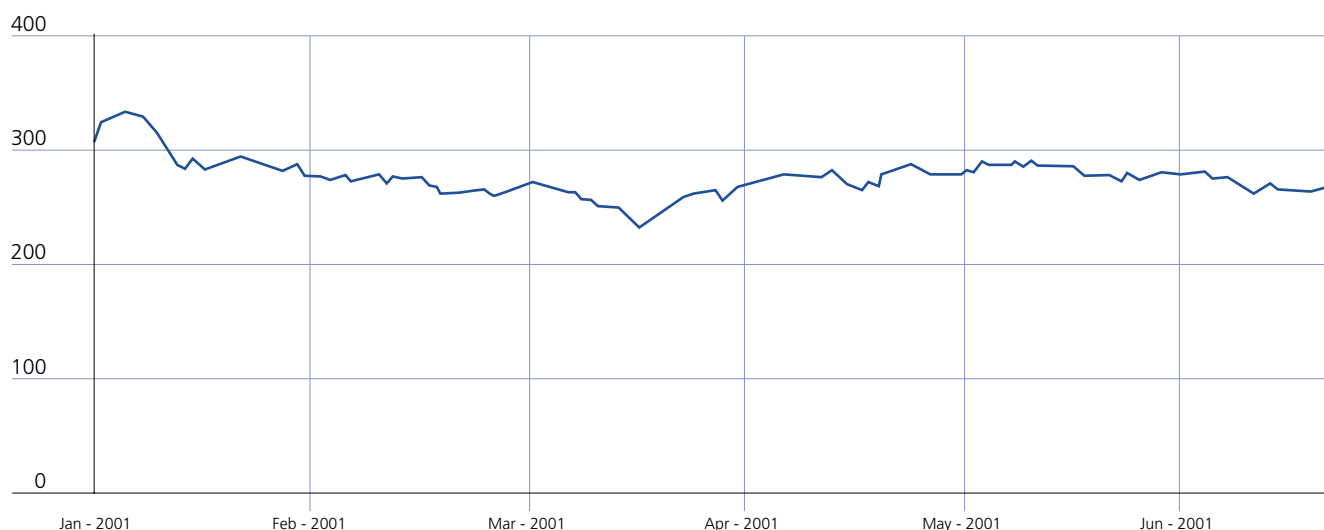
The Value at Risk (VaR) of the banking book, calculated as the maximum unexpected potential loss of the market value of the portfolio which could occur in the ten following working days with a statistical confidence interval of 99%, was maintained at an average value of 102 million Euro; VaR at the end of June was 64 million Euro.

Quoted shareholdings outside the Group

At the end of June the market value of shareholding investments held in quoted companies not consolidated line by line or at net equity, including also own shares held by the Parent Bank, amounted to 2,863 million Euro, of which 689 million was held by the merchant bank NHS, 51% held by SANPAOLO IMI. The market value fell to 2,609 million Euro following the sale at the beginning of July of the shareholding in Montedison to Italernergia.

The market value of shareholding investments at the end of June showed a potential capital gain against book value of 204 million Euro, after the deduction of minority interests relative to NHS. The capital gains related mostly to the stakes in Banco Santander Central Hispano, The Royal Bank of Scotland and Montedison. Taking the sale of Montedison to Italernergia, the potential capital gain at the end of June was reduced to 114 million Euro.

At the end of June the VaR for minority shareholding investments in quoted companies was 269 million Euro, net of minority interests relative to NHS. Excluding Montedison, VaR at the end of June falls to 256 million Euro.



VaR of Group shareholding portfolio (€/mil)

Trading activities

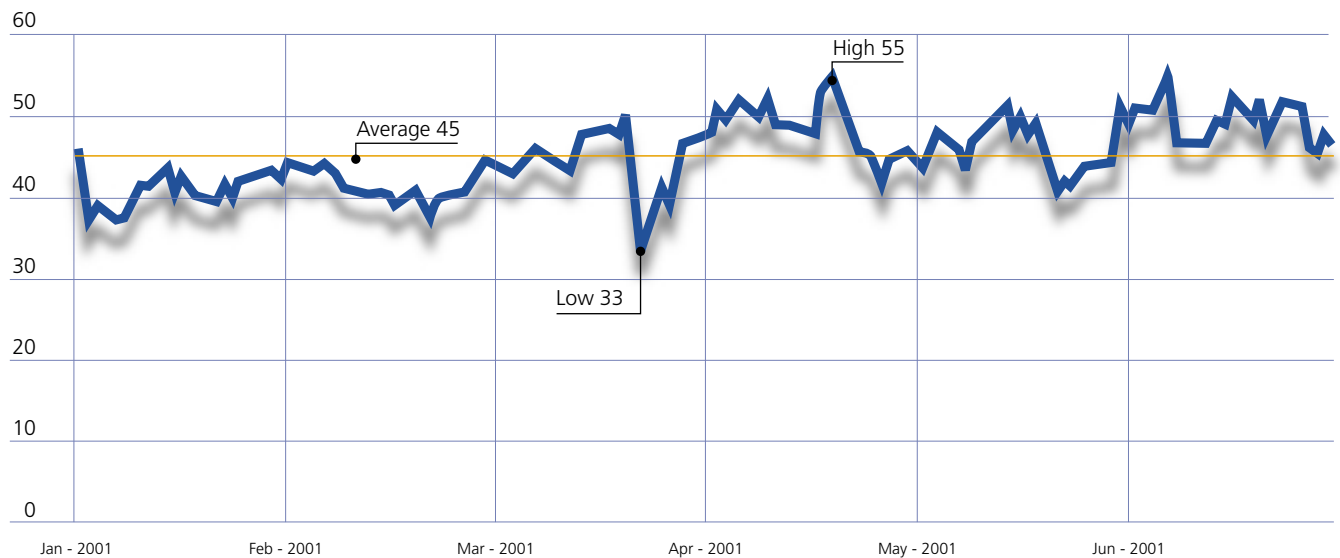
Trading activities, mostly in securities, fixed income and equity, foreign exchange and derivatives are measured.

The VaR of trading activities, concentrated in Banca IMI and its subsidiaries, fluctuated in the first half of 2001 between a low of 3.1 million Euro and a high of 18.5 million Euro with an average value of 9.4 million Euro.

In addition to VaR, Worst Case Scenario methodology is also used to monitor the impact of potential losses due to trad-

ing that could occur in extreme conditions. This represents the worst outcome among different scenarios developed to model a significant shock in market parameters on the basis of a one day holding period. The development of the maximum potential daily loss in the six months was largely stable in terms of potential risks, always oscillating around the average values for the period, at 44.8 million Euro.

Backtesting has confirmed the prudence of the measurement systems; in no case was the potential exposure on a daily basis, in terms of VaR and maximum potential loss, exceeded by losses effectively realized.



Maximum potential daily loss in trading (€/mil)

Supplementary information

Performance of share prices

At the end of June 2001 the price of SANPAOLO IMI shares was 15.28 Euro; this was substantially in line with that at the end of March and represented a fall of 11.5%

from the beginning of the year against a reduction of approximately 14% in the MIB Bancario; on the same date SANPAOLO IMI traded on a price/book ratio of 2.8 and price/earnings, calculated on consensus earnings for 2002, of 13.8.

On 30 July 2001 the price was 13.929 Euro, with a fall of 19.3% from the beginning of the year.

Market comparison

	30/7/2001	29/6/2001	30/6/2000	Change (%) 29/6/01- 30/6/00
SANPAOLO IMI share price (€) (1)	13.929	15.280	18.482	-17.3
Banking index (historical MIB bancario)	2,754	2,969	3,328	-10.8

SANPAOLO IMI share price (1)

Year	High (€)	Low (€)	Average (€)
1995	5.118	4.025	4.577
1996	5.269	4.236	4.766
1997	8.800	4.564	6.275
1998	16.274	8.717	12.429
1999	16.071	10.970	13.192
2000	20.800	11.483	16.612
2001 (until 30/7/2001)	18.893	13.200	15.885

SANPAOLO IMI market indices

	29/6/2001	30/6/2000
Price / Book value	2.8	3.2
Price / Earnings on consensus earnings (2)	13.8	20.3

(1) Reference prices. Share prices before 2 November 1999 have been adjusted for the real estate spin-off.

(2) Calculated on consensus earnings 2002 for 29/6/2001 and on consensus earnings 2001 for 30/6/2000.



