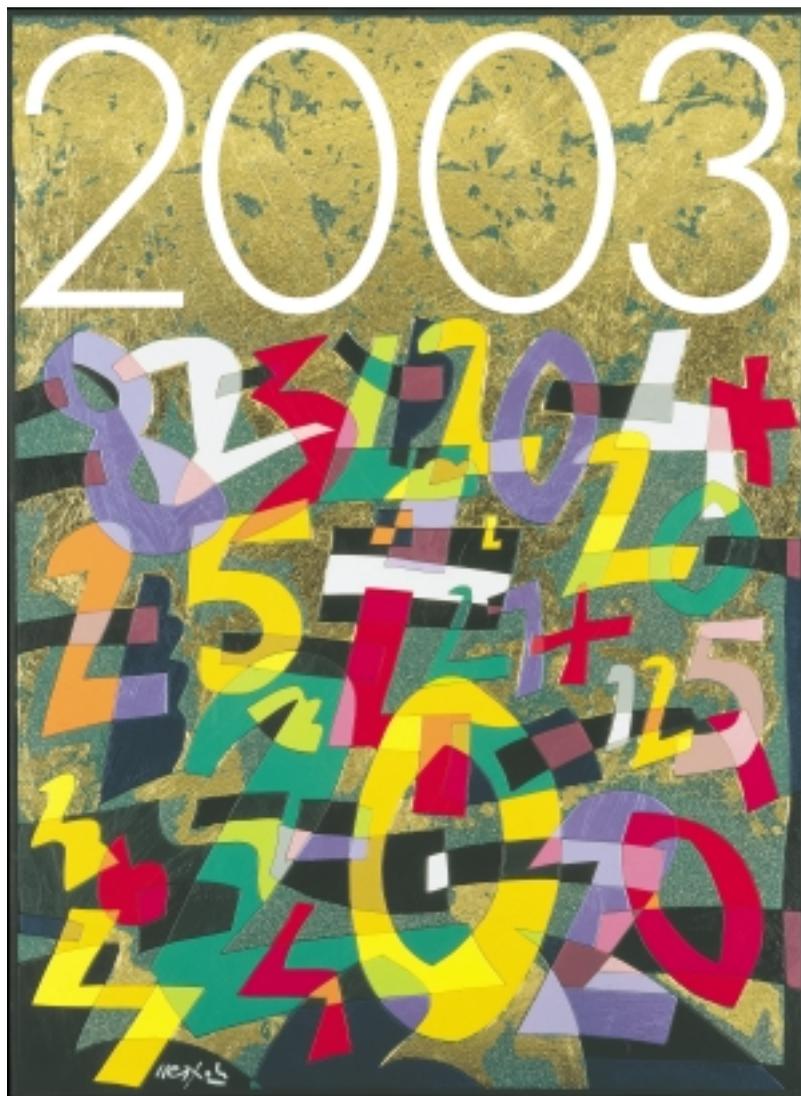


S A N P A O L O I M I



QUARTERLY REPORT 31 MARCH 2003

SANPAOLO IMI GROUP

Quarterly Report 31 March 2003

SANPAOLO IMI S.p.A.

REGISTERED OFFICE: PIAZZA SAN CARLO 156, TURIN, ITALY

SECONDARY OFFICES:

- VIALE DELL'ARTE 25, ROME, ITALY

- VIA FARINI 22, BOLOGNA, ITALY

COMPANY REGISTER OF TURIN 06210280019

SHARE CAPITAL EURO 5,144,064,800 FULLY PAID

PARENT BANK OF THE SANPAOLO IMI BANKING GROUP

MEMBER OF THE INTERBANK DEPOSIT GUARANTEE FUND

Contents

4	Key figures
5	Group structure
7	Reclassified consolidated financial statements
8	Reclassified consolidated statement of income
9	Quarterly analysis of the reclassified consolidated statement of income
10	Reclassified consolidated balance sheet
11	Quarterly analysis of the reclassified consolidated balance sheet
13	Report on Group Operations
14	Action points and initiatives in the quarter
17	Consolidated results
25	Capital and reserves
26	Financial risk management
27	Supplementary information
27	• Performance of share prices
28	• Shareholders
28	• Ratings
29	Group Business Areas
45	Explanatory Notes
49	Attachments
50	First quarter of 2002: statement of reclassified consolidated pro forma statement of income
51	31/3/2002: statement of reclassified consolidated pro forma balance sheet
52	Year 2002: statement of reclassified consolidated pro forma statement of income
53	31/12/2002: statement of reclassified consolidated pro forma balance sheet

Key figures

	First quarter 2003	First quarter 2002 pro forma (1)	Change first quarter 2003 / First quarter 2002 pro forma (%)	2002 pro forma (1)
CONSOLIDATED STATEMENT OF INCOME (€/mil)				
Net interest income	955	927	+3.0	3,774
Net commissions and other net dealing revenues	692	707	-2.1	2,841
Administrative costs	-1,142	-1,129	+1.2	-4,679
Operating income	609	606	+0.5	2,367
Provisions and net adjustments to loans and financial fixed assets	-135	-156	-13.5	-1,427
Income before extraordinary items	441	409	+7.8	728
Net income of the Group	280	278	+0.7	905
CONSOLIDATED BALANCE SHEET (€/mil)				
Total assets	207,523	210,670	-1.5	203,912
Loans to customers (excluding NPLs and SGA loans)	126,371	123,327	+2.5	124,783
Securities	24,075	29,099	-17.3	22,015
Equity investments	4,059	4,775	-15.0	4,032
Subordinated liabilities	6,541	5,793	+12.9	6,613
Shareholders' equity of the Group	10,815	11,228	-3.7	10,554
CUSTOMER FINANCIAL ASSETS (€/mil)				
Customer financial assets	366,251	370,712	-1.2	362,162
- Direct deposits	138,431	135,305	+2.3	136,897
- Indirect deposits	227,820	235,407	-3.2	225,265
- Asset management	139,655	145,754	-4.2	137,960
- Asset administration	88,165	89,653	-1.7	87,305
PROFITABILITY RATIOS (%)				
Annualized RoE (2)	10.5	10.0		8.4
Cost / Income ratio (3)	63.6	63.8		65.2
Net commissions / Administrative costs	60.6	62.6		60.7
CREDIT RISK RATIOS (%)				
Net non-performing loans / Net loans to customers	1.0	1.1		1.0
Net problem loans and loans in restructuring / Net loans to customers	1.1	1.1		1.1
SOLVENCY RATIOS (%) (4)				
Tier 1 ratio	7.4	6.9		7.3
Total ratio	10.7	9.1		10.7
SHARES				
Number of shares (millions)	1,837	1,837	-	1,837
Quoted price per share (€)				
- average	6.412	11.782	-45.6	9.439
- low	5.796	10.548	-45.1	5.231
- high	7.029	13.482	-47.9	13.702
Earnings / Average number of shares in circulation (€)	0.15	0.15	-	0.49
Dividend per share (€)				0.30
Dividend per share / Average annual price (%)				3.18
Price / Book value	1.1	2.5	-56.0	1.1
Shareholders' equity / Number of shares in circulation (€)	5.89	6.11	-3.6	5.75
OPERATING STRUCTURE				
Employees	45,618	46,786	-2.5	45,825
Domestic branches	3,072	3,052	+0.7	3,069
Foreign branches and representative offices	155	149	+4.0	153
Financial planners	4,885	5,344	-8.6	4,951

(1) The pro forma figures have been prepared, according to the criteria detailed in the Explanatory Notes, assuming, from 1/1/2002, the inclusion of Eptaconsors and the exclusion of IMIWeb Bank from the line by line consolidation area and, with exclusive regard to the first quarter of 2002, the line by line consolidation of the former Cardine Group which first took place on 30 June 2002, with accounting effect from the beginning of the year.

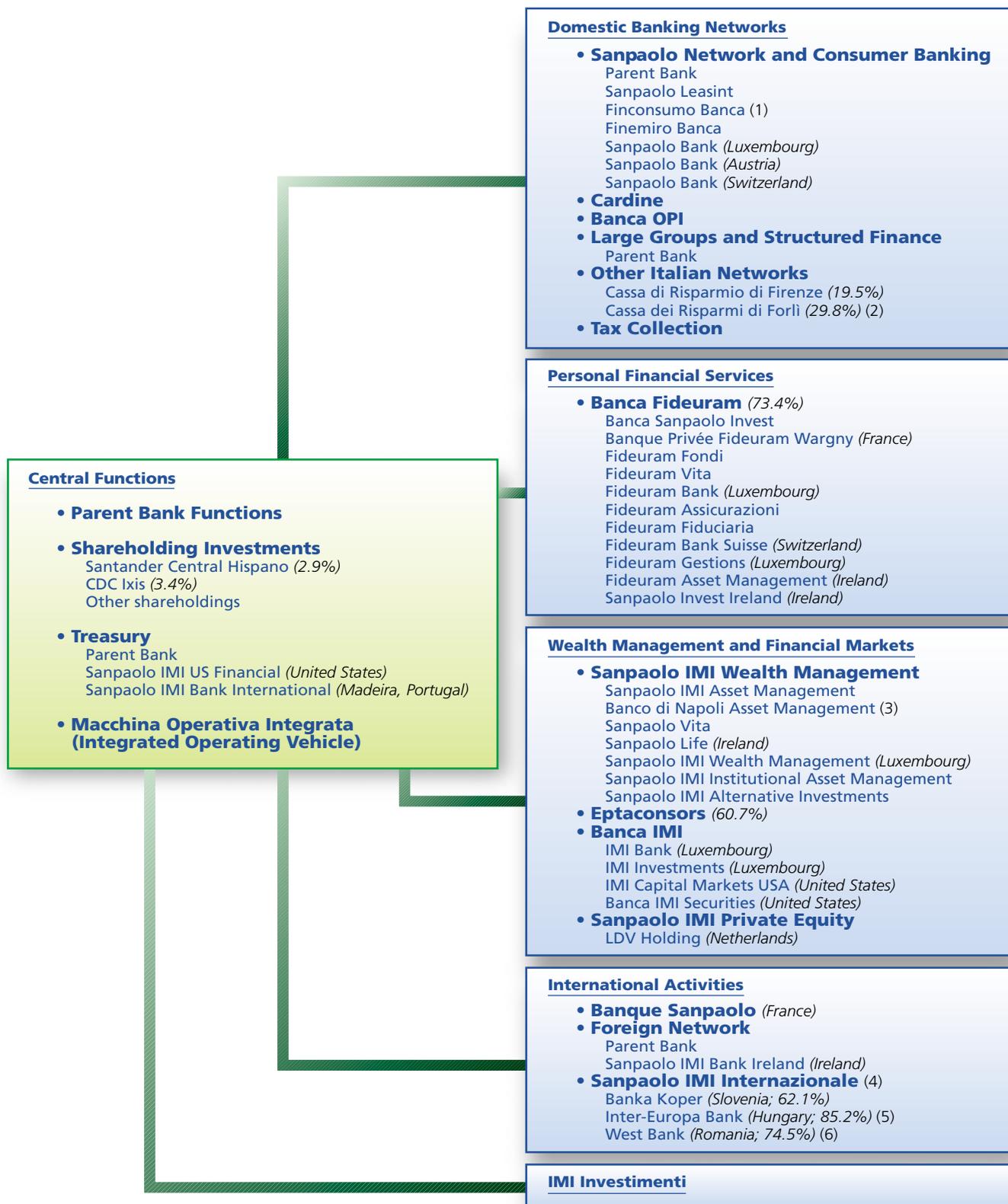
(2) Annualized net income / Average net shareholders' equity.

(3) Administrative costs (excluding indirect duties and taxes) and amortization (excluding adjustments to goodwill and merger and consolidation differences) / Net interest and other banking income (including other net income).

(4) Figures related to 31/3/2003 are estimated; the solvency ratios as of 31/3/2002 and 31/12/2002 are not pro forma.

The pro forma figures for the first quarter of 2002 and for 2002, as well as the figures for the first quarter of 2003 are unaudited.

Group structure



(1) The 50% stake held by SANPAOLO IMI will be sold to Santander Central Hispano following the agreement signed on 3 March 2003.

(2) On 12 May 2003 the share rose from 21% to 29.8% by effect of the exercising of a put option by the Fondazione Cassa dei Risparmi di Forli.

(3) On 4 March 2003 Bank of Italy authorized the merger by incorporation of Banco di Napoli Asset Management into Sanpaolo IMI Asset Management, effective as of 1 September 2003.

(4) The conferral of the interests in Banka Koper and West Bank to Sanpaolo IMI Internazionale has still to be completed.

(5) On 15 April 2003 the share rose from 32.5% to 85.2% on conclusion of the Public Offer launched by Sanpaolo IMI Internazionale.

(6) On 8 April 2003 the share rose from 72.4% to 74.5%.

Reclassified consolidated financial statements

RECLASSIFIED CONSOLIDATED STATEMENT OF INCOME

QUARTERLY ANALYSIS OF THE RECLASSIFIED CONSOLIDATED STATEMENT OF INCOME

RECLASSIFIED CONSOLIDATED BALANCE SHEET

QUARTERLY ANALYSIS OF THE RECLASSIFIED CONSOLIDATED BALANCE SHEET

Reclassified consolidated statement of income

	First quarter 2003 (€/mil)	First quarter 2002 pro forma (1) (€/mil)	Change first quarter 2003 / First quarter 2002 pro forma (%)	2002 pro forma (1) (€/mil)
NET INTEREST INCOME	955	927	+3.0	3,774
Net commissions and other net dealing revenues	692	707	-2.1	2,841
Profits and losses from financial transactions and dividends on shares	83	85	-2.4	296
Profits from companies carried at equity and dividends from shareholdings	48	49	-2.0	291
NET INTEREST AND OTHER BANKING INCOME	1,778	1,768	+0.6	7,202
Administrative costs	-1,142	-1,129	+1.2	-4,679
- <i>personnel</i>	-713	-703	+1.4	-2,873
- <i>other administrative costs</i>	-361	-364	-0.8	-1,543
- <i>indirect duties and taxes</i>	-68	-62	+9.7	-263
Other operating income, net	84	79	+6.3	361
Adjustments to tangible and intangible fixed assets	-111	-112	-0.9	-517
OPERATING INCOME	609	606	+0.5	2,367
Adjustments to goodwill and merger and consolidation differences	-33	-41	-19.5	-212
Provisions and net adjustments to loans and financial fixed assets	-135	-156	-13.5	-1,427
INCOME BEFORE EXTRAORDINARY ITEMS	441	409	+7.8	728
Net extraordinary income	42	56	-25.0	321
INCOME BEFORE TAXES	483	465	+3.9	1,049
Income taxes for the period	-194	-173	+12.1	-466
Change in reserves for general banking risks	-	-	n.s.	363
Income attributable to minority interests	-9	-14	-35.7	-41
NET INCOME	280	278	+0.7	905

(1) The pro forma figures have been prepared, according to the criteria detailed in the Explanatory Notes, assuming, from 1/1/2002, the inclusion of Eptaconsors and the exclusion of IMIWeb Bank from the line by line consolidation area and, with exclusive regard to the first quarter of 2002, the line by line consolidation of the former Cardine Group which first took place on 30 June 2002, with accounting effect from the beginning of the year.

The pro forma statements of income for the first quarter of 2002 and for 2002, as well as the statement of income for the first quarter of 2003 are unaudited.