SANPAOLO IMI share price and MIB bancario (30/12/99=100)

Shareholders

At 30 June 2001, the shareholder structure of SANPAOLO IMI, based on available information, was as follows:

<i>Shareholders of SANPAOLO IMI</i>	%
Compagnia di San Paolo	16.13
Banco Santander Central Hispano	6.48
Monte dei Paschi di Siena	6.31
IFI / IFIL	4.98
Fondazione Cariplo	2.77
Ente Cassa di Risparmio di Firenze	2.57
Società Reale Mutua di Assicurazioni	2.06
Fondazione Cassa di Risparmio di Venezia	1.96
Other shareholders (1)	56.74
Total	100.00

(1) Includes own shares held by the Group.

Ratings

There were no changes in the ratings assigned to SANPAOLO IMI's debt in the first half of 2001.

For Group companies, Moody's and Standard & Poor's rated Banca OPI's debt, assigning the same ratings as those of SANPAOLO IMI.

SANPAOLO IMI debt ratings

Rating agency	Type of rating	Rating
Fitch	• Short-term debt	F1+
	• Medium/long-term debt (senior)	AA-
Rating and Investment Information (Japan)	• Medium/long-term debt (senior)	AA
Moody's Investors Service	• Short-term debt	P-1
	• Medium/long-term debt (senior)	Aa3
Standard & Poor's	• Short-term debt	A-1
	• Medium/long-term debt (senior)	A+ with outlook positive

Other SANPAOLO IMI ratings

Rating agency	Type of rating	Rating
Moody's Investors Service	Bank Financial Strength	B
Fitch	Individual	B/C
Fitch	Legal	2

Rating of subsidiary company debt

Group company	Rating agency	Short-term rating	Medium/long-term rating (senior)
Banco di Napoli	Fitch	F1	A+
	Rating and Investment Information (Japan)	-	A+
	Moody's Investors Service	P-1	A1
	Standard & Poor's	A-1	A
Banca OPI	Moody's Investors Service	P-1	Aa3
	Standard & Poor's	A-1	A+
Banque Sanpaolo	Fitch	F1	A+
	Moody's Investors Service	P-1	A2
Banca Fideuram	Standard & Poor's	A-1	A+
Sanpaolo IMI Bank International	Moody's Investors Service	P-1	Aa3
	Standard & Poor's	A-1	A+
Sanpaolo US Financial	Moody's Investors Service	P-1	-
	Standard & Poor's	A-1	-

Group Business Areas

Organization by Business Areas

The Group operates, through a structure organized by Business Areas, in the following sectors:

- **Retail Banking:** business with households and small- and medium-sized companies is carried out by the Group through Commercial Banking and Banco di Napoli; Retail Banking also includes the business of Cassa di Risparmio di Firenze and Cassa dei Risparmi di Forlì, in which SANPAOLO IMI has a shareholding of 19.1% and 15% respectively;
- **Wealth Management:** the Area, established in April 2001, provides asset management products and services both internally to the Group (Commercial Banking,

Banco di Napoli and Banca Sanpaolo Invest) and to external networks and institutional investors;

- **Personal Financial Services:** the distribution, through sales teams, of financial services to households with medium to high savings potential is carried out by the networks of Banca Fideuram and Banca Sanpaolo Invest; the trading on line business developed by IMIWeb Bank is also included;
- **Wholesale Banking:** includes the activities carried out by Corporate, Public Works and Infrastructure, Investment Banking and Merchant Banking.

The Group also has Central Functions, carrying out holding activities, treasury, loan recovery, property and shareholding investment management.

The criteria to determine the profitability of the Business Areas are set out in detail in the Explanatory Notes.

Results of the Business Areas

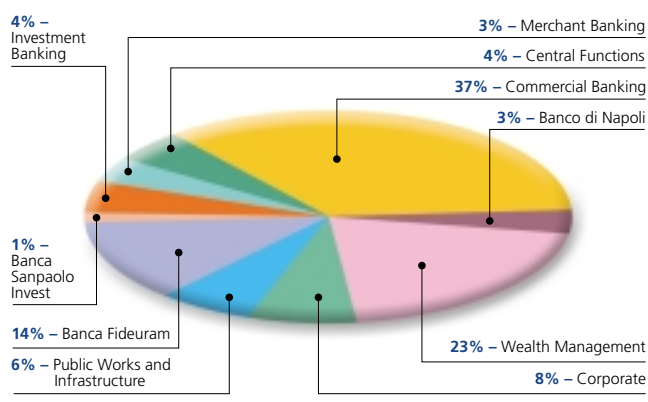
The results of the Group's Business Areas are, in summary, the following:

Business Area	Contribution to net income of the Group				Average capital			Profitability		
	First half 2001	First half 2000	Change 2001 / First half 2000	2000 pro forma (1)	First half 2001	First half 2000	2000 pro forma (1)	First half 2001	First half 2000	2000 pro forma (1)
	(€/mil)	(€/mil)	(%)	(€/mil)	(€/mil)	(€/mil)	(€/mil)	(%)	(%)	(%)
RETAIL BANKING										
Commercial Banking	257	297	-13.5	625	2,284	2,440	2,417	22.5	24.3	25.9
Banco di Napoli	20	54	-63.0	84	1,359	1,302	1,286	2.9	8.3	6.5
WEALTH MANAGEMENT (2)	155	57	+171.9	106	360	289	267	86.1	39.4	39.7
PERSONAL FINANCIAL SERVICES										
Banca Fideuram	94	82	+14.6	175	670	566	544	28.1	29.2	32.2
Banca Sanpaolo Invest	7	11	-36.4	16	99	89	89	14.1	24.7	18.0
IMIWeb Bank	-12	-13	-7.7	-28	84	30	41	n.s.	n.s.	n.s.
WHOLESALE BANKING										
Corporate	53	46	+15.2	92	836	788	804	12.6	11.7	11.5
Public Works and Infrastructure	39	31	+25.8	98	349	279	279	22.3	22.2	35.0
Investment Banking	26	42	-38.1	60	314	383	356	16.6	22.2	16.9
Merchant Banking	21	22	-4.5	33	400	384	382	10.5	11.7	8.6
CENTRAL FUNCTIONS	28	100	-72.0	-30	493	380	182	n.s.	n.s.	n.s.
GROUP TOTAL	688	729	-5.6	1,231	7,248	6,930	6,647	19.0	21.0	18.5

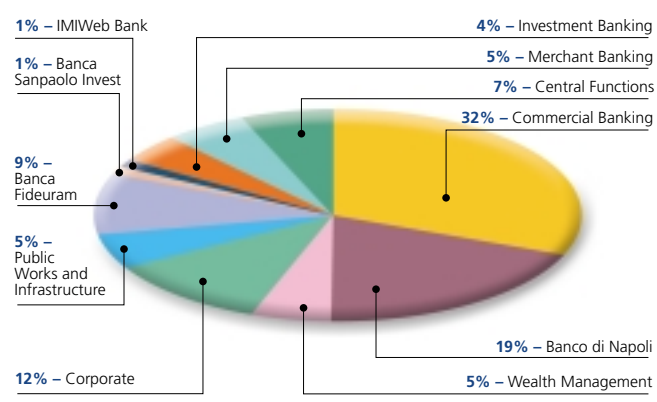
(1) The data for the first half of 2000 and for 2000 are pro forma; they have been prepared to allow a consistent comparison with 2001, on the basis of the following in effect from 1/1/2000:

- the acquisition of control of Banco di Napoli;
- the acquisition of the Wargny group;
- the change in customer profile in the Commercial Banking and Corporate Areas;
- the establishment of the Wealth Management Area;
- the transfer to Banca OPI of the public works and infrastructure activity.

(2) The data for the first half of 2001 are pro forma in that the Area was established in April 2001.



First half 2001 net income by Business Area



First half 2001 allocated capital by Business Area

Retail Banking

Commercial Banking

Commercial Banking operates in Italy through the network of 1,363 branches of the Parent Bank, as well as the direct Internet banking, phone banking and mobile banking channels. The customer base is composed of households, small entrepreneurs and companies with a turnover of less than 500 billion lire. Abroad, the Area is active through the

French subsidiary Banque Sanpaolo, which has 62 branches, and the Hungarian Inter-Europa Bank, in which the Group has a shareholding of 32.5%. Commercial Banking is also responsible for the specialist companies in consumer credit (Finconsumo, controlled jointly with Banco Santander Central Hispano) and leasing (Sanpaolo Leasint).