Quarterly analysis of the reclassified consolidated statement of income

	2003 1st quarter (€/mil)	2002 pro forma (1)				Quarterly average (€/mil)
		4th quarter (€/mil)	3rd quarter (€/mil)	2nd quarter (€/mil)	1st quarter (€/mil)	
NET INTEREST INCOME	955	960	936	951	927	944
Net commissions and other net dealing revenues	692	762	675	697	707	710
Profits and losses from financial transactions and dividends on shares	83	66	18	127	85	74
Profits from companies carried at equity and dividends from shareholdings	48	54	54	134	49	73
NET INTEREST AND OTHER BANKING INCOME	1,778	1,842	1,683	1,909	1,768	1,801
Administrative costs	-1,142	-1,231	-1,136	-1,183	-1,129	-1,170
- <i>personnel</i>	-713	-749	-696	-725	-703	-718
- <i>other administrative costs</i>	-361	-413	-379	-387	-364	-386
- <i>indirect duties and taxes</i>	-68	-69	-61	-71	-62	-66
Other operating income, net	84	95	94	93	79	90
Adjustments to tangible and intangible fixed assets	-111	-162	-129	-114	-112	-129
OPERATING INCOME	609	544	512	705	606	592
Adjustments to goodwill and merger and consolidation differences	-33	-88	-39	-44	-41	-53
Provisions and net adjustments to loans and financial fixed assets	-135	-663	-453	-155	-156	-357
INCOME BEFORE EXTRAORDINARY ITEMS	441	-207	20	506	409	182
Net extraordinary income	42	150	34	81	56	80
INCOME BEFORE TAXES	483	-57	54	587	465	262
Income taxes for the period	-194	33	-79	-247	-173	-117
Change in reserves for general banking risks	-	352	13	-2	-	91
Income attributable to minority interests	-9	-	-13	-14	-14	-10
NET INCOME	280	328	-25	324	278	226

(1) The pro forma figures have been prepared, according to the criteria detailed in the Explanatory Notes, assuming, from 1/1/2002, the inclusion of Eptaconsors and the exclusion of IMIWeb Bank from the line by line consolidation area and, with exclusive regard to the first quarter of 2002, the line by line consolidation of the former Cardine Group which first took place on 30 June 2002, with accounting effect from the beginning of the year.

The quarterly statements of income are unaudited.

Reclassified consolidated balance sheet

	31/3/2003 (€/mil)	31/3/2002 pro forma (1) (€/mil)	Change 31/3/03-31/3/02 pro forma (%)	31/12/2002 pro forma (1) (€/mil)
ASSETS				
Cash and deposits with central banks and post offices	891	1,454	-38.7	1,406
Loans	152,571	148,087	+3.0	149,441
- due from banks	23,638	21,356	+10.7	22,072
- loans to customers	128,933	126,731	+1.7	127,369
Dealing securities	20,620	25,167	-18.1	19,117
Fixed assets	10,079	11,668	-13.6	9,567
- investment securities	3,455	3,932	-12.1	2,898
- equity investments	4,059	4,775	-15.0	4,032
- intangible fixed assets	381	421	-9.5	408
- tangible fixed assets	2,184	2,540	-14.0	2,229
Differences arising on consolidation and on application of the equity method	999	1,120	-10.8	1,030
Other assets	22,363	23,174	-3.5	23,351
Total assets	207,523	210,670	-1.5	203,912
LIABILITIES				
Payables	166,646	168,548	-1.1	161,578
- due to banks	28,215	33,243	-15.1	24,681
- due to customers and securities issued	138,431	135,305	+2.3	136,897
Provisions	3,946	4,620	-14.6	3,833
- for taxation	875	1,444	-39.4	684
- for termination indemnities	969	996	-2.7	965
- for risks and charges	1,759	1,810	-2.8	1,841
- for pensions and similar	343	370	-7.3	343
Other liabilities	19,196	19,612	-2.1	20,967
Subordinated liabilities	6,541	5,793	+12.9	6,613
Minority interests	379	869	-56.4	367
Shareholders' equity	10,815	11,228	-3.7	10,554
Total liabilities	207,523	210,670	-1.5	203,912

(1) The pro forma figures have been prepared, according to the criteria detailed in the Explanatory Notes, assuming, from 1/1/2002, the inclusion of Eptaconsors and the exclusion of IMIWeb Bank from the line by line consolidation area and, with exclusive regard to 31/3/2002, the line by line consolidation of the former Cardine Group which first took place on 30 June 2002, with accounting effect from the beginning of the year. The pro forma balance sheet figures as of 31/3/2002 and 31/12/2002, as well as the balance sheet figures as of 31/3/2003 are unaudited.

Quarterly analysis of the reclassified consolidated balance sheet

	2003	2002 pro forma (1)			
	31/3 (€/mil)	31/12 (€/mil)	30/9 (€/mil)	30/6 (€/mil)	31/3 (€/mil)
ASSETS					
Cash and deposits with central banks and post offices	891	1,406	1,042	1,029	1,454
Loans	152,571	149,441	146,479	147,391	148,087
- due from banks	23,638	22,072	22,115	22,865	21,356
- loans to customers	128,933	127,369	124,364	124,526	126,731
Dealing securities	20,620	19,117	23,189	24,581	25,167
Fixed assets	10,079	9,567	10,024	10,596	11,668
- investment securities	3,455	2,898	3,118	3,643	3,932
- equity investments	4,059	4,032	4,108	4,060	4,775
- intangible fixed assets	381	408	382	401	421
- tangible fixed assets	2,184	2,229	2,416	2,492	2,540
Differences arising on consolidation and on application of the equity method	999	1,030	1,095	1,141	1,120
Other assets	22,363	23,351	23,144	23,033	23,174
Total assets	207,523	203,912	204,973	207,771	210,670
LIABILITIES					
Payables	166,646	161,578	163,838	166,776	168,548
- due to banks	28,215	24,681	27,133	30,444	33,243
- due to customers and securities issued	138,431	136,897	136,705	136,332	135,305
Provisions	3,946	3,833	4,321	4,202	4,620
- for taxation	875	684	1,221	1,097	1,444
- for termination indemnities	969	965	973	993	996
- for risks and charges	1,759	1,841	1,785	1,769	1,810
- for pensions and similar	343	343	342	343	370
Other liabilities	19,196	20,967	19,770	19,763	19,612
Subordinated liabilities	6,541	6,613	6,218	6,155	5,793
Minority interests	379	367	495	504	869
Shareholders' equity (2)	10,815	10,554	10,331	10,371	11,228
Total liabilities	207,523	203,912	204,973	207,771	210,670

(1) The pro forma figures have been prepared, according to the criteria detailed in the Explanatory Notes, assuming, from 1/1/2002, the inclusion of Eptaconsors and the exclusion of IMIWeb Bank from the line by line consolidation area and, with exclusive regard to 31/3/2002, the line by line consolidation of the former Cardine Group which first took place on 30 June 2002, with accounting effect from the beginning of the year.

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

The pro forma balance sheet figures and the balance sheet figures as of 31/3/2003 are unaudited.

Report on Group Operations

ACTION POINTS AND INITIATIVES IN THE QUARTER

CONSOLIDATED RESULTS

CAPITAL AND RESERVES

FINANCIAL RISK MANAGEMENT

SUPPLEMENTARY INFORMATION

Performance of share prices

Shareholders

Ratings

GROUP BUSINESS AREAS

Action points and initiatives in the quarter

Integration of distribution networks

In the first quarter of 2003, the initiatives to put into effect the plan to develop and rationalize the distribution networks of the SANPAOLO IMI Group continued, with the aim to introduce gradually the model already successfully adopted by the Sanpaolo Network, based upon the specialization of the operating points and better suited to satisfying the needs of the various types of customers.

At full capacity, the Group territorial presence in banking activity should cover a certain number of territorial areas and bank networks with light central structures, which will provide uniform and overall supervision of the respective territory.

Merger of Banco di Napoli and spin off of the Southern Territorial Direction.

The realization of the distribution model finds a first immediate application in the territorial reorganization of the branch network in the Southern regions.

At the end of 2002, the merger by incorporation of Banco di Napoli into SANPAOLO IMI was completed and, within the scope of the Parent Bank, the Southern Territorial Direction was established comprising the over 100 Sanpaolo branches and over 600 Banco di Napoli branches operating in the Southern regions of Italy, excluding the Islands.

In the first quarter of 2003 work commenced on the activities necessary for the integration of the Sanpaolo and Banco di Napoli branches from a commercial, credit, organizational and IT perspective. The adoption of the SANPAOLO IMI IT systems by the Banco di Napoli branches will be completed before the end of June.

The new company Sanpaolo Banco di Napoli, into which the Southern Territorial Direction will be transferred, was established on 10 April. Sanpaolo Banco di Napoli will serve more than a million clients belonging to the retail and private sectors and around 25,000 companies. Loans to customers relative to the branches subject to the spin off will total more than 9 billion euro, while customer financial assets will total around 38 billion, represented by

16 billion in direct deposits, 14 billion in asset management and 8 billion in asset administration.

The new company will operate through approximately 750 operating points: around 700 branches will be dedicated to the retail sector, 43 branches, which will be gradually rationalized and reduced to around 30, and nine detached teams will serve companies while the network dedicated to private customers, initially consisting of only one operating point, will be expanded later. The branches dedicated to the retail sector will maintain their original brand of either Sanpaolo or Banco di Napoli, while those dedicated to businesses and private customers will use the Sanpaolo brand.

Integration of the Cardine network

Once adopted by the Southern regions, the distribution model will also be applied to the Cardine network. The extension of this model to the North-East regions must be preceded by the integration between SANPAOLO IMI and Cardine Finanziaria, by way of the merger of the latter company before the end of 2003 and the centralization into the Parent Bank of its support functions (Macchina Operativa Integrata and Logistics).

In line with the need to proceed with the rationalization of the bank networks before their integration in the Parent Bank, on 25 March 2003 the Board of Directors of SANPAOLO IMI decided to proceed with a voluntary Public Offer in accordance with articles 102 and subsequent of D. Lgs. 24/2/1998 n. 58, for the ordinary shares of Banca Popolare dell'Adriatico, a company listed on the restricted market, in which the Group already indirectly holds 71.8% of the share capital.

The Offer, which is expected to commence in the last week of May, after payment of the 2002 dividend (0.24 euro per share), will be aimed at acquiring all of the ordinary shares in circulation, excluding those already indirectly held by SANPAOLO IMI. The purchase price is set at 7.26 euro per share. The financial commitment for the Offer will, in the event that 100% of the shareholding is achieved, be equal to around 80 million euro and will be financed by own funds. The Offer is subject to the condition that applications will allow the Offerer to hold, also considering the investment and own shares already held, at least 90% plus one share in the share capital of BPA.

This operation is part of the strategic decisions defined in relation to the distribution model of SANPAOLO IMI and

pursues the aim to favor, through a wider integration of Banca Popolare dell'Adriatico within the Group, the further exploitation of its economic and productive potential.

Still, on 25 March, the Board of Directors of the Bank approved concentration of the activities of Banca Agricola di Cerea into the Cassa di Risparmio di Padova e Rovigo.

This operation, which will be performed through the merger by incorporation of Banca Agricola di Cerea into Cassa di Risparmio di Padova e Rovigo, is aimed at achieving the following objectives:

- realize cost and revenue synergies;
- optimize the capital structure;
- exploit the relationship capacity in the reference territories through the integration of the brands and the unification of IT systems, also with advantages in more general terms of the integration of Cardine Finanziaria within the SANPAOLO IMI Group.

The merger, subject to obtaining the required authorization from Bank of Italy, will be completed without share issues, since the incorporating company and the company to be incorporated are held by the single shareholder Cardine Finanziaria.

The initiatives to rationalize the Group structure

On 3 March 2003, SANPAOLO IMI and Santander Central Hispano, which jointly participate in the capital of Finconsumo Banca, reached an agreement which provides for the sale of the shareholding of Finconsumo Banca held by SANPAOLO IMI to Santander Central Hispano. The transaction, which is part of the rationalization of the respective shareholdings, will determine for the Parent Bank a total gross capital gain of 123 million euro. The agreement provides for the sale of an initial share of 20% at a total price of 60 million euro, while on the remaining 30% it establishes the mutual concession of put options to SANPAOLO IMI and call options to Santander Central Hispano, exercisable from the end of 2003 for a period of 12 months, at a total price of 80 million euro. The completion of the transaction is subject to obtainment of the necessary authorizations.

Furthermore, it should be noted that Fondazione Cassa dei Risparmi di Forlì notified of its intention to exercise the first tranche of the put option on 11,140,493 ordinary shares, equal to 11.66% of the share capital, for a total price of

90 million euro. For SANPAOLO IMI, the shares subject to purchase amount to 8,355,370, equal to 8.75% of the share capital, for a cost of 68 million euro. With the completion of the sale, which occurred on 12 May, the investment in Cassa dei Risparmi di Forlì held by SANPAOLO IMI rose from 21.02% to 29.77%. In this manner the industrial partnership between SANPAOLO IMI, Cassa dei Risparmi di Forlì and Cassa di Risparmio di Firenze strengthened, a partnership which already found an application in the numerous initiatives already set up in the field of retail banking, asset management, loans and credit risk management, in the foreign sector and in finance, investment banking and the public works sector.

Lastly, the sale to the SANPAOLO IMI Group of the 20.24% stake of Eptaconsors held by the Cassa di Risparmio di Firenze group, was completed on 29 January 2003, after receiving authorization from the Antitrust. The SANPAOLO IMI Group, which already had a shareholding of 40.48%, thus became the majority shareholder of the Eptaconsors group.

Commercial agreements and alliances

During the quarter, SANPAOLO IMI and Santander Central Hispano continued the industrial collaboration initiatives and, in this light, reached an agreement for the development of a pan European project in the wholesale distribution of third party mutual funds. At the base of the agreement there is the constitution of a pan European joint venture between the two banking Groups, which provides for the acquisition by the SANPAOLO IMI Group of a 50% shareholding of Allfunds Bank S.A., a company wholly owned by Santander Central Hispano and operating in the placement of third party funds with institutional customers. SANPAOLO IMI, which with this transaction will have the opportunity to enter a sector which is not yet covered, and Santander Central Hispano intend to develop the joint venture in order to consolidate their leadership at European level; for this purpose the two banking Groups will aim at identifying potential strategic partners.

Development initiatives in foreign markets

On 25 February 2003 Sanpaolo IMI Internazionale approved the launch of a Public Offer on the Hungarian bank Inter-Europa Bank, of which SANPAOLO IMI already owned a 32.5% share. The Offer, launched on 17 March

by Sanpaolo IMI Internazionale (to whom the interest held by the Parent Bank was transferred on 4 April), was concluded on 15 April with the delivery of a number of shares equal to an amount of 52.7% of the share capital of the bank, bringing the total shareholding held by the SANPAOLO IMI Group to 85.2%. The total outlay for the Offer amounted to 30 million euro, plus additional expenses of around 1 million euro. The transaction was authorized by the Hungarian Banking Supervisory and Antitrust Authorities and by Bank of Italy.

Agreements with FIAT and Italenergia

Finally, in May 2002 SANPAOLO IMI, together with Banca Intesa, Unicredito and Capitalia, subscribed a Framework Agreement concerning an articulated plan of financial operations regarding the FIAT Group.

In this context, in July 2002, the banks granted a “to be converted” financing for a three year period, for 3 billion euro (400 million of which provided by SANPAOLO IMI), which provides, upon expiry and in accordance with procedures and at a price agreed between the parties, for the conversion of their loans into ordinary FIAT shares through compensation between the aforementioned loans and the corresponding subscription obligation, while FIAT retains the faculty to proceed with cash reimbursement of the loan under set conditions.

Furthermore, following the transactions carried out in 2002 – and already described in the past Reports – SANPAOLO IMI, through IMI Investimenti, has a 12.48% shareholding in Italenergia Bis (new leading holding company of the Edison group). It should be remembered that, on the basis of the subscribed agreements between the shareholders, the banking partners obtained put options on the shareholding, that can be exercised starting in 2005,

towards the industrial partners (EDF and eventually FIAT), at price conditions that guarantee the recovery of the original investments plus a bonus and allowing for any upside.

Still in the context of the agreements referred to, the banks also signed, in March 2003, the contractual agreements for the acquisition from FIAT Auto of 51% of Fidis Retail Italia, leading company in the European countries for consumer credit activities, at a price in line with the shareholders’ equity of the compendium, adjusted according to due diligence (the SANPAOLO IMI commitment is about 100 million euro). The execution of these agreements, after obtaining the necessary approvals, is expected to take place in two phases, which will be completed by May and July 2003, respectively. It has been agreed that FIAT Auto can repurchase the shareholding, at a prearranged price, by exercising a call option by 2006.

In relation to the Edison group, it should be noted that in December 2002 the merger by incorporation of Edison into Italenergia, which, at the same time, adopted the company name Edison and was listed on the Milan Stock Exchange, became operational.

Also in December 2002, Edison approved a capital increase of up to 2,095 million euro, subscription of which was completed in May 2003 and composed as follows:

- 1,000 million euro from Italenergia Bis;
- 503 million euro from the partners of Italenergia Bis (the IMI Investimenti share being 66 million euro);
- the remaining 592 million euro from the market, within the context of the Offer supervised by a banking placement consortium.

On the new Edison shareholding purchased by the SANPAOLO IMI Group, the extension of the put option towards EDF for the share referable to the original stake held in Italenergia has been negotiated.

Consolidated results

The economic scenario in the first quarter of 2003 confirmed the weakness revealed during 2002, both because of the continuing uncertainty on the international geopolitical scenario and as a consequence of the weakness in the economic cycle in the EU area and on the American and Japanese markets. The worsening of the confidence indicators from American and European consumers caused on one side, a still negative trend on the stock markets and a cut in policy rates by the ECB and, on the other side, a lower than expected development of turnover and investments by companies.

Summary of results

In this context, during the first quarter of 2003, the SANPAOLO IMI Group recorded an improvement in the operating margins when compared to the same period in the previous year, showing less vulnerability to the pressures imposed by the drop in interest rates and by the negative performance of financial markets. In particular, flows in net interest income and operating income in the first quarter were higher than the average values for 2002, in the same consolidation setting.

Income before extraordinary items, higher than that in the same period in 2002, has benefited from fewer adjust-

ments and provisions, given the high quality of assets and the achievement of an adequate level of coverage of loans, even against the physiological risk inherent in the performing loans portfolio. Adjustments to financial fixed assets continue to reflect the necessity to align the value of the listed investment portfolio to market prices.

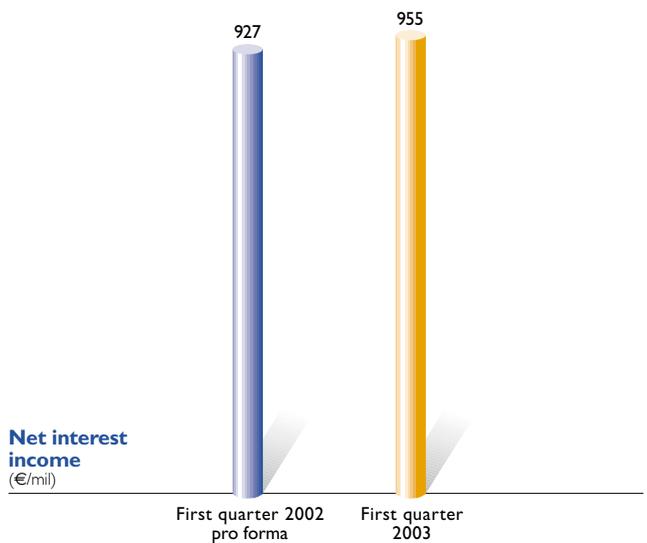
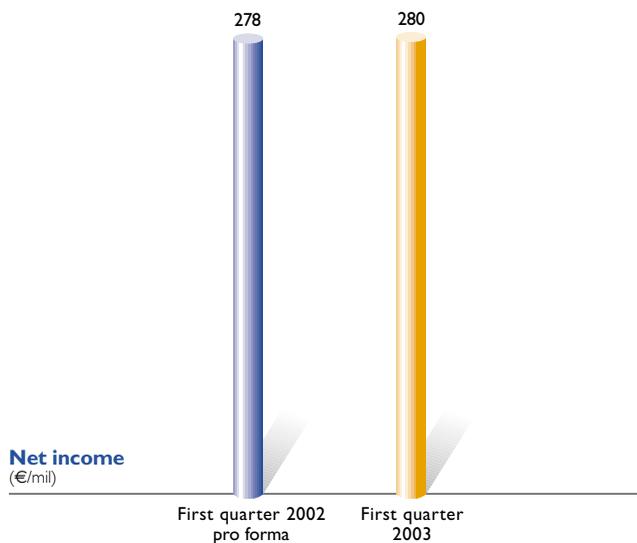
Net income totaled 280 million euro remaining, within the same consolidation setting, in line with the result for the first quarter for 2002 and with the growth forecast in the budget for 2003.

Net interest income

The net interest income in the first quarter of 2003, equal to 955 million euro, shows an increase of 3% on the same period for 2002. This reversal of trend compared to the downturn registered in the past year can be attributed to the improvement in customer spreads, despite the period of falling interest rates, and to the growth in volume of loans to customers.

In terms of market rates, three-month Euribor, decreasing from 2.96% in December 2002 to 2.53% in March 2003, averaged 67 basis points lower when compared to the first quarter of 2002.

In the quarter the return on the interest-earning assets of the Group was 4.77% and the cost of interest-bearing lia-

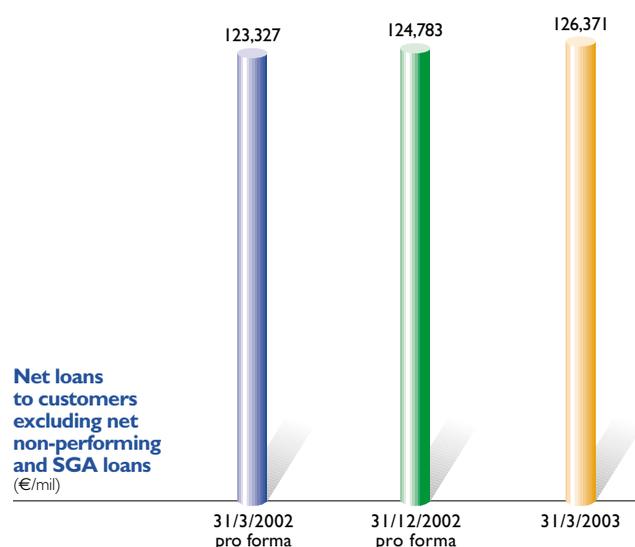


bilities was 2.52%. As a consequence, the total spread of 2.25% is 17 basis points higher than that recorded in the same period of 2002. In customer transactions the growth of the average spread was 21 basis points.

The average interest-earning assets of the Group showed a drop of 2.1% on the first quarter of 2002, mainly attributable to the measures taken to rationalize the securities portfolio following the centralizing of Group finance. On the other hand, the average amounts of loans to customers, excluding repurchase agreements, recorded an increase of 0.9%. On the liability side, there was a reduction (-2.2%) in average volumes of customer deposits, net of repurchase agreements, mainly attributable to a decrease in securities issued (-4.6%).

At the end of March 2003, the amounts of net loans to Group customers, excluding non-performing loans and loans to SGA, were 126.4 billion euro, an increase of 2.5% on the end of March 2002 and 1.3% on the beginning of the year. This change is the result of a lively trend in medium- and long-term loans, which increased by 7.7% over the past 12 months, and in short-term loans, which dropped by 4.9%.

In medium- and long-term loans, good progress in financings directed to the retail sector continued: mortgage disbursements to households by the Sanpaolo Network were 0.6 billion euro in the first three months of the year, joined



Analysis of average amounts and interest rates

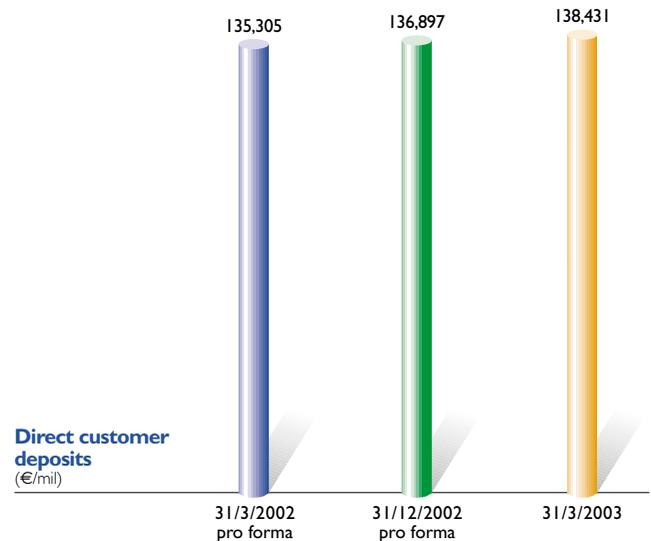
	First quarter 2003		First quarter 2002 pro forma		Change first quarter 2003 / First quarter 2002 pro forma	
	Average amount (€/mil)	Annualized average rate (%)	Average amount (€/mil)	Annualized average rate (%)	Change in average amount (%)	Difference in rates (% points)
Interest-earning assets	161,428	4.77	164,852	5.12	-2.1	-0.35
- loans to customers (excluding repos)	121,618	5.30	120,503	5.69	+0.9	-0.39
- securities	15,716	3.69	20,555	3.91	-23.5	-0.22
- other interest-earning assets	24,094	2.79	23,794	3.28	+1.3	-0.49
Non interest-earning assets (1)	44,838		46,526		-3.6	
Total assets	206,266		211,378		-2.4	
Interest-bearing liabilities	153,759	2.52	155,616	3.04	-1.2	-0.52
- direct customer deposits (excluding repos)	114,492	2.27	117,020	2.87	-2.2	-0.60
- due to customers	67,592	1.36	67,846	1.85	-0.4	-0.49
- securities issued	46,900	3.57	49,174	4.28	-4.6	-0.71
- other interest-bearing liabilities	39,267	3.27	38,596	3.57	+1.7	-0.30
Non interest-bearing liabilities (1)	41,822		44,681		-6.4	
Shareholders' equity	10,685		11,081		-3.6	
Total liabilities and shareholders' equity	206,266		211,378		-2.4	

(1) This figure includes Banca IMI group's average volumes, in line with the reclassification of the related interest income and expense, reported in the "profits and losses from financial transactions and dividends on shares" caption, being closely connected, from an operating point of view, with the result of the dealing activities.

by 0.2 billion disbursed by Cardine bank networks. The evolution in terms of loans made by Banca OPI for public works and infrastructure, which rose to 18.1 billion euro at the end of March, a growth of 14.2% on the 12 months, was also positive; this change was calculated on consistent values to take into account the transfer on 1 January 2003, of the public works lending activities of the former Banco di Napoli for approximately 2 billion euro.

Direct customer deposits showed a positive performance both on the beginning of the year (+1.1%) and over the 12 months (+2.3%). The amount at the end of March 2003 reached 138.4 billion euro, benefiting from the increase in current accounts and deposits, repurchase agreements and other deposits. This form of short-term investment was preferred by customers as a consequence of the continuing uncertainty in financial markets, waiting for market prospects supporting a higher risk profile. Concerning fixed term deposits, the outflow continued in certificates of deposit, which fell by 15.2% in the 12 months, and commercial papers (-4.2%), against a modest growth in bonds (+0.4%).

At the end of March the Group's domestic market shares were respectively 11.2% in loans and 10.6% in direct customer deposits.



Loans to customers

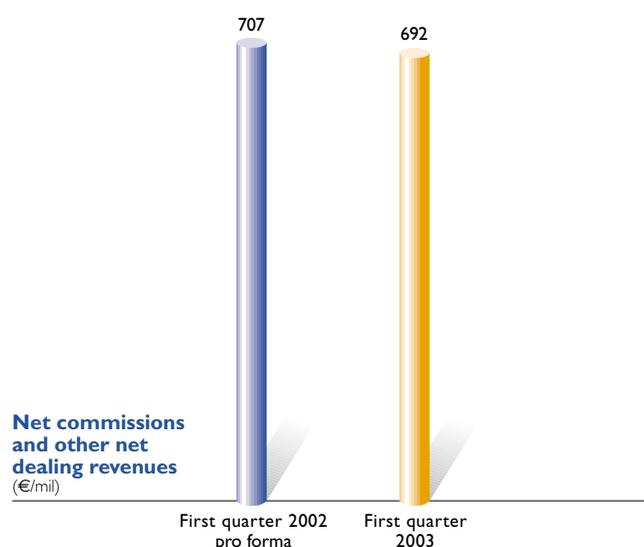
	31/3/2003		31/3/2002 pro forma		Change 31/3/03- 31/3/02 pro forma (%)	31/12/2002 pro forma	
	Amount (€mil)	%	Amount (€mil)	%		Amount (€mil)	%
Short-term loans	48,636	37.7	51,167	40.4	-4.9	48,657	38.2
Medium- and long-term loans	77,735	60.3	72,160	56.9	+7.7	76,126	59.8
Loans to customers excluding NPLs and SGA loans	126,371	98.0	123,327	97.3	+2.5	124,783	98.0
Non-performing loans	1,338	1.0	1,407	1.1	-4.9	1,334	1.0
SGA loans	1,224	1.0	1,997	1.6	-38.7	1,252	1.0
Loans to customers	128,933	100.0	126,731	100.0	+1.7	127,369	100.0

Direct customer deposits

	31/3/2003		31/3/2002 pro forma		Change 31/3/03- 31/3/02 pro forma (%)	31/12/2002 pro forma	
	Amount (€mil)	%	Amount (€mil)	%		Amount (€mil)	%
Current accounts and deposits	69,226	50.0	66,354	49.0	+4.3	70,161	51.3
Certificates of deposits	7,654	5.5	9,022	6.7	-15.2	7,310	5.3
Bonds	38,764	28.0	38,605	28.5	+0.4	39,447	28.8
Commercial paper	4,486	3.2	4,682	3.5	-4.2	4,139	3.0
Repurchase agreements and securities lending	13,482	9.8	12,812	9.5	+5.2	12,917	9.5
Other deposits	4,819	3.5	3,830	2.8	+25.8	2,923	2.1
Direct customer deposits	138,431	100.0	135,305	100.0	+2.3	136,897	100.0

Net commissions and other net dealing revenues

Group net commissions in the first quarter of 2003, amounted to 692 million euro, a drop of 2.1% on the same period of the previous year. This trend, which remains negative, yet to a lesser extent when compared to the changes recorded in 2002, is the result of dissimilar trends in the different areas of commissions. Negative changes over the 12 months have



indeed been shown by commissions from asset management (-8.3%) and from dealing activities (-5.7%), which are more sensitive with respect to market performance, and from collection and payment services (-5.1%), only partially compensated by the increase in the deposits and current accounts area (+18.6%) and by the loans and guarantees area (+8.9%). In particular, commissions from asset management, which represented approximately 50% of the total in the quarter, were 31 million euro lower than the same period of 2002. The decline in these commission revenues was caused both by the downsizing of assets under management induced by the fall in equity markets and by the less favorable mix in customer financial assets, oriented towards low-risk and reduced financial duration investments.