In the second quarter of 2001, the initiatives launched in the previous year and first months of 2001 in the domestic market were continued. These especially concerned:

	Commercial Banking				of which: Italian Branch Network			
	First half 2001	First half 2000 pro forma	Change first half 2001 / First half 2000 pro forma (%)	2000 pro forma	First half 2001	First half 2000 pro forma	Change first half 2001 / First half 2000 pro forma (%)	2000 pro forma
STATEMENT OF INCOME (€/mil)								
Net interest and other banking income	1,532	1,651	-7.2	3,294	1,369	1,490	-8.1	2,973
Operating costs	-953	-929	+2.6	-1,904	-847	-832	+1.8	-1,717
Operating income	579	722	-19.8	1,390	522	658	-20.7	1,256
Provisions and net adjustments to loans and financial fixed assets	-99	-154	-35.7	-222	-89	-144	-38.2	-197
Income before extraordinary items	480	568	-15.5	1,168	433	514	-15.8	1,059
Net extraordinary income	1	-2	n.s.	12	-2	-3	-33.3	1
Income before taxes	481	566	-15.0	1,180	431	511	-15.7	1,060
Income taxes for the period	-224	-269	-16.7	-555	-202	-244	-17.2	-505
Net income	257	297	-13.5	625	229	267	-14.2	555
ALLOCATED CAPITAL (€/mil)	2,284	2,440	-6.4	2,417	1,815	2,033	-10.7	2,004
RATIOS (%)								
Annualized RORAC	22.5	24.3		25.9	25.2	26.3		27.7
Cost / Income ratio	62.2	56.3		57.8	61.9	55.8		57.8
	30/6/2001	30/6/2000 pro forma	Change 30/6/01-30/6/00 pro forma (%)	31/12/2000 pro forma	30/6/2001	30/6/2000 pro forma	Change 30/6/01-30/6/00 pro forma (%)	31/12/2000 pro forma
OPERATING DATA (€/mil)								
Customer financial assets	160,893	161,970	-0.7	160,185	147,515	148,769	-0.8	146,955
- Direct deposits	34,577	34,526	+0.1	33,747	29,635	29,868	-0.8	28,945
- Asset management	70,030	70,135	-0.1	71,125	64,272	64,667	-0.6	65,424
of which: Group products	68,301	68,261	+0.1	69,396	64,272	64,667	-0.6	65,424
- Mutual funds and fund-based portfolio management	56,687	58,350	-2.9	58,610	53,294	55,274	-3.6	55,237
- Portfolio management	4,966	4,774	+4.0	4,848	4,330	4,256	+1.7	4,249
- Life technical reserves	6,648	5,137	+29.4	5,938	6,648	5,137	+29.4	5,938
of which: Other products	1,729	1,874	-7.7	1,729	-	-	-	-
- Asset administration	56,286	57,309	-1.8	55,313	53,608	54,234	-1.2	52,586
Net asset management flows	1,295	3,310		7,674	1,081	2,573		6,204
Net loans to customers excluding NPLs	37,627	37,740	-0.3	38,304	33,417	33,788	-1.1	34,431
OPERATING STRUCTURE								
Employees	18,047	17,635	+2.3	17,750	16,263	16,038	+1.4	16,046
Branches	1,425	1,369	+4.1	1,393	1,363	1,309	+4.1	1,332

- multi-channel development; following the first quarter launch of information and statement services through the Internet and GSM telephones, marketing initiatives were undertaken for specific customer segments; at the end of June there were more than 64,000 multi-channel contractual acceptances;
- selective widening of the branch network, which increased by 15 outlets in the quarter;
- the development of a new organizational model designed to specialize each operating point on its main customer segment; following the experiment with the first branches directed to businesses at the end of 2000, the extension of the model throughout Italy was planned in the second quarter; in particular, the project envisages the establishment of more than 130 business centers and the reconfiguration of the current operating points into approximately 750 branches directed to households and small businesses and 400 for private clients;
- the improvement of services offered to households, especially in consultancy; this has been achieved through the widening of the asset management product range, the recomposition of the customer portfolio of personal consultants and the wider scale deployment of workstations for consultants;
- the strengthening of management systems and technological instruments supporting the activity directed to businesses, in order to ensure the maintenance of high standards achieved in credit risk management and to improve commercial relationships with companies also through the development of products based on Internet technologies;
- the strengthening of incentive systems for the network, based on profit and commercial results achieved, with the introduction of the individual component for personal consultants.

In France, Banque Sanpaolo is progressively aiming its attention towards high-net worth private customers, using its experience and professionalism developed in asset management and consultancy. Plans to strengthen the distribution system of the Bank, through the development of a differentiated and multichannel approach, were pursued.

In volume terms, during the first half of 2001 the Area achieved a net positive inflow in asset management of 1.3 billion Euro which partly compensated for the devaluation of the total stock (2.4 billion Euro) following the reduction in equity values. Total asset management volumes were 70 billion Euro, around the same level as at June 2000 and down 1.5% from the beginning of the year. In particular:

- the Italian Branch Network achieved net inflow of 1.1 billion Euro in asset management, of which 831 million Euro were in insurance policies; volumes managed (64.3 billion Euro at the end of June) fell by 0.6% on the 12 months and 1.8% from the beginning of the year. Market share in mutual funds and fund-based portfolio management was 10.4% at the end of June;
- Banque Sanpaolo recorded a net inflow in asset management of 214 million Euro in the half year; amounts grew by 5.3% on an annual basis and 1% from December 2000.

In customer financial assets, it should be noted that Commercial Banking delivered an increase of 830 million Euro in direct funds in the first half, taking the total to 34.6 billion Euro, up by 0.1% on June 2000 and 2.4% from the beginning of the year; volumes of asset administration were 56.3 billion Euro, thanks to a flow of 973 million Euro in the six months, restraining the fall from June 2000 to 1.8%.

Net loans, excluding NPLs, amounted to 37.6 billion Euro, in line with the middle of 2000, and down 1.8% from the beginning of the year. Household mortgage loans amounted to 5.8 billion Euro, 23.7% up on 30 June 2000; new disbursements in the six months were 864 million Euro, 5.6% in advance of the same period of 2000.

The Area closed the six months with net income of 257 million Euro, down by 13.5% on the pro forma result for the same period of 2000 on a consistent basis. The reduction was due to lower commissions compared to the particularly positive subscriptions and order flows recorded by the Italian branch network in the first months of 2000. Continuing improvement in asset quality was reflected in lower adjustments to loans and economic capital absorbed. Profitability, in terms of RORAC, was more than 22%.

Banco di Napoli

Banco di Napoli, part of the SANPAOLO IMI Group from the second half of 2000, carries out retail banking in its traditional area of Southern Italy through its 731 branches.

In the second quarter Banco di Napoli's Relaunch Plan was approved. The Plan, described earlier in the report, sets the Banco a RoE target in 2004 of 15%, against 6.5% in 2000, and a cost/income ratio of 57% against 78% in 2000.

In line with the objectives of the Relaunch Plan, the initiatives undertaken in recent months have concerned: the restructuring of the domestic distribution network, with the establishment of 11 territorial areas; the revision of the shareholding portfolio, through signing of the sale contract of the subsidiary Fumagalli & Soldan and the concentration of asset management into the Wealth Management structures of the SANPAOLO IMI Group; the withdrawal from business conducted by the foreign network, with the transfer of the Hong Kong

Banco di Napoli

	First half 2001	First half 2000	Change first half 2001 / First half 2000 (%)	2000
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	574	580	-1.0	1,167
Operating costs	-469	-449	+4.5	-908
Operating income	105	131	-19.8	259
Provisions and net adjustments to loans and financial fixed assets	-75	-59	+27.1	-375
Income before extraordinary items	30	72	-58.3	-116
Net extraordinary income	25	-69	n.s.	-398
Income before taxes	55	3	n.s.	-514
Income taxes for the period	-31	28	n.s.	241
Use of reserves for general banking risks	-	44	n.s.	367
Net income	24	75	-68.0	94
Contribution to net income of the Group (1)	20	54	-63.0	84
ALLOCATED CAPITAL (€/mil)	1,359	1,302	+4.4	1,286
RATIOS (%)				
Annualized RoE	2.9	8.3		6.5
Cost / Income ratio	81.7	77.4		77.8
	30/6/2001	30/6/2000	Change 30/6/01-30/6/00 (%)	31/12/2000
OPERATING DATA (€/mil)				
Customer financial assets	37,454	39,959	-6.3	38,819
- Direct deposits	22,285	24,916	-10.6	24,606
- Asset management	7,590	7,148	+6.2	6,678
of which: Group products	7,043	6,514	+8.1	6,111
- Mutual funds and fund-based portfolio management	5,235	5,179	+1.1	4,719
- Portfolio management	1,424	1,335	+6.7	1,272
- Life technical reserves	384	-	n.s.	120
of which: Other products	547	634	-13.7	567
- Asset administration	7,579	7,895	-4.0	7,535
Net asset management flows	1,063	-564		-1,161
Net loans to customers excluding NPLs and SGA loans	14,757	15,719	-6.1	15,688
OPERATING STRUCTURE				
Employees	10,112	10,987	-8.0	10,641
Financial planners	199	227	-12.3	225
Domestic branches	731	731	-	731

(1) After the posting of consolidation attributable to the Area.

branch to the Parent Bank's Corporate Area and the sale of the London branch to a third party; a voluntary incentive retirement scheme which has already led to agreements for the departure of some 500 employees.