Indirect deposits fell by 3.2% on the end of March 2002, reaching 227.8 billion euro, mainly because of the downsizing of asset management (-4.2%) and, to a lesser extent, of asset administration (-1.7%).

A positive sign is represented by the increase from the beginning of the year of indirect deposits (+1.1%), despite the still negative tone of the markets. In particular, the evolution in asset management (+1.2%) was made possible by the net inflow in the quarter from the distribution networks, equal to 3.9 billion euro, which more than offset the

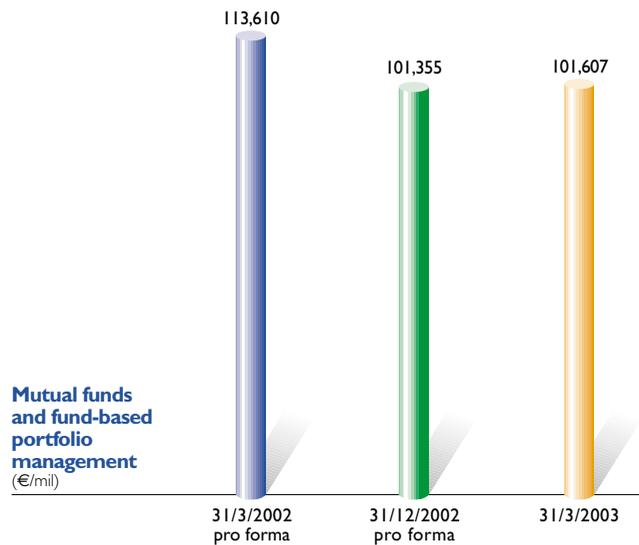
Net commissions and other net dealing revenues

	First quarter 2003 (€/mil)	First quarter 2002 pro forma (€/mil)	Change first quarter 2003 / First quarter 2002 pro forma (%)	2002 pro forma (€/mil)
Management, dealing and advisory services	410	445	-7.9	1,705
- asset management	344	375	-8.3	1,424
- brokerage / custody of securities and currencies	66	70	-5.7	281
Loans and guarantees	61	56	+8.9	245
Collection and payment services	56	59	-5.1	227
Deposits and current accounts	115	97	+18.6	438
Other services and net dealing revenues	50	50	-	226
Net commissions and other net dealing revenues	692	707	-2.1	2,841

Customer financial assets

	31/3/2003		31/3/2002 pro forma		Change 31/3/03- 31/3/02 pro forma (%)	31/12/2002 pro forma	
	Amount (€/mil)	%	Amount (€/mil)	%		Amount (€/mil)	%
Asset management	139,655	38.1	145,754	39.3	-4.2	137,960	38.1
Asset administration	88,165	24.1	89,653	24.2	-1.7	87,305	24.1
Direct deposits	138,431	37.8	135,305	36.5	+2.3	136,897	37.8
Customer financial assets	366,251	100.0	370,712	100.0	-1.2	362,162	100.0

devaluation of the quotations of managed assets. Asset management at the end of March 2003 reached 139.7 bil-



lion euro, an increase of 1.7 billion euro when compared to the end of 2002. To this end it should be noted that:

- the volumes of mutual funds and fund-based portfolio management benefited from the net inflow in the quarter, 2.4 billion euro, which more than compensated the negative performance effect: consequently, stocks showed a marginal growth on December 2002, reaching 101.6 billion euro (-10.6% on an annual basis). Recomposition of the different types continued: in particular the proportion on the total of liquidity funds rose from 27.7% at the end of December 2002 to 29.9% at the end of March 2003, while the proportion of equity funds fell from 22.4% to 19.2% and that of balanced funds fell from 10.5% to 9%. At the end of the quarter, the SANPAOLO IMI Group held the top position in the domestic market, with a market share of 21.3%;
- life technical reserves confirmed the growth path already revealed during 2002: the change was 33.2% over the 12 months and 6.4% from the beginning of

Asset management

	31/3/2003		31/3/2002 pro forma		Change 31/3/03-31/3/02 pro forma (%)	31/12/2002 pro forma	
	Amount (€/mil)	%	Amount (€/mil)	%		Amount (€/mil)	%
Mutual funds and fund-based portfolio management	101,607	72.8	113,610	77.9	-10.6	101,355	73.5
Portfolio management	9,147	6.5	10,454	7.2	-12.5	9,451	6.8
Life technical reserves	28,901	20.7	21,690	14.9	+33.2	27,154	19.7
Asset management	139,655	100.0	145,754	100.0	-4.2	137,960	100.0

Change in assets under management

	First quarter 2003 (€/mil)	First quarter 2002 pro forma (€/mil)	2002 pro forma (€/mil)
Net inflow for the period	3,919	1,238	3,709
- Mutual funds and fund-based portfolio management	2,448	-331	-3,209
- Portfolio management	-178	-255	-773
- Life policies	1,649	1,824	7,691
Performance effect	-2,224	-292	-10,557
Change in assets under management	1,695	946	-6,848

Mutual funds by type

	31/3/2003 (%)	31/3/2002 pro forma (%)	31/12/2002 pro forma (%)
Equity	19.2	32.5	22.4
Balanced	9.0	13.2	10.5
Bond	41.9	35.3	39.4
Liquidity	29.9	19.0	27.7
Total Group mutual funds	100.0	100.0	100.0

the year. Life insurance products, especially index linked and unit linked, were the leading products in asset management and one of the most popular forms of investment by customers; net inflow through the distribution network during the first quarter was 1.6 billion euro, bringing technical reserves to 28.9 billion euro at the end of March 2003.

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

Net profits from financial transactions and dividends on shares in the first quarter of 2003 came to 83 million euro. This amount is slightly lower than the 85 million euro recorded in the first quarter of 2002, but higher than the average quarterly amount over the past year (74 million) which, given the significant variability of the aggregate, represents a more significant term for comparison. More than 90% of these revenues can be attributed to Banca IMI's and the Parent Bank's dealing activities in securities, exchanges and derivatives.

Profits from companies carried at equity and the dividends from shareholdings, 48 million euro (49 in the first quarter of 2002), in total decreased by 2%. In particular:

- profits from companies carried at equity were 39 million euro against the same amount for the first quarter of 2002;

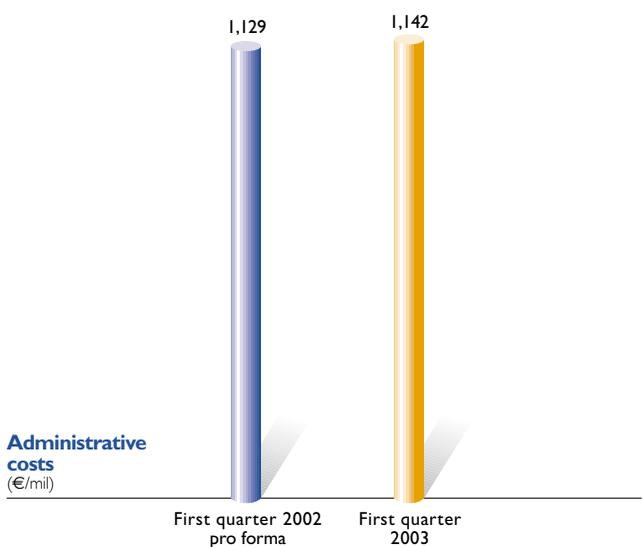
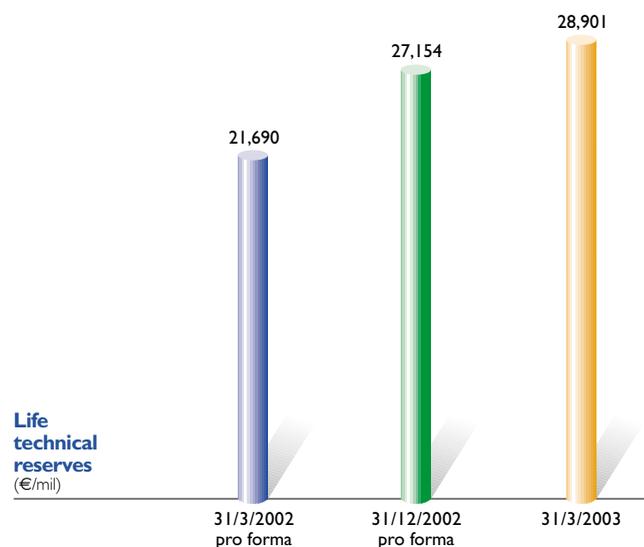
- dividends paid to the Group by minority shareholdings not included in the consolidation area amounted to 9 million euro, compared with 10 million euro for the same period of 2002.

Costs

In the first quarter of 2003, administrative costs totaled 1,142 million euro, against 1,129 million euro for the same period of 2002. The 1.2% increase is mainly due to personnel costs (+1.4%) and indirect duties and taxes (+9.7%), which were only partially offset by the drop in other administrative costs (-0.8%).

In particular, personnel costs, 713 million euro, were influenced by the increases following the renewal of the national collective labor contract (+3.7%), which were mainly offset by the positive effects of the optimization of staff, which were reduced on average by 2.2% when compared to the first quarter of 2002.

Other administrative costs totaled 361 million euro, against 364 million euro for the same period of 2002. In particular, current costs have decreased and, above all, those relating to property following the measures taken to rationalize locations. On the other hand, charges relating to reorganization initiatives, among which the establishment of the Southern Territorial Direction and



the realization of the new distribution model, have increased.

In the first quarter of 2003, adjustments to tangible and intangible fixed assets totaled 111 million euro, in line with the value recorded in the first three months of 2002 and with a slower growth compared to that of the past year. During the first quarter of 2003 investments for the integration of the IT systems and the specialization of the commercial network continued.

Provisions and adjustments

Adjustments to goodwill and merger and consolidation differences amounted to 33 million euro, a decrease of 19.5% on the first quarter of 2002, owing to the completion in 2002 of the amortization over a ten year basis of the differences arising on the mergers of former Banca Provinciale Lombarda and Banco Lariano.

Provisions and net adjustments to loans and financial fixed assets were 135 million euro, against 156 million euro for the first three months of 2002 (-13.5%).

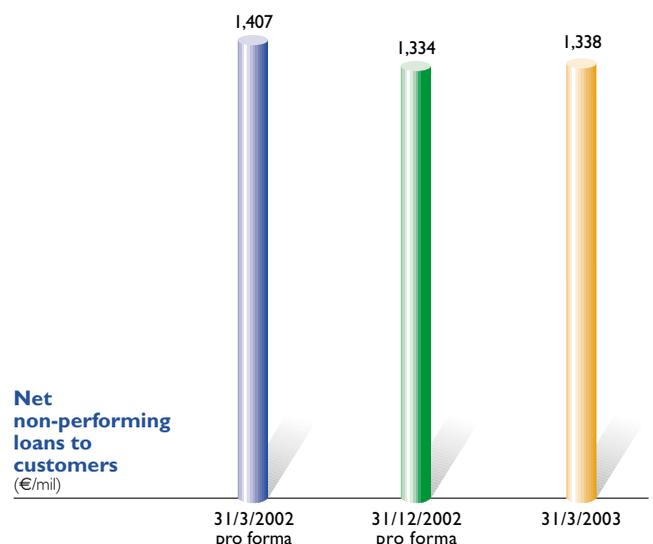
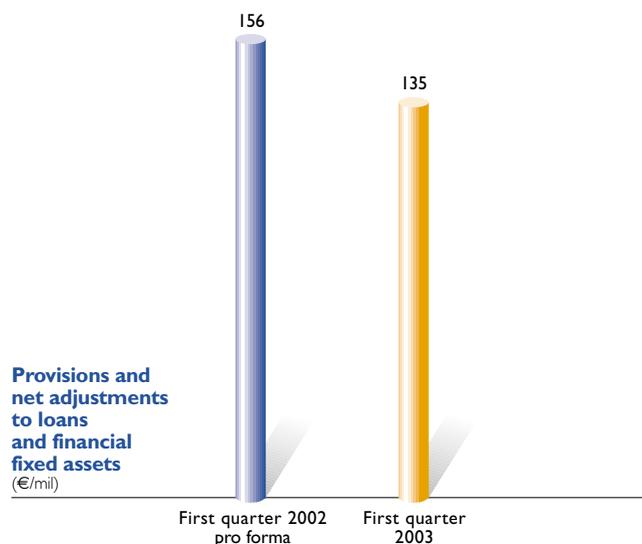
The net flow includes:

- 27 million euro provisions for risks and charges against 45 million in the first quarter of 2002. The latter amount included potential charges in connection with

the renegotiation of subsidized home mortgage loans through the application of provisions introduced by art. 29 of Law 133/99, the terms of which were established by the Government with the Ministerial Decree dated 31/3/2003;

- 69 million euro provisions and adjustments for credit risks (97 million in the first quarter of 2002), deriving from adjusting the estimated realizable value of specific accounts and from aligning some subsidiaries to the qualitative standards of the Parent Bank. Against a growth in loan portfolio compared to the values at the end of 2002, the Group's general reserves, also taking into account the reserves for possible loan losses, amounted to 1,087 million euro, thus maintaining the level of coverage of performing loans at 0.9%;
- 39 million euro of adjustments to financial fixed assets, compared to 14 million for the first three months of the past year. These adjustments are largely attributable to the shareholdings in FIAT, the book value of which was prudently aligned to 6.1 euro per share, equal to the average market price for the month of March 2003. This evaluation involved the booking of capital loss of 24 million euro, which is joined to the 82 million euro recorded to the 2002 financial statements.

At the end of March 2003 Group net doubtful loans were 2,913 million euro, 73 million down on the end of March 2002 (-2.4%). Gross doubtful loans have remained substantially unchanged from the beginning of the year, thus



confirming the levels of coverage achieved at the end of 2002. More specifically, in loans to customers:

- net non-performing loans were 1,338 million euro against 1,407 million euro at the end of March 2002 (-4.9%); the ratio of net non-performing loans to net customer loans was 1%, against the 1.1% recorded for the previous 12 months. At 31 March 2003 Group non-performing loans presented a coverage ratio of 68.7%;
- problem, restructured and in course of restructuring loans were 1,466 million euro, higher than the 1,448 recorded at the end of March 2002 (+1.2%); the coverage ratio was 30.2%;
- non-guaranteed loans to customers in countries subject to country risk amounted to 63 million euro, against 60 million at the end of March 2002.

Extraordinary income and taxes

The Group's net extraordinary income in the first quarter of 2003 was 42 million euro, down 25% compared with the

56 million euro for the same period of the previous year.

The most significant component of the amount is represented by the use of 30 million euro from the provisions for possible charges for the renegotiation of Parent Bank mortgage loans, in excess in respect of the economic impact determined by the setting of a replacement rate of 12.61% by the aforementioned Ministerial Decree. The contribution of gains from the sale of investments was marginal (2 million euro). The flow in the first quarter of 2002 most significantly benefited from the gains from the sale of shareholdings (24 million euro), as well as from recovery of taxation (21 million euro) and from real estate (8 million euro).

Income taxes for the first quarter are estimated at 194 million euro; the tax rate for the SANPAOLO IMI Group, 40.2%, is lower than that recorded at the end of 2002, 44.4%, mainly as a result of the two percentage point reduction in IRPEG (Corporate Income Tax) and the half percentage point reduction in IRAP (Regional Income Tax).

Analysis of loan portfolio

	31/3/2003		31/3/2002 pro forma		Change 31/3/03- 31/3/02 pro forma (%)	31/12/2002 pro forma	
	Amount (€/mil)	%	Amount (€/mil)	%		Amount (€/mil)	%
Non-performing loans	1,338	1.0	1,407	1.1	-4.9	1,334	1.0
Problem, restructured and in course of restructuring loans	1,466	1.1	1,448	1.1	+1.2	1,447	1.1
Loans to countries at risk - customers	63	0.1	60	0.1	+5.0	59	0.1
Performing loans	126,066	97.8	123,816	97.7	+1.8	124,529	97.8
Total loans to customers	128,933	100.0	126,731	100.0	+1.7	127,369	100.0
Non-performing and problem loans - banks	1		6		-83.3	1	
Loans to countries at risk - banks	45		65		-30.8	51	

Capital and reserves

Net shareholders' equity

The evolution of the Group shareholders' equity of 10,815 million euro as of 31 March 2003, compared to the figure reported in the financial statements as of 31 December 2002 is the following:

<i>Movements in Group shareholders' equity</i>	<i>€/mil</i>
Shareholders' equity as of 1 January 2003	10,537
Decreases	-2
- Exchange and other adjustments	-2
Increases	280
- Net income for the period	280
Shareholders' equity as of 31 March 2003	10,815

The reserves include 551 million euro profits for the year 2002, allocated for payment of dividend to SANPAOLO IMI

shareholders, which will take place during May.

At 31 March 2003, the own shares held by the Group were 4,982,699, equal to 0.27% of the equity capital booked at market value in the dealing portfolio for 31 million euro, in line with that carried out by the subsidiaries.

The increase of 41,948 units when compared to the end of 2002 figure is attributable to the operations carried on by Banca IMI within the context of its institutional dealing activities.

Regulatory capital and solvency ratios

At the end of March 2003 the ratio of regulatory capital to total weighted assets against credit and market risks was estimated at around 10.7%; the ratio of Group primary capital to total weighted assets was estimated at 7.4%.

Financial risk management

Financial risks from lending activities

The market risk generated by the Group's lending activities in the first quarter of 2003 was slightly lower than the average level observed last year, appropriately restated to take into consideration the inclusion of Cardine Banca's accounts. The change in the banking book's market value, measured in terms of shift sensitivity, as an upward, parallel and uniform movement of 100 basis points in the interest rate curve, had in the first three months of 2003 an average negative value of 175 million euro, against 231 million euro in the previous year.

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 10 following working days with a statistical confidence interval of 99%, came to an average value of 103 million euro in the three months, in line with the previous year (97 million euro).

Equity investments in non-Group listed companies

Equity investments held in listed companies not consolidated line by line or at net equity showed a market value, at end of March 2003 prices, of 1,193 million euro, 253 million of which held by IMI Investimenti. The market value

of the equity investments showed, according to prices at the end of March, a net potential capital loss on book value of 96 million euro. With respect to the general recovery observed in the markets after 31 March, the portfolio of listed equity investments at the beginning of May showed a potential capital gain of 89 million euro.

The Value at Risk related to the minority investments in quoted companies came to 219 million euro at the end of March; this value was substantially in line with the level observed at the end of the previous year (226 million euro).

Trading activities

The own financial risks from the Group's trading activities, concentrated in Banca IMI and its subsidiaries, registered an average value in the quarter, measured in terms of Value at Risk, of around 11 million euro (12 million euro in value at the end of March), oscillating between a minimum of 6 million euro and a maximum of 17 million euro.

In addition to VaR, Worst Case Scenario methodology is also used to monitor the impact of potential losses that could occur in extreme conditions. The development of the maximum potential daily loss in the first three months was largely stable in terms of potential risks, always oscillating around the average value for the period, at 37 million euro. Actual losses were never higher than the ex ante risk measures.



Maximum potential daily loss in trading (€/mil)

Supplementary information

Performance of share prices

At the end of March 2003, SANPAOLO IMI's share price was 6.231 euro, substantially unchanged from the begin-

ning of the year, against a decline of 3% in the MIB bancario. On the same date, the SANPAOLO IMI share traded on a price/book value of 1.1 and a price/earnings, calculated on consensus earnings for 2003, of 12.2.

On 8 May 2003, the quoted price was 7.26 euro, representing a growth of 17.1% since the start of the year.

Market comparison

	8/5/2003	31/3/2003	28/3/2002	Change (%) 31/3/03-28/3/02
SANPAOLO IMI share price (€)	7.260	6.231	13.482	-53.8
Banking index (historical MIB bancario)	1,916	1,676	2,597	-35.5

SANPAOLO IMI share price (1)

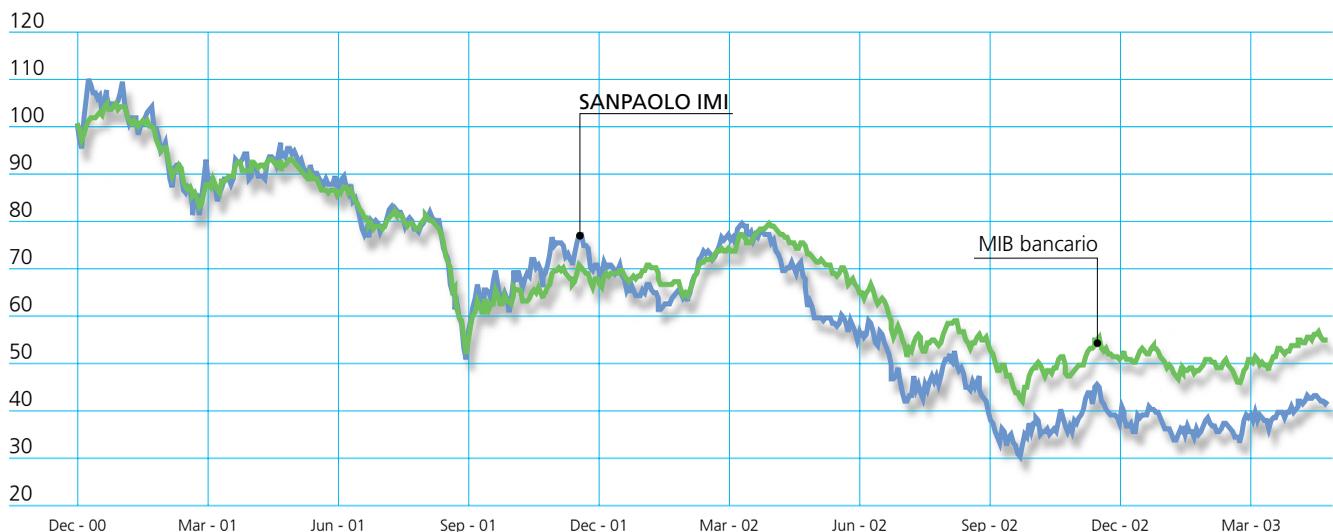
Year	High (€)	Low (€)	Average (€)
1995	5.118	4.025	4.577
1996	5.269	4.236	4.766
1997	8.800	4.564	6.275
1998	16.274	8.717	12.429
1999	16.071	10.970	13.192
2000	20.800	11.483	16.612
2001	18.893	8.764	14.375
2002	13.702	5.231	9.439
2003 (up to 8/5/2003)	7.493	5.796	6.591

SANPAOLO IMI market indices

	31/3/2003	28/3/2002
Price / book value	1.1	2.5
Price / earnings on consensus earnings (2)	12.2	16.4

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

(2) Calculated on consensus earnings 2003 for 31/3/2003 and on consensus earnings 2002 for 28/3/2002.



SANPAOLO IMI share price and MIB bancario (29/12/00=100)

Shareholders

As of 31 March 2003 the shareholder structure of SANPAOLO IMI, based on available information, was as follows:

Shareholders of SANPAOLO IMI

	% of capital	
	total	ordinary
Compagnia di San Paolo	14.48	7.50
Fondazione CR Padova e Rovigo	10.80	4.38
Fondazione CR Bologna	7.69	3.12
Santander Central Hispano	6.37	8.08
IFI / IFIL	3.83	4.86
Deutsche Bank	3.68	4.67
Ente CR Firenze	2.06	2.61
Fondazione Cariplo	1.75	2.21
Caisse des Dépôts et Consignations (CDC)	1.70	2.16
Monte dei Paschi di Siena	1.60	2.03
Templeton Global Advisers	1.54	1.95
Società Reale Mutua di Assicurazioni	1.54	1.95
Fondazione CR Venezia	1.47	1.87
Other shareholders (1)	41.49	52.61
Total	100.00	100.00

(1) Includes own shares held by the Group.

On 26 April 2003, notification was received of the transfer – on 23 April - of SANPAOLO IMI shares held by IFI to IFIL.

Ratings

The following table shows the main ratings assigned to the debt of SANPAOLO IMI.

SANPAOLO IMI debt ratings

Fitch	
• Short-term debt	F1+
• 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+

Group Business Areas

Organization by Business Areas

In the first quarter of 2003 the SANPAOLO IMI Group operated through a structure organized by Business Areas in the following business sectors:

- Domestic Banking Networks, including: the Sanpaolo Network, which is widespread in North Western Italy and, through the Southern Territorial Direction, in the South; Cardine, rooted in the North East. The networks, dedicated to the service of retail and private customers and companies, present an optimal coverage of the Italian territory through approximately 3,000 banking branches and integrated multi-channel infrastructures. The banking networks are flanked by specialist units to serve domestic clients: Banca OPI, which provides consultancy and medium- and long-term financing to public bodies and infrastructure, tax collection, as well as, within the Sanpaolo Network and Consumer Banking, companies operating in private banking, consumer credit and leasing. This sector also includes Other Italian Networks, which handle the Group's shareholdings in Cassa di Risparmio di Firenze and in Cassa dei Risparmi di Forlì, as well as Large Groups and Structured Finance;
- Personal Financial Services, with activities carried out by the networks of financial planners of the Banca Fideuram group (which, since October 2002, includes Banca Sanpaolo Invest) to serve customers with a medium/high savings potential;
- Wealth Management and Financial Markets which include: the Sanpaolo IMI Wealth Management companies, dedicated to providing asset management products to the Group networks, associated networks, as well as institutional investors and other networks; Eptaconsors, 60.7% held, operating mainly in corporate finance, asset management, securities dealing and trading on line; Banca IMI, the Group's investment bank, whose business priorities concern, on the one side, the supply of specialist services to companies and institutional customers and, on the other, the development of structured products distributed to retail customers and companies through the Group's networks; Sanpaolo IMI Private Equity in which the private equity activities of the Group have been concentrated;
- International Activities, which include the French subsidiary Banque Sanpaolo, the Foreign Network of the Parent Bank, limited to corporate lending, and Sanpaolo IMI Internazionale, established to develop the presence in foreign countries of strategic interest through appropriate growth initiatives, in particular acquisitions and alliances.

Holding activities, finance, the Macchina Operativa Integrata and the management of property, shareholding investments and Group's lending policy, are included in the Central Functions.

Criteria used to calculate profitability and the allocation of capital are detailed in the Explanatory Notes.

Results of the Business Areas

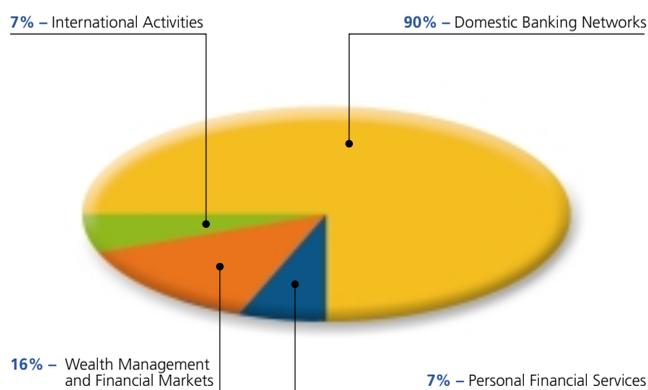
The table below summarizes the economic results and the profitability ratios for the business sectors in which the Group operates. In relation to the main Business Areas, the most important initiatives, along with the operating and

income results for the first quarter are presented below.

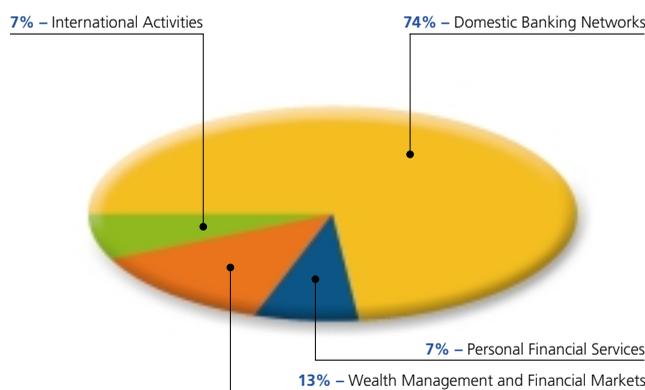
Note that, where necessary, the figures used to evaluate the performance compared with the previous periods have been consistently reconstructed, assuming that this organizational model was launched as of 1/1/2002.

	Contribution to net income of the Group				Average capital			Annualized profitability		
	First quarter 2003	First quarter 2002	Change first quarter 2003 / First quarter 2002	2002	First quarter 2003	First quarter 2002	2002	First quarter 2003	First quarter 2002	2002
	(€/mil)	(€/mil)	(%)	(€/mil)	(€/mil)	(€/mil)	(€/mil)	(%)	(%)	(%)
DOMESTIC BANKING NETWORKS	253	235	+7.7	779	7,925	7,676	7,647	12.8	12.2	10.2
PERSONAL FINANCIAL SERVICES	20	41	-51.2	111	748	863	788	10.7	19.0	14.1
WEALTH MANAGEMENT AND FINANCIAL MARKETS	45	43	+4.7	145	1,360	1,232	1,277	13.2	14.0	11.4
INTERNATIONAL ACTIVITIES	19	8	+137.5	42	754	800	784	10.1	4.0	5.4
CENTRAL FUNCTIONS (1)	-57	-49	+16.3	-172	-102	510	248	n.s.	n.s.	n.s.
GROUP TOTAL	280	278	+0.7	905	10,685	11,081	10,744	10.5	10.0	8.4

(1) These include holding activities, finance, the Macchina Operativa Integrata, the management of property and shareholding investments and Group postings.



Net income in the first quarter of 2003 by business sectors (2)



Capital allocated in the first quarter of 2003 by business sectors (2)

(2) The chart does not include the Central Functions which present a negative value; the percentages for the Domestic Banking Networks, Personal Financial Services, Wealth Management and Financial Markets and International Activities are calculated comparing:

- the contribution of each to the net income (280 million euro);
- the capital allocated to the Group's average net shareholders' equity (10,685 million euro).

Domestic Banking Networks

Sanpaolo Network and Consumer Banking

In the first quarter of 2003 Sanpaolo Network and Consumer Banking operated according to an activity base comprising the following business units:

- the Sanpaolo Network, consisting of the 2,118 branches of the Parent Bank under the brands Sanpaolo and Banco di Napoli, supported by the Internet, phone and

mobile banking direct channels;

- the subsidiaries, supporting the banking business, operating in consumer credit (Finemiro Banca and Finconsumo Banca; the 50% stake held by SANPAOLO IMI in the latter will be sold to SCH, by effect of the agreement reached in March), leasing (Sanpaolo Leasing which incorporated Cardine Leasing in October 2002) and international private banking (Sanpaolo Bank Luxembourg, Sanpaolo Bank Austria and Sanpaolo Bank Switzerland).