The operational performance of Banco di Napoli in the first half of 2001 was marked by a significant recomposition of customers' financial assets towards asset management: the net flow in the period, 1.1 billion Euro, took the total amount to 7.6 billion Euro, up by 13.7% from the beginning of the year and 6.2% on the 12 months. Against this increase, direct deposits showed a reduction of 2.3 billion Euro from the beginning of the year, falling to 22.3 billion, while asset administration was stable on the levels at the end of 2000, at 7.6 billion Euro.

In terms of loans, according to the guidelines set out in the Relaunch Plan, the Banco concentrated its operations on its target customers of households and small entrepreneurs; net loans, excluding non-performing and SGA loans, fell to 14.8 billion Euro, approximately 6% less compared to December and June 2000.

In income terms, Banco di Napoli recorded net income of 24 million Euro in the first half of 2001, down by 68% on the same period of 2000; the fall was due largely to higher amortization and provisions, only partially compensated for by the increase in extraordinary income. In operating results, the Banco's net interest income grew by 2.8%, while net interest and other banking income fell by 1% as a result of lower commissions and reduced profits from financial transactions. Annualized RoE was 2.9%.

Wealth Management

In the second quarter, activities to set up an autonomous Business Area dedicated to Wealth Management were completed. This is intended to provide asset management products and services both to the internal distribution networks of the Group (Commercial Banking, Banco di Napoli and Banca Sanpaolo Invest), and to other networks and institutional investors. In fact, in April, the Parent Bank completed the transfer to Wealth Management Sanpaolo IMI of the shareholdings in subsidiary companies operating in mutual funds and asset management (Sanpaolo IMI Asset Management, Sanpaolo IMI Institutional Asset Management, Sanpaolo Gestion Internationale and Sanpaolo Fiduciaria), private banking (Sanpaolo Bank Lussemburgo, Sanpaolo Bank Austria and SP Private Banking) and life insurance (Sanpaolo Vita and Sanpaolo Life).

In the context of the Banco di Napoli integration plan into the SANPAOLO IMI Group, the Neapolitan bank's mutual fund business has been concentrated into Wealth Management.

Also in the quarter certain initiatives to develop the product range were launched:

- in mutual funds, Sanpaolo International Fund established six new equity sectors; a new fund-based portfolio management was also established dedicated to high net worth customers;
- in insurance, unit linked multimanager and guaranteed result policies were launched.

In collaboration with external sales networks, the following should be noted:

- the launch of a new fund by CR Firenze Gestion Internationale, 20% held by the SANPAOLO IMI Group and 80% by Cassa di Risparmio di Firenze, with management mandated to Wealth Management's Luxembourg companies;

Wealth Management

	First half 2001 pro forma	First half 2000 pro forma	Change first half 2001 / First half 2000 pro forma (%)	2000 pro forma
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	144	126	+14.3	261
Operating costs	-32	-28	+14.3	-62
Operating income	112	98	+14.3	199
Value adjustments on goodwill, merger differences and consolidation	-4	-	-	-
Provisions and net adjustments to loans and financial fixed assets	-6	-6	-	-43
Income before extraordinary items	102	92	+10.9	156
Income before taxes	102	92	+10.9	156
Income taxes for the period	45	-23	n.s.	-26
Change in reserves for general banking risks	-1	3	n.s.	3
Net income	146	72	+102.8	133
Contribution to net income of the Group (1)	155	57	+171.9	106
ALLOCATED CAPITAL (€/mil)	360	289	+24.6	267
RATIOS (%)				
Annualized RoE	86.1	39.4		39.7
Cost / Income ratio	22.2	22.2		23.8
	30/6/2001	30/6/2000 pro forma	Change 30/6/01-30/6/00 pro forma (%)	31/12/2000 pro forma
OPERATING DATA (€/mil)				
Asset management	73,343	73,583	-0.3	74,331
OPERATING STRUCTURE				
Employees	422	309	+36.6	343

(1) After the posting of consolidation attributable to the Area.

- the launch, in June, of marketing by Cassa dei Risparmi di Forlì of a complete range of fund-based portfolio management, which will invest in the Luxembourg fund Sanpaolo International Fund.

Asset management of the Area amounted to 73.3 billion Euro at the end of the six months, in line with June 2000. Against the beginning of the year the fall in volumes was limited to one billion Euro: the devaluation recorded in totals in the first half, 2.2 billion Euro, was in fact compensated for by 1.2 billion of net flow from the distribution networks.

Wealth Management showed a significant profit improvement on the first half of 2000: net income was 146 million Euro, against 72 million in the same period of the previous year; annualized RoE rose from 39.4% to 86.1%. The increase in profitability was made possible firstly thanks to greater contribution from the insurance companies, Sanpaolo Vita and Sanpaolo Life, included in net interest and other banking income among profits from companies carried at equity. The net result also benefited from lower current taxes and the posting of prepaid taxes against the recovery of previous taxable losses.

Personal Financial Services

Banca Fideuram

Banca Fideuram, with a network of 3,781 financial planners and 76 branches, operates using its own specialist companies dedicated to asset management services.

In the second quarter of 2001 Banca Fideuram pursued initiatives aimed at expanding its business in Italy and abroad.

In particular:

- the business plan for the French broker Wargny, which envisages its transformation into a *banque privée*, the rationalization of its corporate structure and the launch of asset management using the model already proved in Italy, was launched;
- private banking in Switzerland through Fideuram Bank (Suisse) has been developed;
- the supply of new insurance products to optimize the opportunities inherent in the new tax regime was strengthened.

Banca Fideuram

	First half 2001	First half 2000 pro forma (1)	Change first half 2001 / First half 2000 pro forma (%)	2000 pro forma (1)
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	305	278	+9.7	579
Operating costs	-143	-133	+7.5	-273
Operating income	162	145	+11.7	306
Value adjustments on goodwill, merger differences and consolidation	-12	-19	-36.8	-42
Provisions and net adjustments to loans and financial fixed assets	-12	-6	+100.0	-10
Income before extraordinary items	138	120	+15.0	254
Net extraordinary income	1	-	n.s.	2
Income before taxes	139	120	+15.8	256
Income taxes for the period	-20	-17	+17.6	-32
Minority interests	-	-1	n.s.	-2
Net income	119	102	+16.7	222
Contribution to net income of the Group (2)	94	82	+14.6	175
ALLOCATED CAPITAL (€/mil)	670	566	+18.4	544
RATIOS (%)				
Annualized RoE	28.1	29.2		32.2
Cost / Income ratio	46.9	47.8		47.2
	30/6/2001	30/6/2000 pro forma (1)	Change 30/6/01-30/6/00 pro forma (%)	31/12/2000
OPERATING DATA (€/mil)				
Customer financial assets	51,738	50,450	+2.6	51,073
- Direct deposits	3,656	2,342	+56.1	2,725
- Asset management	39,222	40,839	-4.0	40,613
- <i>Mutual funds and fund-based portfolio management</i>	33,167	35,402	-6.3	34,923
- <i>Life technical reserves</i>	6,055	5,437	+11.4	5,690
- Asset administration	8,860	7,269	+21.9	7,735
Net asset management flows	64	4,713		6,150
OPERATING STRUCTURE				
Employees	1,634	1,559	+4.8	1,587
Financial planners	3,781	3,629	+4.2	3,782
Branches	76	72	+5.6	74

(1) The pro forma data are prepared on the basis of the acquisition of the Wargny group from 1/1/2000.

(2) Relates to the 74% held by SANPAOLO IMI and after posting consolidation attributable to the Area.