	Sanpaolo Network and Consumer Banking				of which: Sanpaolo Network (1)			
	First quarter 2003	First quarter 2002	Change first quarter 2003/ First quarter 2002 (%)	2002	First quarter 2003	First quarter 2002	Change first quarter 2003/ First quarter 2002 (%)	2002
	(€/mil)	(€/mil)	(%)	(€/mil)	(€/mil)	(€/mil)	(%)	(€/mil)
STATEMENT OF INCOME (€/mil)								
Net interest and other banking income	955	944	+1.2	3,841	860	854	+0.7	3,472
Operating costs	-614	-612	+0.3	-2,508	-573	-568	+0.9	-2,338
Operating income	341	332	+2.7	1,333	287	286	+0.3	1,134
Provisions and net adjustments to loans and financial fixed assets	-68	-61	+11.5	-358	-48	-54	-11.1	-287
Income before extraordinary items	273	271	+0.7	975	239	232	+3.0	847
Net extraordinary income	2	-2	n.s.	1	-1	-2	-50.0	-6
Income before taxes	275	269	+2.2	976	238	230	+3.5	841
Income taxes for the period	-120	-125	-4.0	-463	-108	-113	-4.4	-420
Change in reserves for general banking risks and income attributable to minority interests	-6	-8	-25.0	-28	-	-	-	-
Net income	149	136	+9.6	485	130	117	+11.1	421
ALLOCATED CAPITAL (€/mil)	3,812	3,568	+6.8	3,640	3,044	2,858	+6.5	2,916
RATIOS (%)								
Annualized RORAC	15.6	15.2		13.3	17.1	16.4		14.4
Cost / Income ratio	64.5	64.8		65.4	66.5	66.5		67.3
	31/3/2003	31/3/2002	Change 31/3/03 - 31/3/02 (%)	31/12/2002	31/3/2003	31/3/2002	Change 31/3/03 - 31/3/02 (%)	31/12/2002
OPERATING DATA (€/mil)								
Customer financial assets	187,721	188,849	-0.6	185,150	182,102	182,709	-0.3	179,379
- Direct deposits	53,164	53,388	-0.4	53,955	49,498	49,564	-0.1	50,074
- Asset management	72,485	74,533	-2.7	71,369	72,238	74,004	-2.4	71,087
- Mutual funds and fund-based portfolio management	53,417	58,658	-8.9	53,046	53,305	58,460	-8.8	52,923
- Portfolio management	4,579	5,724	-20.0	4,923	4,444	5,393	-17.6	4,764
- Life technical reserves	14,489	10,151	+42.7	13,400	14,489	10,151	+42.7	13,400
- Asset administration	62,072	60,928	+1.9	59,826	60,366	59,141	+2.1	58,218
Net asset management flows	1,982	703		1,689	1,999	804		1,869
Net loans to customers excluding NPLs	53,737	50,355	+6.7	55,107	50,335	47,033	+7.0	51,742
OPERATING STRUCTURE								
Employees	24,313	24,631	-1.3	24,403	22,964	23,269	-1.3	23,030
Domestic branches	2,144	2,131	+0.6	2,141	2,118	2,106	+0.6	2,115

(1) Including transactions with companies with turnover in excess of 250 million euro and the depositary bank.

Globally, in the first three months of 2003, Sanpaolo Network and Consumer Banking presented a net income of 149 million euro, up 9.6% on the same period of the previous year. The profitability of the Area, expressed in terms of annualized RORAC, was 15.6%.

The first quarter of 2003 saw the operational integration of the distribution structures of the Sanpaolo Network with those of Banco di Napoli. In particular:

- following the merger of the Neapolitan bank into the Parent Bank on 31 December 2002, the Sanpaolo Network was reorganized into 23 territorial areas, each with unitary responsibility for both Sanpaolo and Banco di Napoli branches;
- the management of the territory and commercial policies were unified. In particular, the preparation was made to extend to the Banco di Napoli branches the criteria of commercial specialization for customer segments which characterize the Sanpaolo branches: before the end of the year, in addition to the branches dedicated to retail customers, the Network will operate through around 150 operating points and more than 50 detached teams dedicated to companies, as well as over 20 branches and around 50 modules and detached units serving private customers;
- integration of the network IT systems commenced. In March and April, a first group of 149 branches of Banco di Napoli migrated to the Sanpaolo system. The process will be completed in June when the remaining Banco di Napoli branches will adopt the Sanpaolo IT systems;
- the basis is being prepared for the expected transfer, commencing from July, of the over 700 Sanpaolo and Banco di Napoli branches operating in the Southern regions of Italy, excluding the Islands, into the new Group company aimed at supervising that territory. With reference to Sanpaolo Network structure operating in the other Italian regions, the new bank will combine operating autonomy with a unique commercial coordination. The IT, administrative and back office activities of the new bank will be centralized within the Parent Bank.

In the first three months of the year, the Sanpaolo Network pursued the aims defined in the budget, which provide for the strengthening of the market position in terms of private and retail customers as well as the development of relations with companies, in a context of priority attention to the quality of assets. In particular:

- in retail and private market, during the quarter, specialized modules were introduced within the branches

to serve the customers of the various segments: private, affluent, family and small businesses. In addition, an "Investment Policy", which establishes the principles to be followed in the assistance provided by branches to customers in relation to investments, was presented; this will be followed by the provision to branches of evolved models for the evaluation of the customer financial profile. At the same time, work continued on the design of products, particularly with guaranteed capital, to satisfy the current needs of the market. The spread of multi-channel infrastructures continued: at the end of March direct banking contracts led by the Sanpaolo branches rose to more than 350,000, with an increase of around 8% since the beginning of the year;

- in respect of companies, efforts were made, on the one side, to increase operations with companies with appropriate credit worthiness and, on the other, to adopt pricing policies better correlated to the risk involved. The initiative aimed at expanding the range of financial instruments dedicated to hedging interest and exchange rate risks is also important: in the first quarter of 2003, transactions with around 900 customers were concluded, against 1,000 for the whole of 2002. The spread of direct channels continued: Internet banking contracts with companies and small entrepreneurs exceeded 24,500 at the end of March, a growth of more than 15% on the beginning of the year.

Under the operational profile, Sanpaolo Network customer financial assets showed a positive flow of 2.7 billion euro on the beginning of the year, benefiting from the positive trend in asset administration (2.1 billion) and asset management (1.2 billion). The net asset management flow has more than doubled when compared to the first quarter of 2002, thanks in particular to the placement of mutual funds and life insurance policies. Loans to customers were up 7% on the end of March 2002; in this context the positive trend in retail mortgages for households was confirmed, with disbursements for 0.6 billion euro in the first three months.

The Sanpaolo Network income results for the first quarter showed a growth in net interest and other banking income of 0.7%. The good progress in net interest income and profits and losses from financial transactions has in fact more than offset the lower commission flow from asset management. Net income reached 130 million euro, compared with the 117 million euro for the first quarter of 2002, with an annualized RORAC of 17.1%.

Cardine

Cardine operated in North East Italy, through the 841 branches of the seven bank networks: Cassa di Risparmio di Padova e Rovigo, Cassa di Risparmio in Bologna, Cassa di Risparmio di Venezia, Cassa di Risparmio di Udine e Pordenone, Cassa di Risparmio di Gorizia, Banca Agricola di Cerea and Banca Popolare dell'Adriatico. It should be noted moreover, as described in the chapter of the Report dedicated to presenting the initiatives of the quarter, that on 25 March the Board of Directors of SANPAOLO IMI

approved the launch of a Public Offer on the entire shares in circulation of Banca Popolare dell'Adriatico and the merger by incorporation of Banca Agricola di Cerea into Cassa di Risparmio di Padova e Rovigo.

The main initiatives realized by Cardine during the first quarter of 2003 were aimed at extending to all of the bank networks the new distribution model articulated by customer segments. For this purpose 778 specialized consultants to serve the different customer segments (of which 108 for private, 373 for affluent, 112 for corporate and

Cardine (1)

	First quarter 2003	First quarter 2002	Change first quarter 2003 / First quarter 2002 (%)	2002
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	354	349	+1.4	1,435
Operating costs	-213	-226	-5.8	-893
Operating income	141	123	+14.6	542
Provisions and net adjustments to loans and financial fixed assets	-35	-19	+84.2	-277
Income before extraordinary items	106	104	+1.9	265
Net extraordinary income	11	-	n.s.	-11
Income before taxes	117	104	+12.5	254
Income taxes for the period	-51	-49	+4.1	-137
Change in reserves for general banking risks and income attributable to minority interests	-1	-1	-	-10
Net income	65	54	+20.4	107
Contribution to net income of the Group (2)	64	57	+12.3	163
ALLOCATED CAPITAL (€/mil)	2,502	2,628	-4.8	2,536
RATIOS (%)				
Annualized RoE	10.2	8.7		6.4
Cost / Income ratio	58.8	63.2		60.8
	31/3/2003	31/3/2002	Change 31/3/03-31/3/02 (%)	31/12/2002
OPERATING DATA (€/mil)				
Customer financial assets	51,464	50,053	+2.8	51,815
- Direct deposits	26,414	25,717	+2.7	26,524
- Asset management	13,349	12,562	+6.3	13,159
- Mutual funds and fund-based portfolio management	8,543	8,323	+2.6	8,539
- Portfolio management	3,129	3,041	+2.9	3,038
- Life technical reserves	1,677	1,198	+40.0	1,582
- Asset administration	11,701	11,774	-0.6	12,132
Net asset management flows	613	265		1,478
Net loans to customers excluding NPLs	25,086	23,445	+7.0	24,588
OPERATING STRUCTURE				
Employees	9,617	9,868	-2.5	9,719
Domestic branches	841	835	+0.7	841

(1) Cardine Finanziaria Group consolidated.

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

185 for small businesses), along with the products and services for the various types of customers, were identified.

In order to achieve commercial integration at Group level, during the first quarter the Cardine bank networks began placing products originating from the SANPAOLO IMI Group's subsidiaries, especially in respect of mutual funds and insurance products.

In asset management, the net inflow from the start of the year, 0.6 billion euro, more than offset the devaluation of the stocks, which at the end of March 2003 were 13.3 billion euro, an increase of 6.3% on an annual basis and 1.4% on the end of December 2002. The trend of direct customer deposits was also positive, showing growth of 2.7% compared to the end of March 2002. Loans to customers, net of non-performing loans, were up 2% on the beginning of the year and 7% on an annual basis; new disbursements to households in connection with retail mortgages were also relevant at 0.2 billion euro for the first quarter of the year.

In the first quarter of 2003 the operating income showed an increase of 14.6% when compared to the same period in the previous year, at 141 million euro. This trend was made possible by the reduction of operating costs (-5.8%) and by maintenance of revenues, favored by the positive evolution in net interest income and profits from financial transactions, which more than offset the lower flow of commissions. Despite the higher general provisions for loans made for alignment with the prudential standards of the Parent Bank, net income for the period was 65 million euro, a growth of 20.4% when compared to the same period in 2002. The contribution to net income of the Group was 64 million euro, giving an annualized RoE of 10.2%.

Banca OPI

Banca OPI provides financial services to the public sector, with particular reference to the financing of infrastructure investments and works. During 2002 the bank was

Banca OPI

	First quarter 2003	First quarter 2002	Change first quarter 2003 / First quarter 2002 (%)	2002
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	36	37	-2.7	143
Operating costs	-6	-6	-	-23
Operating income	30	31	-3.2	120
Provisions and net adjustments to loans and financial fixed assets	-16	-16	-	-68
Income before extraordinary items	14	15	-6.7	52
Net extraordinary income	-	-	-	4
Income before taxes	14	15	-6.7	56
Income taxes for the period	-5	-5	-	-17
Net income	9	10	-10.0	39
Contribution to net income of the Group (1)	18	20	-10.0	77
ALLOCATED CAPITAL (€/mil)	682	676	+0.9	675
RATIOS (%)				
Annualized RoE	10.6	11.8		11.4
Cost / Income ratio	16.2	16.2		15.3
	31/3/2003	31/3/2002	Change 31/3/03-31/3/02 (%)	31/12/2002
OPERATING DATA (€/mil)				
Net loans to customers excluding NPLs	18,056	15,812	+14.2	16,717
Disbursements in the period	1,884	1,006	+87.3	3,231
OPERATING STRUCTURE				
Employees	166	155	+7.1	167

(1) After the posting of consolidation attributable to the Area, mainly represented by the reversal of the discounting of loans, performed exclusively for tax purposes.

strengthened by the conferral, by the Parent Bank, of the whole shareholding in FIN.OPI (former Compagnia di San Paolo Investimenti Patrimoniali); as of 1 January 2003, Banca OPI also includes the activities in the public works sector previously performed by Banco di Napoli. It is pointed out that operating and income results for the year 2002 are pro forma, in order to allow a consistent comparison of the results.

In the first quarter of 2003, the bank:

- issued new loans aimed mainly at: in Italy, infrastructure sectors, particularly the high-speed rail system, airports and motorways; abroad, postal services and motorways in European Union countries or in those countries about to join the EU;
- in the sector of services for local bodies, has taken on important international exhibition initiatives, some important multi-utilities, health authorities and urban transportation services;
- in the advisory sector, has won a mandate from Rimini Fiera S.p.A. to provide assistance in relation to partial privatization;
- in project financing, has taken part in important projects in Portugal (Lusoscut Grande Porto), in Spain (Barcelona Tram) and in England (London Underground); has participated in the selection of financial institutions within a contest for the setting up and management of integrated waste disposal systems in the provinces of Messina and Catania; has participated in an operation to construct and manage an integrated waste disposal system in four districts to the east of the City of London.

In the first quarter of 2003 the bank made new disbursements for 1.9 billion euro, most of which regarded medium/long-term operations. The most significant loans were made to the Campania Region and to the Municipality of Rome. At the end of March total loans rose to 18.1 billion euro, an increase of 8% on the beginning of the year and 14.2% on the 12 months. These were joined by a flow of new subscriptions of securities issued by public bodies, 0.4 billion euro.

The income results for the first quarter of 2003 showed a reduction in net interest and other banking income (-2.7%), due to the drop in net interest income which was only partially offset by the growth in commissions. Net income for the period was 9 million euro, a drop of 10% on the first quarter of 2002. Provisions made mainly for tax purposes,

were substantially in line with those for the same period of the previous year.

Large Groups and Structured Finance

The management of relations with the 30 major groups of domestic and international importance, as well as project financing (for energy, oil & gas and telecommunications sectors) and specialized structured lending (acquisition, LBO, real estate) were centralized to optimize the risk/performance profile, in two specialized units: Large Groups and Structured Finance.

In the first quarter of 2003, the Large Groups unit achieved improved economic results on the same period of 2002. Annualized RORAC was 8.7%, lower than that recorded in the first quarter of 2002 as a result of the risk capital absorbed following the worsening in the ratings of the automobile sector.

The results of the Structured Finance unit, influenced by prolonged difficulties in specific markets, remained at modest levels but were, however, positive.

Other Italian Networks

Other Italian Networks operate in the domestic market through the distribution networks of the Cassa di Risparmio di Firenze, in which the Group has a stake of 19.5%, and the Cassa dei Risparmi di Forlì (21% stake). With reference to the latter, by effect of the exercising of a put option by the Fondazione Cassa dei Risparmi di Forlì, on 12 May 2003 this stake rose to 29.8%.

In the context of the distribution agreements between SANPAOLO IMI and the companies in the Area, the following should be noted:

- positive progress in the marketing of mutual funds managed by CR Firenze Gestion Internationale (in which an 80% interest is held by Carifirenze and a 20% interest by SANPAOLO IMI); the net flow for the quarter, equal to 240 million euro, brought the total amounts at the end of March to 2.4 billion euro;
- placement by the Cariforlì network, in the first three months of the year, of SANPAOLO IMI Group asset management products for 13 million euro; this net flow took the stock, at the end of March, to 179 million euro, up 7.8% since the beginning of the year and 51.7% on the 12 months.