At the end of June 2001 financial assets administered by Banca Fideuram for customers were 51.7 billion Euro, up by 2.6% on an annual basis and 1.3% on the end of 2000. Asset management amounted in total to 39.2 billion Euro, approximately 75% of the total; in particular, amounts administered in private banking were constantly increased, rising to 14.1 billion Euro, against 9.6 billion at the end of 2000; the net flow in asset management in the six months was 64 million Euro, thanks to the placing of 412 million Euro in life policies, which more than compensated the outflow of 348 million Euro in mutual funds and fund-based portfolio management. In the same period, direct deposits increased by 931 million Euro, attributable to investments in repo in expectation of market stability and a

return to managed savings. Volumes of asset administration increased by 1.1 billion Euro, to 8.9 billion.

The results achieved in the first half of 2001 by Banca Fideuram presented a significant progress on the corresponding period of 2000; in particular, net interest and other banking income increased by 9.7%, amounting to 305 million Euro. Greater revenues more than compensated for the charges connected to investments made to strengthen operations, enabling the company to achieve net income of 119 million Euro, 16.7% up on the first six months of 2000. Annualized RoE was 28.1%. The contribution to Group net income, for the 74% held by SAN-PAOLO IMI and after posting of consolidation, was 94 million Euro, against 82 million in the first half of 2000.

Banca Sanpaolo Invest

Banca Sanpaolo Invest pursued actions to strengthen its business model, the distribution of products of the Group and other major market participants, through the network of financial planners supported by direct sales channels.

The second quarter of 2001 was marked by:

- the completion, in June, of the process of moving customers from SANPAOLO IMI branches, made possible by Banca Sanpaolo Invest's achievement of operational autonomy; the operation concerned some 90,000 clients with total assets of 5.7 billion Euro;
- the expansion of the product range: a new umbrella fund, established under the laws of the Republic of Ireland, managed by Sanpaolo Invest Ireland was launched; new fund-based portfolio management from Sanpaolo IMI Asset Management were launched; placing of unit linked Skandia policies was initiated; distribution of mutual funds managed by important foreign asset managers, including Credit Agricole Indosuez, J.P. Morgan, Credit Suisse and Pictet, launched in the first months of the year, was continued; an agreement for the distribution of mortgages from Abbey National Bank was made;
- the strengthening of the distribution network: the number of financial planners rose at the end of June to

Banca Sanpaolo Invest

	First half 2001	First half 2000	Change first half 2001 / First half 2000 (%)	2000
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	37	37	-	69
Operating costs	-25	-24	+4.2	-49
Operating income	12	13	-7.7	20
Income before extraordinary items	12	13	-7.7	20
Net extraordinary income	-4	6	n.s.	6
Income before taxes	8	19	-57.9	26
Income taxes for the period	-5	-8	-37.5	-10
Change in reserves for general banking risks	4	-3	n.s.	-
Net income	7	8	-12.5	16
Contribution to net income of the Group (1)	7	11	-36.4	16
ALLOCATED CAPITAL (€/mil)	99	89	+11.2	89
RATIOS (%)				
Annualized RoE	14.1	24.7		18.0
Cost / Income ratio	67.6	64.9		71.0
	30/6/2001	30/6/2000	Change 30/6/01-30/6/00 (%)	31/12/2000
OPERATING DATA (€/mil)				
Customer financial assets	9,884	10,155	-2.7	10,178
- Direct deposits	185	6	n.s.	52
- Asset management	8,727	9,079	-3.9	9,180
of which: Group products	6,745	7,576	-11.0	7,469
- Mutual funds and fund-based portfolio management	6,049	6,927	-12.7	6,733
- Portfolio management	205	218	-6.0	270
- Life technical reserves	491	431	+13.9	466
of which: Other products	1,982	1,503	+31.9	1,711
- Asset administration	972	1,070	-9.2	946
Net asset management flows	112	848		1,711
OPERATING STRUCTURE				
Employees	208	142	+46.5	176
Financial planners	1,532	1,360	+12.6	1,488

(1) After the posting of consolidation attributable to the Area.

1,532, 44 more than at the end of 2000; recruitment was targeted at financial planners from banks and other distribution networks;

- the strengthening of direct channels in telephone and Internet banking: the strengthening of the call center, whose staff was increased by 21 from the beginning of the year, brought to 17,600 the number of transactions in securities made by telephone in the quarter, with a total traded of 310 million Euro; in the same period customers made 2,600 securities trades via Internet, with a total of 13 million Euro traded.

Banca Sanpaolo Invest recorded a positive flow in asset management of 112 million Euro in the first six months. The fall registered in equity markets however penalized the amounts managed, down to 8.7 billion Euro from 9.1 at 30 June 2000 and 9.2 billion at the end of the year. The amount of third party products grew, rising to more than 20% of the total.

The Banca recorded revenues in line with those recorded in the first half of 2000. The considerable costs to strengthen operations penalized the final result: net income fell to 7

million Euro, against 8 million Euro in the first half of 2000. Annualized RoE was 14.1%.

IMIWeb Bank

During the quarter IMIWeb Bank consolidated its position as a major on line broker in the Italian market. The company began operations in derivatives in May, establishing an Internet platform to allow customers to trade in Fib and MiniFib on IDEM. The introduction of derivatives has completed the range of financial instruments available to customers, including dealing in the main financial markets, with coverage of 77% of world equity markets, Italian mutual investment funds and foreign Sicav funds and bonds. Specific attention was directed to consultancy to support trading; in particular IMIWeb signed an agreement with Eurosim Research to provide market and company research analysis.

IMIWeb recorded higher revenues in the first half of 2001 against the first half of 2000. The higher revenues were not however sufficient to cover the high costs taken by the company to reinforce its competitive position.

IMIWeb Bank

	First half 2001	First half 2000	Change first half 2001 / First half 2000 (%)	2000
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	3	2	+50.0	6
Operating costs	-16	-15	+6.7	-35
Loss before extraordinary items	-12	-13	-7.7	-29
Net extraordinary income	-	-	-	1
Net loss	-12	-13	-7.7	-28

Wholesale Banking

Corporate

Corporate carries out lending and the provision of banking services to large- and medium-sized companies and groups. Operations with Italian companies concern those with a turnover of more than 500 billion Lire. The Area is divided into two Parent Bank structures: one manages relationships with Italian clients, while the other follows foreign companies. The Corporate network is composed of six territorial offices in Italy and 10 branches and 14 representative offices abroad, as well as the subsidiary Sanpaolo IMI Bank Ireland.

In the six months syndicated loan business was emphasized and the Bank has been able to take primary roles, with significant commission income. In organizational terms:

- procedures to complete the acquisition of the Hong Kong branch from Banco di Napoli, which will be completed in the second half, are in course;
- procedures for the opening of new representative offices in Prague and Budapest will be shortly concluded.

Cash loans at the end of June 2001 were 24 billion Euro, with an increase of 7.1% on the 12 months and a fall of 3.1% from the beginning of the year. Guarantees at the end of June rose to 8.7 billion Euro, with a flow of 727 million Euro from the beginning of the year; this represents an increase of 9.2% on December 2000 and 31.8% on June 2000.

Net income in the first six months of 2001 was 53 million Euro, up by 15.2% on the pro forma result for the first half of 2000 on a consistent operational basis. This was thanks to growth in both net interest income and commissions. Annualized RORAC was 12.6% against 11.7% in the same period of 2000.

Corporate

	First half 2001	First half 2000 pro forma	Change first half 2001 / First half 2000 pro forma (%)	2000 pro forma
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	155	143	+8.4	298
Operating costs	-52	-45	+15.6	-105
Operating income	103	98	+5.1	193
Provisions and net adjustments to loans and financial fixed assets	-17	-18	-5.6	-35
Income before extraordinary items	86	80	+7.5	158
Net extraordinary income	2	-	-	-
Income before taxes	88	80	+10.0	158
Income taxes for the period	-35	-34	+2.9	-66
Net income	53	46	+15.2	92
ALLOCATED CAPITAL (€/mil)	836	788	+6.1	804
RATIOS (%)				
Annualized RORAC	12.6	11.7		11.5
Cost / Income ratio	33.5	31.5		35.2
	30/6/2001	30/6/2000 pro forma	Change 30/6/01-30/6/00 pro forma (%)	31/12/2000 pro forma
OPERATING DATA (€/mil)				
Net loans to customers excluding NPLs	24,026	22,438	+7.1	24,803
Guarantees	8,660	6,569	+31.8	7,933
Total loans and guarantees	32,686	29,007	+12.7	32,736
OPERATING STRUCTURE				
Employees	488	475	+2.7	481
Area offices in Italy	6	6	-	6
Foreign branches and representative offices	24	22	+9.1	23

Public Works and Infrastructure

Financial services provided by the Group to the public sector, in particular to investments and infrastructure, is the role mandated to Banca OPI, the company established in the middle of 2000 to consolidate SANPAOLO IMI's primary role in Italy in the sector.

Initiatives undertaken by Banca OPI in the second quarter of 2001 were aimed at strengthening the specialist business of the company, with particular regard to:

- infrastructure investments, with specific attention to project financing;
- development of operations in OECD markets, largely through collaboration with major European banks;

- financial support to Public Administration and Italian public services agencies;
- support to local entities, also in advisory work, to optimize the value of service companies.

Disbursements of 873 million Euro were made in the second quarter, taking the total from the beginning of the year to 1,154 million Euro. The main operations concluded in the period concerned postal and railway services, financing to support diversification in the production and distribution of electricity, as well as mortgage loans to protect the environment, health and to support regional authorities. Loans extended abroad, 20% of the total, to public entities and highway and airport operators, including project financing, were significant. The operations concluded in the period took total net cash loans to 12.5 billion Euro, up by 4.3% on the end of December 2000 and 7% on an annual basis.

Public Works and Infrastructure

	First half 2001	First half 2000 pro forma	Change first half 2001 / First half 2000 pro forma (%)	2000 pro forma
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	63	59	+6.8	131
Operating costs	-9	-7	+28.6	-15
Operating income	54	52	+3.8	115
Provisions and net adjustments to loans and financial fixed assets	-12	-1	n.s.	-8
Income before extraordinary items	42	51	-17.6	107
Net extraordinary income	1	1	-	2
Income before taxes	43	52	-17.3	109
Income taxes for the period	-9	-21	-57.1	-12
Net income	34	31	+9.7	98
Contribution to net income of the Group (1)	39	31	+25.8	98
ALLOCATED CAPITAL (€/mil)	349	279	+25.1	279
RATIOS (%)				
Annualized RoE	22.3	22.2		35.0
Cost / Income ratio	14.3	11.9		11.9
	30/6/2001	30/6/2000 pro forma	Change 30/6/01-30/6/00 pro forma (%)	31/12/2000 pro forma
OPERATING DATA (€/mil)				
Net loans to customers excluding NPLs	12,490	11,669	+7.0	11,973
Disbursements in the period	1,154	1,976	-41.6	3,128
OPERATING STRUCTURE				
Employees	111	88	+26.1	99

(1) After the posting of consolidation attributable to the Area.

The increase in operations allowed Banca OPI to record an increase in revenues: net interest and other banking income grew by 6.8% in the first half of 2001 against the same period in 2000. Operating income also increased, while the fall in income before extraordinary items was due exclusively to provisions for loan

losses made for tax reasons. Net income at Banca OPI was 34 million Euro, up by 9.7% from the first half of 2000. The contribution to Group net income, after the reversal of provisions made for tax reasons, was 39 million Euro, up by 25.8% against the first half of 2000. Annualized RoE was more than 22%.

Investment Banking

Investment Banking covers securities dealing both for own account and for customers, the raising of risk capital and debt for corporate clients, as well as corporate finance consultancy. Investment banking is undertaken by the Banca IMI Group, except for IMIWeb Bank and its subsidiary IMIWeb UK, which operate in on-line trading and are included in Personal Financial Services.

In the second quarter of 2001 the Banca IMI Group:

- in corporate finance and capital markets, was Global Coordinator in the share placements of I Viaggi del Ventaglio and Air Dolomiti; was mandated intermediary in SANPAOLO IMI's residual Public Offer for Banco di Napoli; acted, as promoter, in the capital increase of Banca Popolare di

Milano; managed the sale by the Treasury Ministry of its stakes in SANPAOLO IMI and Beni Stabili. In primary debt markets the Banca organized the placing of important issues such as SCCI, Mosaico Finance, Findomestic Banca and Cassa dei Risparmi di Forlì;

- in trading, consolidated its operations in fixed income, confirming its position as primary dealer in the major European and American bond markets, and in equity; in particular Banca IMI achieved in the quarter a market share of 5.6% in the automated equity market, thanks to total customer dealing of 16 billion Euro, and a market share of 8.35% on IDEM, with some 130,000 FIB30 contracts;
- strengthened operations abroad: the Luxembourg subsidiary IMI Bank strengthened its custody services, while the US subsidiary Banca IMI Securities Corp.

Investment Banking

	First half 2001	First half 2000	Change first half 2001 / First half 2000 (%)	2000
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	111	136	-18.4	250
Operating costs	-75	-74	+1.4	-161
Operating income	36	62	-41.9	89
Provisions and net adjustments to loans and financial fixed assets	-	-3	n.s.	1
Income before extraordinary items	36	59	-39.0	90
Net extraordinary income	1	1	-	8
Income before taxes	37	60	-38.3	98
Income taxes for the period	-11	-18	-38.9	-31
Net income	26	42	-38.1	67
Contribution to net income of the Group (1)	26	42	-38.1	60
ALLOCATED CAPITAL (€/mil)	314	383	-18.0	356
RATIOS (%)				
Annualized RoE	16.6	22.2		16.9
Cost / Income ratio	67.6	54.4		64.4
	30/6/2001	30/6/2000	Change 30/6/01-30/6/00 (%)	31/12/2000
OPERATING DATA (€/mil)				
Banca IMI SpA trading volumes				
- trading	356,673	241,691	+47.6	474,918
- sales	64,180	51,969	+23.5	100,060
- repurchase agreements	634,143	428,301	+48.1	817,939
- placements	6,162	11,741	-47.5	19,537
OPERATING STRUCTURE				
Employees	666	648	+2.8	683
Branches	2	2	-	2

(1) After the posting of consolidation attributable to the Area.

consolidated institutional customer services in distributing securities issued by US government agencies and European equity securities.

Investment Banking's profit performance, penalized by

the negative external environment in the first six months of the year, recorded a fall on the first half of 2000. Net income in the first half of 2001 was 26 million Euro, against 42 million in the same period of 2000. Annualized RoE was 16.6%.

Merchant Banking

NHS, the Group's merchant banking company, planned certain important investments in the quarter; these included:

- a stake in Merloni Termosanitari, the holding of the homonymous group in heating and air conditioning; the transaction, to be perfected in the third quarter, will lead to the acquisition of 6% of the company for an outlay of 22 million Euro;
- the participation in the share offering of Davide Campari, operating in the production, marketing and distribution of drinks; the offer was concluded at the beginning of July with an investment of 13.5 million Euro by NHS for 1.5% of the company.

Some shareholding disinvestments were made in the quarter; the most important transactions concerned:

- the reduction from 5.5% to 4.4% of the stake in Montedison, with gross capital gains of 41 million Euro, to be added to the capital gains of 17 million Euro from the first quarter. At the beginning of July the whole stake still held in Montedison was sold to Italergergia at a price of 3.22 Euro per share, with a further gross capital gain of 170 million Euro which will contribute to NHS's results in the third quarter of 2001. NHS then acquired a 7.81% stake in Italergergia; the transaction will allow the SANPAOLO IMI Group to participate in Italergergia's business plan to create a major private operator in the Italian energy market;
- the realization of investments made in merchant banking, with gross capital gains of 10 million Euro; in particular, there was the part sale of the 6.71% stake held in Santé Luxembourg, and the sale of the 8.75% in Lafert.

Merchant Banking

	First half 2001	First half 2000	Change first half 2001 / First half 2000 (%)	2000
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	23	34	-32.4	51
Operating costs	-4	-3	+33.3	-9
Operating income	19	31	-38.7	42
Provisions and net adjustments to loans and financial fixed assets	-15	-9	+66.7	-10
Income before extraordinary items	4	22	-81.8	32
Net extraordinary income	59	46	+28.3	93
Income before taxes	63	68	-7.4	125
Income taxes for the period	-21	-26	-19.2	-49
Net income	42	42	-	76
Contribution to net income of the Group (1)	21	22	-4.5	33
ALLOCATED CAPITAL (€/mil)	400	384	+4.2	382
RATIOS (%)				
Annualized RoE	10.5	11.7		8.6
Cost / Income ratio	17.4	8.8		17.6
	30/6/2001	30/6/2000	First half 2001 net flow	31/12/2000
OPERATING DATA (€/mil)				
Merchant banking direct investments	480	131	+1	479
Other shareholdings	589	273	+129	460
	30/6/2001	30/6/2000	Change 30/6/01-30/6/00 (%)	31/12/2000
OPERATING STRUCTURE				
Employees	53	52	+1.9	52

(1) Relates to the 51% held by SANPAOLO IMI and after posting consolidation attributable to the Area.