Personal Financial Services

Banca Fideuram

Banca Fideuram has a network of 4,699 financial planners and 87 branches in Italy. The bank, which purchased Banca Sanpaolo Invest in October 2002, operates using its own specialized companies dedicated to the production of asset management services.

During the first quarter of 2003, Banca Fideuram's activities were aimed at launching the realization phase of the program to rationalize the investment services sector and the networks.

In particular, after the acquisition in the quarter of the consultancy branch of Fideuram Capital by Fideuram Fondi, the reorganization of investment services will be completed with the incorporation of Fideuram Gestioni Patrimoniali into Fideuram Fondi (which will assume the new name of

Banca Fideuram (1)

	First quarter 2003	First quarter 2002	Change first quarter 2003 / First quarter 2002 (%)	2002
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	124	161	-23.0	598
Operating costs	-82	-83	-1.2	-344
Operating income	42	78	-46.2	254
Adjustments to goodwill and merger and consolidation differences	-1	-3	-66.7	-58
Provisions and net adjustments to loans and financial fixed assets	-6	-9	-33.3	-68
Income before extraordinary items	35	66	-47.0	128
Net extraordinary income	1	1	-	19
Income before taxes	36	67	-46.3	147
Income taxes for the period	-7	-12	-41.7	-13
Change in reserves for general banking risks and income attributable to minority interests	-	-	-	16
Net income	29	55	-47.3	150
Contribution to net income of the Group (2)	20	41	-51.2	111
ALLOCATED CAPITAL (€/mil)	748	863	-13.3	788
RATIOS (%)				
Annualized RoE	10.7	19.0		14.1
Cost / Income ratio	63.4	50.0		55.3
	31/3/2003	31/3/2002	Change 31/3/03-31/3/02 (%)	31/12/2002
OPERATING DATA (€/mil)				
Customer financial assets	55,921	61,613	-9.2	56,457
- Direct deposits	4,049	4,600	-12.0	3,901
- Asset management	40,120	45,388	-11.6	40,028
- <i>Mutual funds and fund-based portfolio management</i>	28,579	35,936	-20.5	28,756
- <i>Portfolio management</i>	532	500	+6.4	525
- <i>Life technical reserves</i>	11,009	8,952	+23.0	10,747
- Asset administration	11,752	11,625	+1.1	12,528
Net asset management flows	845	-160		-1,153
OPERATING STRUCTURE				
Employees	1,878	1,864	+0.8	1,880
Financial planners	4,699	5,135	-8.5	4,754
Domestic branches	87	85	+2.4	87

(1) Including Banca Sanpaolo Invest.

(2) Related to the share held by SANPAOLO IMI and after the posting of consolidation attributable to the Area.

Fideuram Investimenti) and the merger by incorporation of Fideuram Capital into the bank.

The rationalization of the networks will be completed by the transfer in favor of Banca Fideuram of the Banca Sanpaolo Invest banking activities which will assume the status of SIM and will be focused on distribution activities through its own network of financial planners.

At the end of March 2003 customer financial assets of

Banca Fideuram, including the results of Banca Sanpaolo Invest, were 55.9 billion euro, down 1% since the beginning of the year and 9.2% on an annual basis.

Profit margins for the quarter were generally reduced; net interest and other banking income of 124 million euro, fell by 23%, mainly because of the decline in commission revenues. Net income for the period was 29 million euro, a drop of 47.3% on the first quarter of 2002. Annualized RoE was 10.7%.

Wealth Management and Financial Markets

Sanpaolo IMI Wealth Management

Wealth Management provides asset management products and services both to the Group's internal distribution networks and to institutional investors, associated networks and other networks. The Sanpaolo IMI Wealth Management holding company heads the Group companies operating in mutual funds, portfolio management and life insurance.

The main initiatives realized by the Area in the first quarter concerned:

- the acquisition of full control of Sanpaolo IMI Wealth Management Luxembourg, through the purchase of the 11.8% share held by Sanpaolo Bank Luxembourg;
- the 50% reduction in the shareholding held in Sanpaolo Bank Luxembourg, following the capital increase of the

latter company, fully subscribed by the Parent Bank SANPAOLO IMI;

- the subscription to the capital increase of the subsidiary Sanpaolo IMI Alternative Investments, a company dedicated to the management of hedge funds, which became operational in 2002;
- the widening of the product range, through the launching of funds of funds and the placement, by Sanpaolo Vita, of new index linked policies.

As of the end of March 2003, the Area's assets under management amounted to 85.1 billion euro, down 0.9% on an annual basis and 2% from the end of 2002. Noteworthy within the total amount is the sustained growth in life technical reserves, which rose to 15.6 billion euro (+45.6% in comparison with the end of March 2002).

In the first quarter of 2003, Wealth Management registered net interest and other banking income of 62 million euro, up

Sanpaolo IMI Wealth Management

	First quarter 2003	First quarter 2002	Change first quarter 2003 / First quarter 2002 (%)	2002
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	62	55	+12.7	234
Operating costs	-23	-18	+27.8	-88
Operating income	39	37	+5.4	146
Adjustments to goodwill and merger and consolidation differences	-1	-1	-	-7
Provisions and net adjustments to loans and financial fixed assets	-1	-	n.s.	-
Income before extraordinary items	37	36	+2.8	139
Net extraordinary income	-	-	-	2
Income before taxes	37	36	+2.8	141
Income taxes for the period	-3	-5	-40.0	-7
Change in reserves for general banking risks and income attributable to minority interests	-	-	-	-2
Net income	34	31	+9.7	132
Contribution to net income of the Group (1)	37	33	+12.1	142
ALLOCATED CAPITAL (€/mil)	712	631	+12.8	655
RATIOS (%)				
Annualized RoE	20.8	20.9		21.7
Cost / Income ratio	40.0	39.3		40.5
	31/3/2003	31/3/2002	Change 31/3/03-31/3/02 (%)	31/12/2002
OPERATING DATA (€/mil)				
Assets under management	85,059	85,826	-0.9	83,407
OPERATING STRUCTURE				
Employees	388	357	+8.7	404

(1) After the posting of consolidation attributable to the Area, mainly represented by the reversal of amortization for goodwill with Group companies.

12.7% compared with the same period in the previous year; this trend was due in particular to a significant growth (+59%) in the contribution of the Sanpaolo Vita and Sanpaolo Life insurance companies, booked as profits from companies carried at equity, which more than offset the reduction in net commissions (-11.4%). The growth in revenues resulted in a net income of 34 million euro (+9.7%). The profitability, expressed in terms of annualized RoE, was 20.8%.

Banca IMI

Banca IMI, the Group's investment bank, covers securities dealing both on own account and for customers, the raising of risk and debt capital for companies, as well as consulting in corporate finance. Following the agreement reached with Centrobanca (Banca Popolare di Bergamo – Credito Varesino Group) in December 2002, an 80% stake

in IMIWeb Bank, a subsidiary of Banca IMI, will be sold to Centrobanca in 2003.

In the first quarter of 2003, with reference to corporate finance and capital markets, Banca IMI:

- with regard to Public Offers, acted as joint advisor and joint global coordinator regarding the Public Offer launched by ENI on Italgas shares;
- in the context of stock placements, took part in the Initial Public Offer of Meta, the only IPO that took place in Italy in the quarter and acted as co-manager regarding the institutional offer of Timken shares, an important US manufacturing company;
- in capital increases, it acted as guarantor in two major operations launched on the European market, notably the capital increases of Banco Comercial Português, the major Portuguese bank and of the German insurance

Banca IMI (1)

	First quarter 2003	First quarter 2002	Change first quarter 2003 / First quarter 2002 (%)	2002
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	53	54	-1.9	185
Operating costs	-35	-39	-10.3	-150
Operating income	18	15	+20.0	35
Provisions and net adjustments to loans and financial fixed assets	-1	-	n.s.	-5
Income before extraordinary items	17	15	+13.3	30
Net extraordinary income	-1	-2	-50.0	5
Income before taxes	16	13	+23.1	35
Income taxes for the period	-5	-4	+25.0	-11
Net income	11	9	+22.2	24
Contribution to net income of the Group	11	9	+22.2	24
ALLOCATED CAPITAL (€/mil)	364	366	-0.5	361
RATIOS (%)				
Annualized RoE	12.1	9.8		6.6
Cost / Income ratio	66.7	72.7		81.0
OPERATING DATA (€/mil)				
Banca IMI SpA trading volumes				
- trading	194,342	164,149	+18.4	671,677
- sales	44,968	29,758	+51.1	143,809
- repurchase agreements	480,492	350,532	+37.1	1,621,992
- placements	2,847	2,553	+11.5	6,360
	31/3/2003	31/3/2002	Change 31/3/03-31/3/02 (%)	31/12/2002
OPERATING STRUCTURE				
Employees	622	653	-4.7	634
Branches	2	2	-	2

(1) Excluding IMIWeb Bank.

company Allianz; it acted as joint global coordinator for the capital increase of Edison.

With regard to corporate finance advisory, Banca IMI concluded important merger and acquisition transactions, such as the assistance to SANPAOLO IMI in respect of the purchase of the majority shareholding of Fidis together with a pool of banks and the consultancy advice to Business Solutions for the disposal of IPI shareholdings. In respect of current transactions, it continued its activities of global advisory for the FIAT Group and the consultancy activities for the energy, telecommunications and IT service sectors, among which it is worth noting the assistance provided to AEM Torino in the project for the exploitation of electricity generation assets, to the Albanian government in the project for the privatization of the fixed telecommunication and energy sectors, to Edison for the sale of reserves of gas in Egypt and to Finmeccanica for the exploitation of the Eltag businesses; furthermore, it has won a mandate from ENI for the exploitation of the businesses in the chemical sector and a new engagement to provide consulting for extraordinary finance operations in the energy sector.

In the first quarter of 2003, the total revenues of Banca IMI were again conditioned by the instability of the financial markets, reaching 53 million euro, compared to 54 million in the first three months of the previous year. The reduction in operating costs allowed the bank to achieve a net income of 11 million euro, a growth of 22,2% on the first quarter of 2002, and an annualized RoE of 12.1%.

Sanpaolo IMI Private Equity

Sanpaolo IMI Private Equity is responsible for the private equity activity of the Group, with the strategic goal of strengthening and consolidating its presence in this sector,

mainly through the promotion and management of closed-end security investment funds.

The company heads the subsidiaries specialized in the management of Italian law closed-end security investment funds (Sanpaolo IMI Fondi Chiusi SGR and NHS Mezzogiorno SGR) as well as several foreign subsidiaries instrumental to the management of international law closed-end security investment funds and the merchant banking activity.

The first quarter of 2003 saw the conclusion of the process to centralize the Group's private equity activities into Sanpaolo IMI Private Equity, through the completion of the acquisition from Cardine Finanziaria of the entire capital of Alcedo, the advisory company of the Cardine Impresa and Eptasviluppo funds.

During the quarter, activities continued in preparation for the launch of new reserved closed-end security investment funds both of regional nature and with pan European scope. Furthermore, the fund raising activities continued for the "Fondo di Promozione del Capitale di Rischio per il Mezzogiorno" ("Risk capital fund for Southern Italy"), which was completed on 14 April 2003, after reaching the maximum expected amount of 100 million euro.

Lastly, consistent with the strategic plan which provides for the gradual disposal of merchant banking shareholdings, in March the Dutch subsidiary LDV completed the disposal of the entire shareholding in Wire Industries.

With reference to the first quarter of 2003 results, Sanpaolo IMI Private Equity, together with its subsidiaries, showed a net loss of 4 million euro, mainly determined by the amortization of positive differences arising on consolidation and adjustments to financial fixed assets.

International Activities

Banque Sanpaolo

Banque Sanpaolo operates in France, through a network of 62 branches, with a customer base of 125,000 private customers with a medium/high savings potential and small- and medium-sized companies.

In the first quarter of 2003 Banque Sanpaolo carried on the specialization of the branch network on the reference customer segments.

In operating terms, the bank reported a positive trend in direct customer deposits and loans to customers: compared with the end of March 2002, direct deposits were up 13% and loans to customers rose by 1.8%. On the other hand, asset management dropped by 4.4% because the positive trend in life technical reserves was not sufficient to offset the resizing of the funds and portfolio management.

This produced a favorable trend for net interest income, which was not however sufficient to compensate the drop in commissions and losses from financial transactions. Net income did however benefit from fewer provisions and

Banque Sanpaolo

	First quarter 2003	First quarter 2002	Change first quarter 2003 / First quarter 2002 (%)	2002
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	49	50	-2.0	196
Operating costs	-35	-34	+2.9	-135
Operating income	14	16	-12.5	61
Provisions and net adjustments to loans and financial fixed assets	-1	-4	-75.0	-13
Income before extraordinary items	13	12	+8.3	48
Net extraordinary income	-	-	-	1
Income before taxes	13	12	+8.3	49
Income taxes for the period	-4	-4	-	-19
Net income	9	8	+12.5	30
Contribution to net income of the Group (1)	9	7	+28.6	29
ALLOCATED CAPITAL (€/mil)	438	454	-3.5	441
RATIOS (%)				
Annualized RoE	8.2	6.2		6.6
Cost / Income ratio	69.4	66.0		66.3
	31/3/2003	31/3/2002	Change 31/3/03-31/3/02 (%)	31/12/2002
OPERATING DATA (€/mil)				
Customer financial assets	11,931	n.a.	n.a.	11,485
- Direct deposits	5,013	4,436	+13.0	4,648
- Asset management	5,459	5,708	-4.4	5,204
- <i>Mutual funds and fund-based portfolio management</i>	3,788	3,830	-1.1	3,527
- <i>Portfolio management</i>	815	1,098	-25.8	865
- <i>Life technical reserves</i>	856	780	+9.7	812
- Asset administration	1,459	n.a.	n.a.	1,633
Net asset management flows	408	317		548
Net loans to customers excluding NPLs	3,701	3,634	+1.8	3,582
OPERATING STRUCTURE				
Employees	1,234	1,231	+0.2	1,239
Branches	62	59	+5.1	62

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

adjustments, reaching 9 million euro, progressing from the 12.5% for the same period in the previous year.

Foreign Network

The Area is responsible for the foreign network of the Parent Bank composed of 11 branches, 18 representative offices and 1 operating desk, as well as for the Irish subsidiary Sanpaolo IMI Bank Ireland. This structure has a direct presence in 27 countries.

To strengthen the position in its reference markets, the organization of the Area was based on three regional offices (Americas, Europe and Asia) to direct and control the various operating points. Moreover, to optimize the synergies with Sanpaolo IMI Internazionale, the latter was assigned, as of 2003, the hierarchical responsibility for the six representative offices in Central Eastern Europe, which will however continue to remain, from the corporate point of view, within the Parent Bank.

The rationalization carried on during 2002, both on reducing costs and refocusing on operations, was the assumption for the current mission, aimed at developing business to encourage the internationalization of Italian companies and to increase the presence of foreign multinationals on the Italian market.

During the first quarter of 2003, the lending activities were marked by the selectivity of relations and safeguarding the quality of the assets rather than increasing operating volumes, with a renewed focus toward direct and strategic relationships with customers, confirming a strong customer oriented policy instead of asset driven. With reference to this issue, the Foreign Network concentrated, on the one side, on consolidating the position achieved in a European and Asian context and, on the other, on reducing the total risk with counterparties from the United States, through major diversification in both the number of customers and the economic sectors.

From an economic viewpoint, after the year 2002 which was largely conditioned by the devaluation of foreign multinationals, operations with customers of the Foreign Network in the first quarter of 2003 showed an improvement in revenues, bringing annualized RORAC to 12.9%. After the drop in 2002, lending exposure with foreign counterparties stabilized and the portfolio quality returned to good levels, having involved a minimum amount of writedown.

Sanpaolo IMI Internazionale

Sanpaolo IMI Internazionale was formed for the purpose of developing and supervising the presence of the Group in those foreign countries deemed to be of strategic interest through operations involving acquisitions and alliances.

At full capacity this company will hold all the interests of the Group in Central Eastern Europe and the Mediterranean. On 4 April 2003, the Parent Bank transferred to it the shareholding in the Hungarian Inter-Europa Bank, which has 23 branches. The transfer to the company of the other equity investments in those areas, among which Banka Koper (62.1%), operating in Slovenia through a network of 39 branches and West Bank (74.5%), operating in Romania through 17 operating points, is still conditional to approval by the local Regulatory Authorities.

On 17 March 2003, Sanpaolo IMI Internazionale launched a Public Offer aimed at purchasing the entire shareholding of Inter-Europa Bank, in which SANPAOLO IMI already held a quota of 32.5%. The Offer was concluded on 15 April, with the delivery of a number of shares equal to 52.7% of the bank's share capital, bringing the total shareholding to 85.2%. The total outlay for the Offer amounted to 30 million euro, plus additional expenses of 1 million euro. The transaction was authorized by the Hungarian Banking Regulation and Antitrust Authorities and by Bank of Italy.

IMI Investimenti

IMI Investimenti manages the major industrial shareholdings with particular reference to the amount, the impact in terms of “significant exposures” and the strategic importance attributed by the Group.

With regard to investment portfolio, on 10 March 2003, the preliminary contracts for the acquisition from the FIAT Group, through a newco in which the company participates jointly with

Capitalia, Banca Intesa and Unicredito, of 51% of the European network of the finance company Fidis (exclusively within the retail financing activities) have been subscribed, with a total commitment by IMI Investimenti for about 100 million euro.

The economic trend in the first quarter of 2003 is still penalized by further significant adjustments to the investment portfolio for 38.5 million euro, relating to FIAT and company vehicles with investments in the mobile telecommunications company H3G.

Explanatory Notes

ACCOUNTING AND VALUATION PRINCIPLES

CHANGES IN THE CONSOLIDATION AREA

CONSOLIDATED PRO FORMA STATEMENTS FOR 2002

CRITERIA FOR CALCULATING THE PROFITABILITY OF THE BUSINESS AREAS

Accounting and valuation principles

The Quarterly Report of the SANPAOLO IMI Group at 31 March 2003 has been prepared according to Consob Regulation 11971 of 14 May 1999 and successive modifications and integration.

The balance sheet and the statement of income as of 31 March 2003 have been prepared using accounting and valuation principles consistent with the Annual Report 2002, to which reference is made for further detail. Here, the following should be noted:

- the quarterly accounts have been prepared using the discrete approach, by which the reference period is considered to be an independent financial period. Accordingly, the quarterly statement of income reflects both the ordinary and extraordinary components pertaining to the period, in accordance with the accrual principle. In particular, income tax reflects the cost attributable to the period according to current and deferred taxation;
- the accounting situations used for consolidation are those prepared by subsidiary companies (consolidated line by line, proportionally or at net equity) with reference to 31 March 2003, as adjusted when necessary 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 information made available by them also using, for the statement of income for the period, prudent estimates;
- the positive differences, generated by line by line, proportional and net equity consolidation, have been taken against the total of negative differences at first consolidation pre-existing or arising in the same year and to their extent, pursuant to art. 32 of D. Lgs. n. 87 of 27/1/1992 and successive applicative instructions issued by Bank of Italy;
- adjustments and provisions made exclusively for tax purposes by the Parent Bank and by consolidated companies are reversed;
- only significant balances and transactions with Group companies have been eliminated.

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

Changes in the consolidation area

The main changes in the consolidation area when compared to 31 December 2002 concern:

- the passage from the area of consolidation according to the equity method, to consolidation on a line by line basis of the company Eptaconsors and its subsidiaries (Eptaconsors S.p.A., Eptafid S.p.A, Eptafund S.G.R. p.A. and Eptaglobal Investment Ltd) following the increase in the investment held by the SANPAOLO IMI Group which, in January 2003, rose from 40.48% to 60.72%;
- the passage of IMIWeb Bank from consolidation on a line by line basis to consolidation according to the equity method, following the disposal at the beginning of 2003 of 80% of its entire shares previously held by Banca IMI S.p.A.

In addition to the changes above, the following should be noted with exclusive regard to 31 March 2002, inclusion in the line by line consolidation area, acquiring the related financial flows from the beginning of 2002 of the former Cardine Group companies, following the merger by incorporation of the Parent Company Cardine Banca S.p.A. into SANPAOLO IMI S.p.A..

Consolidated pro forma statements for 2002

In relation to the aforementioned changes in the area of consolidation, in order to ensure comparability of the accounting results on a consistent basis, the statements of income and the reclassified consolidated balance sheets of the SANPAOLO IMI Group of the previous period are also presented in a pro forma version that conventionally assumes the line by line consolidation of the Eptaconsors Group and the non-consolidation of IMIWeb Bank with effect from 1 January 2002.

Furthermore, the pro forma results as of 31 March 2002 also reflect the line by line consolidation of the former Cardine Group, which first took place on 30 June 2002, with accounting effect from the beginning of the year.

Attached to the present Explanatory Notes are the pro forma statements as of 31 March 2002 and 31 December 2002.

In particular, the pro forma results have been prepared using the statements of income and reclassified consolidated balance sheets of the SANPAOLO IMI Group for 2002 (column "a" of the attached statements), and reflect the following:

- for the line by line consolidation of the 60.72% shareholding in Eptaconsors and its subsidiaries, following the write down in the value of net equity of the 40.48%

share already held in the previous year (column “b” of the attached statements). For this purpose the purchase of the additional 20.24% shareholding has been simulated as of 1/1/2002, as a contra-entry to “customer deposits” for an amount of 19 million euro;

- the full non-consolidation of IMIWeb Bank, following the disposal of 80% of the entire shareholding previously held, and the write down in net equity of the residual 20% (column “c” of the attached statements). In particular, the disposal of the majority shareholding has been simulated with effect from 1/1/2002 offset against an increase in “loans to banks” for a total amount of 5 million euro and with the subsequent loss recorded directly to net equity reserves, in accordance with relevant accounting principles. Consequently, the statement of consolidated income has been reduced by the extraordinary charges arising from the alignment of the value of the shareholding disposed of to the actual sale price, net of any tax effects.

It should be reminded that the aforementioned pro forma schedules are unaudited.

Criteria for calculating 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 the subsidiaries, consolidation of the accounts of the Parent Bank attributable to the relevant Area has been effected with the income statement captions of the subsidiary companies. The attribution to individual Areas of Parent Bank accounts, 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.

It must be highlighted that, in respect of previous Reports and to guarantee the usual consistent confrontation with 2002, some methodological changes

have been made in relation to internal transfer prices applied to non-interest bearing asset captions and non interest-bearing liabilities, IT services and real-estate services;

- 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 interest and after the posting of consolidation 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.

Capital has been attributed to each Area according to the following criteria:

- for those Areas whose business is carried out both by the Parent Bank and by the 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 approach, 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 (including income for the period).

In allocating capital to the Areas of the Parent Bank, the risks 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 the subsidiaries, profitability has been expressed in terms of RORAC (Return On Risk Adjusted Capital), reporting the Area’s contribution to net income of the Group to the relative economic capital quantified according to VaR approach;
- 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 net income of the Group to the respective average accounting net shareholders’ equity (including income for the period), consistently with the principles adopted for the Group.

Turin, 13 May 2003

The Board of Directors

Attachments

FIRST QUARTER OF 2002: STATEMENT OF
RECLASSIFIED CONSOLIDATED PRO FORMA STATEMENT OF INCOME

31/3/2002: STATEMENT OF
RECLASSIFIED CONSOLIDATED PRO FORMA BALANCE SHEET

YEAR 2002: STATEMENT OF
RECLASSIFIED CONSOLIDATED PRO FORMA STATEMENT OF INCOME

31/12/2002: STATEMENT OF
RECLASSIFIED CONSOLIDATED PRO FORMA BALANCE SHEET

First quarter of 2002: statement of reclassified consolidated pro forma statement of income

(€/mil)

	SANPAOLO IMI Group pro forma (1) (a)	Eptaconsors line by line consolidation (60.72%) (b)	Disposal of 80% of IMIWeb Bank (c)	SANPAOLO IMI Group pro forma (d)=(a+b+c)
NET INTEREST INCOME	927	1	-1	927
Net commissions and other net dealing revenues	697	13	-3	707
Profits and losses from financial transactions and dividends on shares	84	1	-	85
Profits from companies carried at equity and dividends from shareholdings	49	-	-	49
NET INTEREST AND OTHER BANKING INCOME	1,757	15	-4	1,768
Administrative costs	-1,120	-13	4	-1,129
- <i>personnel</i>	-699	-6	2	-703
- <i>other administrative costs</i>	-359	-7	2	-364
- <i>indirect duties and taxes</i>	-62	-	-	-62
Other operating income, net	78	1	-	79
Adjustments to tangible and intangible fixed assets	-111	-3	2	-112
OPERATING INCOME	604	-	2	606
Adjustments to goodwill and merger and consolidation differences	-41	-	-	-41
Provisions and net adjustments to loans and financial fixed assets	-156	-	-	-156
INCOME BEFORE EXTRAORDINARY ITEMS	407	-	2	409
Net extraordinary income	56	-	-	56
INCOME BEFORE TAXES	463	-	2	465
Income taxes for the period	-172	-1	-	-173
Change in reserves for general banking risks	-	-	-	-
Income attributable to minority interests	-14	-	-	-14
NET INCOME	277	-1	2	278

(1) These figures have been prepared according to the criteria detailed in the Explanatory Notes to the consolidated financial statements as of 31/12/2002, assuming the merger with Cardine Banca from 1/11/2002.

31/3/2002: statement of reclassified consolidated pro forma balance sheet

	(€/mil)			
	SANPAOLO IMI Group pro forma (1) (2) (a)	Eptaconsors line by line consolidation (60.72%) (b)	Disposal of 80% of IMIWeb Bank (c)	SANPAOLO IMI Group pro forma (d)=(a+b+c)
ASSETS				
Cash and deposits with central banks and post offices	1,454	-	-	1,454
Loans	147,902	166	19	148,087
- due from banks	21,189	147	20	21,356
- loans to customers	126,713	19	-1	126,731
Dealing securities	25,028	139	-	25,167
Fixed assets	11,732	-48	-16	11,668
- investment securities	3,931	1	-	3,932
- equity investments	4,837	-69	7	4,775
- intangible fixed assets	426	11	-16	421
- tangible fixed assets	2,538	9	-7	2,540
Differences arising on consolidation and on application of the equity method	1,120	-	-	1,120
Other assets	23,116	65	-7	23,174
Total assets	210,352	322	-4	210,670
LIABILITIES				
Payables	168,360	155	33	168,548
- due to banks	32,943	129	171	33,243
- due to customers and securities issued	135,417	26	-138	135,305
Provisions	4,565	60	-5	4,620
- for taxation	1,392	52	-	1,444
- for termination indemnities	993	3	-	996
- for risks and charges	1,810	5	-5	1,810
- for pensions and similar	370	-	-	370
Other liabilities	19,611	18	-17	19,612
Subordinated liabilities	5,793	-	-	5,793
Minority interests	797	72	-	869
Shareholders' equity	11,226	17	-15	11,228
Total liabilities	210,352	322	-4	210,670

(1) These figures have been prepared according to the criteria detailed in the Explanatory Notes to the Consolidated financial statements as of 31/12/2002, assuming the merger with Cardine Banca from 1/1/2002.

(2) On the basis of recent instructions received from Bank of Italy, capitalization certificates subscribed by the Group (629 million euro) have been reclassified from the caption in the published financial statements "dealing securities" to the caption "loans to customers".

Year 2002: statement of reclassified consolidated pro forma statement of income

	(€/mil)			
	SANPAOLO IMI Group	Eptaconsors line by line consolidation (60.72%)	Disposal of 80% of IMIWeb Bank	SANPAOLO IMI Group pro forma
	(a)	(b)	(c)	(d)=(a+b+c)
NET INTEREST INCOME	3,773	4	-3	3,774
Net commissions and other net dealing revenues	2,809	51	-19	2,841
Profits and losses from financial transactions and dividends on shares	286	11	-1	296
Profits from companies carried at equity and dividends from shareholdings	292	3	-4	291
NET INTEREST AND OTHER BANKING INCOME	7,160	69	-27	7,202
Administrative costs	-4,648	-54	23	-4,679
- <i>personnel</i>	-2,856	-25	8	-2,873
- <i>other administrative costs</i>	-1,528	-29	14	-1,543
- <i>indirect duties and taxes</i>	-264	-	1	-263
Other operating income, net	358	3	-	361
Adjustments to tangible and intangible fixed assets	-510	-15	8	-517
OPERATING INCOME	2,360	3	4	2,367
Adjustments to goodwill and merger and consolidation differences	-212	-	-	-212
Provisions and net adjustments to loans and financial fixed assets	-1,426	-3	2	-1,427
INCOME BEFORE EXTRAORDINARY ITEMS	722	-	6	728
Net extraordinary income	296	5	20	321
INCOME BEFORE TAXES	1,018	5	26	1,049
Income taxes for the period	-450	-7	-9	-466
Change in reserves for general banking risks	364	-1	-	363
Income attributable to minority interests	-43	2	-	-41
NET INCOME	889	-1	17	905

31/12/2002: statement of reclassified consolidated pro forma balance sheet

	SANPAOLO IMI Group (1)	Eptaconsors line by line consolidation (60.72%)	Disposal of 80% of IMIWeb Bank	SANPAOLO IMI Group pro forma
	(a)	(b)	(c)	(d)=(a+b+c)
ASSETS				
Cash and deposits with central banks and post offices	1,406	-	-	1,406
Loans	149,349	88	4	149,441
- due from banks	22,000	68	4	22,072
- loans to customers	127,349	20	-	127,369
Dealing securities	19,046	71	-	19,117
Fixed assets	9,596	-21	-8	9,567
- investment securities	2,897	1	-	2,898
- equity investments	4,064	-33	1	4,032
- intangible fixed assets	406	4	-2	408
- tangible fixed assets	2,229	7	-7	2,229
Differences arising on consolidation and on application of the equity method	1,030	-	-	1,030
Other assets	23,346	23	-18	23,351
Total assets	203,773	161	-22	203,912
LIABILITIES				
Payables	161,505	73	-	161,578
- due to banks	24,456	49	176	24,681
- due to customers and securities issued	137,049	24	-176	136,897
Provisions	3,813	23	-3	3,833
- for taxation	670	14	-	684
- for termination indemnities	961	4	-	965
- for risks and charges	1,839	5	-3	1,841
- for pensions and similar	343	-	-	343
Other liabilities	20,971	15	-19	20,967
Subordinated liabilities	6,613	-	-	6,613
Minority interests	334	33	-	367
Shareholders' equity	10,537	17	-	10,554
Total liabilities	203,773	161	-22	203,912

(1) On the basis of recent instructions received from Bank of Italy, capitalization certificates subscribed by the Group (648 million euro) have been reclassified from the caption in the published financial statements "dealing securities" to the caption "loans to customers".