Net income recorded by NHS in the first quarter of 2001 was 42 million Euro, in line with the same period of 2000; the contribution to Group net results, for the 51% held, was 21 million Euro, allowing the company to record annualized RoE of 10.5%. This was

thanks both to revenues from merchant banking and to capital gains from shareholdings disinvested; these revenues compensated for lower profits from financial transactions and higher provisions accounted for in the six months.

Explanatory Notes

ACCOUNTING AND VALUATION PRINCIPLES

PRESENTATION

CONSOLIDATED PRO FORMA STATEMENTS FOR 2000

CRITERIA TO CALCULATE THE PROFITABILITY OF THE BUSINESS AREAS

Accounting and valuation principles

The Quarterly Report of the SANPAOLO IMI Group at 30 June 2001 has been prepared according to Consob Regolamento 11971 of 14 May 1999 and successive modifications and integration.

The balance sheet at 30 June 2001 and income statement for the first half of 2001 have been prepared using the accounting and valuation principles used in the annual report to which reference is made for further detail. Here should be noted:

- the infrannual situation is prepared according to the discrete approach, according to which each reference period is considered as a separate period. In this way, the income statement reflects the ordinary and extraordinary income components for the quarter, according to the accrual principle. In particular, income taxes reflect the charges for the period concerned for current and deferred taxation, prudently not taking account of the advantages pursuant to the "Ciampi" Law (L. 461/98 and D.Lgs. 153/99);
- the accounting situations used for consolidation are those prepared by subsidiary companies (consolidated line by line or at net equity) with reference to 30 June 2001, as adjusted in line with Group accounting principles;
- valuations according to the net equity method of subsidiaries subject to a significant degree of influence have been made on the basis of the information made available by them, for the income statement for the period, also with recourse to prudent estimates;
- adjustments and provisions made exclusively for tax purposes by consolidated companies are reversed;
- own shares in the Parent Bank are valued at cost and posted against net consolidated equity reserves;
- only significant intercompany transactions and balances have been eliminated.

Concerning changes in the area of line by line consolidation, it should be noted that:

- compared to 31 December 2000, there are no significant changes. The exclusion of Sanpaolo Immobiliare S.p.A. from line by line consolidation as a result of its disposal should thus be noted. The company was sold on 2 July 2001;
- compared to 30 June 2000, the companies of the Banco di Napoli group and the French group Wargny Associés, already consolidated line by line for the first time at 31 December 2000, are included.

The quarterly balance sheet and income statement have not been independently audited.

Presentation

The balance sheet at 30 June 2001 and the income statement for the first half of 2001 are presented in the same reclassified form adopted from the end of the past year which, compared to the preceding yearly comparative information, has been changed as follows:

- to allow a more efficient management presentation of Group results, the net interest income of the subholding Banca IMI is placed in the caption "profits and losses from financial transactions and dividends on shares", in that it is strictly related to dealing in securities from an operational point of view;
- "value adjustments on goodwill, merger differences and consolidation" are evidenced separately given their significance as a caption as a result of the acquisitions of shareholdings made in the past year.

As a result of these changes in presentation, the quarterly analyses for 2000, prepared for comparison, have been appropriately reclassified.

Consolidated pro forma statements for 2000

Given the significant balance sheet and income statement effects of the line by line consolidation of the Banco di Napoli group, with effect for the first time in the statement at 31 December 2000, to allow comparison with results on a consistent basis, the reclassified accounts for the previous year have been presented in a pro forma version prepared on the conventional basis of taking control of Banco di Napoli on 1 January 2000.

Furthermore, in the case of the Wargny group, although its contribution is not significant with respect to SANPAOLO IMI Group data, the presentation reflects the pro forma situations on the conventional basis of acquisition of the shareholding as from 1 January 2000 in order to provide a complete picture.

Attached to the present Explanatory Notes are the pro forma reclassified consolidated statements to determine the balance sheet at 30 June 2000 and the pro forma reclassified consolidated income statements for the first half of 2000 and for the year 2000.

To prepare these pro forma versions, the accounts published in 2000 by the SANPAOLO IMI Group (column "a" in the attached statements) and by Banco di Napoli (column "b" in the attached statements), as well as those of the Wargny group, restated according to consistent SANPAOLO IMI principles (column "c" in the attached statements) have been used. The accounting results have been appropriately integrated and adjusted to take account of:

- the effect of consolidation of the Banco di Napoli group companies and initial adjustments made to the net shareholders' equity of the Banco (column "d" in the attached statements). The consolidation of companies within the Neapolitan group has been made necessary in that the information published by Banco di Napoli in 2000 refer to the accounts on an individual basis. Furthermore, the initial adjustments made to the net shareholders' equity of the Banco concern changes considered in the consolidated financial statements of SANPAOLO IMI at 31 December 2000 to determine the differences at first consolidation. In particular, the adjustments are due to the effects of alignment to SANPAOLO IMI Group accounting principles as well as to the restructuring charges envisaged in the industrial merger plan of Banco di Napoli into the SANPAOLO IMI Group which have therefore been reversed from the statement of income of Banco di Napoli S.p.A. for the year 2000. The adjustments in question also include the presentational changes rendered necessary to align them to the criteria of the new Parent Bank;
- the effect of the pro forma adjustments (column "e" in the attached statements) concerning the acquisition and consolidation of the Banco di Napoli group and Wargny group from 1 January 2000. In particular: a) the balance sheet has been adjusted to reflect essentially the effects of posting of the consolidation of the acquired groups, as well as the subordinated debt of SANPAOLO IMI S.p.A. connected to the acquisition of Banco di Napoli; b) the income statement reflects financial charges of funding and the amortization of the positive differences on consolidation for the whole period.

Criteria to calculate the profitability of the Business Areas

The income statement by Business Areas has been prepared as follows :

- for those Areas whose business is carried out both by the Parent Bank and by subsidiaries, consolidation of the line items of the Parent Bank attributable to the relevant

Area has been effected with the income statement line items of the subsidiary companies. The attribution to individual Areas of Parent Bank line items, in particular, is made on the basis of the following principles:

- the net interest income has been calculated using appropriate internal transfer rates;
- in addition to commissions in effect, notional commissions for services rendered by one Area to another have also been quantified;
- the direct costs of each Area have been calculated and, according to parameters, operating costs of the central structures other than those attributable to holding company functions, have been allocated to the Areas;
- for those Areas whose business is carried out wholly by subsidiaries, the income statements of the companies are reported; their contribution to consolidated net income is also shown, net of minority interests and after the posting of consolidation attributable to the Area; amortization of goodwill consequent upon investments made directly by the Parent Bank in the Areas has thus been allocated to Central Functions.

The capital for each Area has also been quantified according to the following criteria:

- for those Areas whose business is carried out both by the Parent Bank and by subsidiaries, consolidation of the average economic capital of the Parent Bank with that of the subsidiaries has been effected. The capital is measured according to VaR, distinguishing among the different types of risk: credit risk, market risks and operational risks;
- for those Areas whose business is carried out exclusively by subsidiaries, reference is made to the average accounting net shareholders' equity (excluding income for the period).

In allocating Parent Bank capital to the Areas particularly prudent criteria have been adopted. In particular:

- risks in the Areas have been calculated with a confidence interval of 99.95%, in line with the rating attributed to the Group;
- risks in the Areas have been wholly covered with primary capital.

Finally, the profitability of each Area has been calculated. In particular:

- for those Areas whose business is carried out both by the Parent Bank and by subsidiaries, profitability has been expressed in terms of RORAC (Return On Risk

Adjusted Capital) reporting the Area's contribution to Group net income to the relative economic capital quantified according to VaR;

- for those Areas whose business is carried out exclusively by subsidiaries, profitability has been expressed in terms of RoE (Return On Equity), reporting the Area's contribution to Group net income to the respective average accounting net shareholders' equity (excluding income for the period), consistently with the principles adopted for the Group.

The data for the first half of 2000 and for the year 2000 are pro forma estimates; they have been prepared on the basis of the following assumptions as of 1/1/2000:

- the acquisition of control of Banco di Napoli and Wargny;

- the change in the customer profiles of the Commercial Banking and Corporate Areas;
- the establishment of the Wealth Management Area;
- the transfer to Banca OPI of the public works and infrastructure activity.

The first half 2001 data for Wealth Management, established in April 2001, are also pro forma. The income statement has been prepared on the basis of the results of individual companies belonging to the Area adjusted appropriately.

Turin, 31 July 2001

The Board of Directors

Attachments

STATEMENT OF RECLASSIFIED CONSOLIDATED PRO FORMA
STATEMENT OF INCOME FOR THE FIRST HALF OF 2000

STATEMENT OF RECLASSIFIED CONSOLIDATED PRO FORMA
BALANCE SHEET AT 30/6/2000

STATEMENT OF RECLASSIFIED CONSOLIDATED PRO FORMA
STATEMENT OF INCOME FOR THE FULL YEAR 2000

Statement of reclassified consolidated pro forma statement of income for the first half of 2000

	€/mil					
	SANPAOLO IMI Group	Banco di Napoli S.p.A.	Wargny group	Effect of consolidation of the Banco di Napoli group companies and of initial adjustments to net shareholders' equity (D)	Pro forma adjustments	SANPAOLO IMI Group pro forma
	(A)	(B)	(C)	(D)	(E)	(F)=(A+B+C+D+E)
NET INTEREST INCOME	1,062	391	-	-4	-53	1,396
Net commissions and other net dealing revenues	1,248	127	27	36	-	1,438
Profits and losses from financial transactions and dividends on shares	133	24	4	4	-	165
Profits from companies carried at equity and dividends from shareholdings	74	-	-	2	-	76
NET INTEREST AND OTHER BANKING INCOME	2,517	542	31	38	-53	3,075
Administrative costs	-1,279	-439	-20	-14	-	-1,752
- <i>personnel</i>	-778	-299	-10	-7	-	-1,094
- <i>other administrative costs</i>	-416	-122	-10	-7	-	-555
- <i>indirect duties and taxes</i>	-85	-18	-	-	-	-103
Other operating income, net	88	52	-1	-19	-	120
Adjustments to tangible and intangible fixed assets	-96	-28	-1	-2	-	-127
OPERATING INCOME	1,230	127	9	3	-53	1,316
Value adjustments on goodwill, merger differences and consolidation	-40	-	-4	-	-42	-86
Provisions and net adjustments to loans and financial fixed assets	-214	-91	1	33	-	-271
INCOME BEFORE EXTRAORDINARY ITEMS	976	36	6	36	-95	959
Net extraordinary income	304	-5	-	11	-	310
INCOME BEFORE TAXES	1,280	31	6	47	-95	1,269
Income taxes for the period	-488	-1	-3	-19	22	-489
Change in reserves for general banking risks	3	44	-	-44	-	3
Income attributable to minority interests	-49	-	-1	-4	-	-54
NET INCOME	746	74	2	-20	-73	729

Statement of reclassified consolidated pro forma balance sheet at 30/6/2000

	SANPAOLO IMI Group	Banco di Napoli S.p.A.	Wargny group	Effect of consolidation of the Banco di Napoli group companies and of initial adjustments to net shareholders' equity (D)	Pro forma adjustments	SANPAOLO IMI Group pro forma
	(A)	(B)	(C)	(D)	(E)	(F)=(A+B+C+D+E)
ASSETS						
Cash and deposits with central banks and post offices	449	168	-	-	-	617
Loans	97,715	23,325	132	75	-	121,247
- due from banks	21,732	3,924	132	64	-	25,852
- loans to customers	75,983	19,401	-	11	-	95,395
Dealing securities	18,909	1,982	22	16	-	20,929
Fixed assets	6,624	6,358	9	-9	-818 (3)	12,164
- investment securities	1,694	5,426	-	-	-	7,120
- equity investments	3,564	195	3	-27	-818	2,917
- intangible fixed assets	258	62	2	13	-	335
- tangible fixed assets	1,108	675	4	5	-	1,792
Differences arising on consolidation and on application of the equity method	93	-	74	-	774	941
Other assets	16,916	5,019	55	13	-	22,003
Total assets	140,706	36,852	292	95	-44	177,901
LIABILITIES						
Payables	108,996	29,174	4	76	-	138,250
- due to banks	30,777	4,318	4	16	-	35,115
- customer deposits and securities issued	78,219	24,856	-	60	-	103,135
Provisions	2,012	2,025	3	17	-22	4,035
- for taxation	976	38	-	7	-22	999
- for termination indemnities	447	287	-	6	-	740
- for risks and charges	545	554	3	3	-	1,105
- for pensions and similar	44	1,146	-	1	-	1,191
Other liabilities	18,738	3,647	276	295	888	23,844
Subordinated liabilities	2,207	340	-	-	1,213	3,760
Minority interests	588	-	7	135 (1)	-	730
Shareholders' equity	8,165	1,666	2	-428	-2,123	7,282
- capital	3,930	1,029	-	-	-1,029 (4)	3,930
- reserves	3,489	563	-	-408 (2)	-1,021 (4)	2,623
- net income	746	74	2	-20	-73	729
Total liabilities	140,706	36,852	292	95	-44	177,901

(1) Represents minority interests calculated according to share held by SANPAOLO IMI.

(2) Includes 367 million Euro in adjustments to shareholders' equity of Banco di Napoli, due largely to the effects of alignments to SANPAOLO IMI Group accounting principles and restructuring costs in the integration industrial plan.

(3) Represents cancellation of book value of INA shares held by SANPAOLO IMI on the occasion of the non-proportional spin-off of the insurance company leading the Bank to the acquisition of an interest of 28.6% in the ordinary capital of Banco di Napoli.

(4) Changes represent principally consolidation postings of Banco di Napoli in the SANPAOLO IMI Group. In particular, they reflect the elimination of the accounting value of the stake in the Banco, net of the share shown in assets among "Differences arising on consolidation and on application of the equity method".

Statement of reclassified consolidated pro forma statement of income for the full year 2000

	€/mil					
	SANPAOLO IMI Group restated (1)	Banco di Napoli S.p.A.	Wargny group	Effect of consolidation of the Banco di Napoli group companies and of initial adjustments to net shareholders' equity (D)	Pro forma adjustments	SANPAOLO IMI Group pro forma
	(A)	(B)	(C)	(D)	(E)	(F)=(A+B+C+D+E)
NET INTEREST INCOME	2,168	788	-	3	-85	2,874
Net commissions and other net dealing revenues	2,469	312	48	23	-	2,852
Profits and losses from financial transactions and dividends on shares	255	31	5	5	-	296
Profits from companies carried at equity and dividends from shareholdings	159	8	-	-3	-17	147
NET INTEREST AND OTHER BANKING INCOME	5,051	1,139	53	28	-102	6,169
Administrative costs	-2,652	-854	-44	-22	-	-3,572
- <i>personnel</i>	-1,620	-594	-22	-20	-	-2,256
- <i>other administrative costs</i>	-859	-226	-22	-2	-	-1,109
- <i>indirect duties and taxes</i>	-173	-34	-	-	-	-207
Other operating income, net	187	56	-	4	-	247
Adjustments to tangible and intangible fixed assets	-237	-90	-1	-2	-	-330
OPERATING INCOME	2,349	251	8	8	-102	2,514
Value adjustments on goodwill, merger differences and consolidation	-89	-	-8	-1	-78	-176
Provisions and net adjustments to loans and financial fixed assets	-454	-373	1	187	-	-639
INCOME BEFORE EXTRAORDINARY ITEMS	1,806	-122	1	194	-180	1,699
Net extraordinary income	369	-398	1	430	-	402
INCOME BEFORE TAXES	2,175	-520	2	624	-180	2,101
Income taxes for the period	-795	245	-2	-255	37	-770
Change in reserves for general banking risks	2	367	-	-367	-	2
Income attributable to minority interests	-90	-	-2	-10	-	-102
NET INCOME	1,292	92	-2	-8	-143	1,231

(1) For simplicity of presentation, the statement of reclassified consolidated pro forma statement of income for 2000 has been determined from the consolidated statement of income of SANPAOLO IMI for the year 2000 in the "restated" version. In that version, as described in the Explanatory Notes of the Consolidated Financial Statements for 2000, the Banco di Napoli group has been summarily consolidated at net equity and thus the interest is reflected exclusively in the caption "Profits from companies carried at equity" (17 million Euro, reversed among the pro forma adjustments in column "E").