

SANPAOLO IMI

NEWS RELEASE

CONSOLIDATED NET INCOME AT 30 JUNE RISES TO EURO 741 MILLION (+22.5%)

Turin, 28 July 2000 – The net income of the SANPAOLO IMI Group at the end of the first half of 2000 rose to Euro 741 million (approximately 1,435 billion lire). This result – an increase of 22.5% compared to the first half of 1999 – was presented to the Bank's Board of Directors at their meeting this morning.

All the main income items increased: net interest and other banking income grew by 13.6%; operating income rose by 24.7% and, notwithstanding substantial extraordinary expenses connected with investments to develop technological channels and the strengthening of the commercial network, the cost income ratio fell in the 12 months from 57.0% to 52.8%. Ordinary income (Euro 971 million) increased by 34.3%, thanks also to a further containment of provisions and adjustments compared to the first half of 1999.

In particular, commissions grew by 29.2%. The most significant contribution came from asset management where SANPAOLO IMI maintained a volume performance superior to that of the system, further reinforcing its market position. The Group's net inflow in asset management during the six months was Euro 8,974 million, bringing the total asset management volumes to Euro 120 billion (+22.5% on an annual basis). Mutual funds and portfolio management in funds amounted to Euro 102 billion, taking market share to 18%, while the technical reserves of the life companies reached Euro 11,828 million, with a market share in new *bancassurance* production estimated at approximately 11%.

Sight deposits with Italian branches grew by 10.3% on an annual basis while net loans to customers rose by 7.1% on an annual basis, net of non-performing loans.

Asset quality was in net improvement: non-performing loans as a proportion of loans fell from 2.3% at the end of 1999 to 1.1%; similarly problem loans, loans in restructuring and loans exposed to country risk fell from 1.7% at the end of December to 1.4%.

Extraordinary results of Euro 305 million, substantially similarly to those in the preceding period, contributed to the pre-tax profit.

Expectations for the second half of the year are confirmed as positive: the economic impact of further substantial investments into the development of distribution channels and the operational strengthening of the Group will be fully balanced by the envisaged positive performance of commission income and net interest income.

We remind you that a Conference Call on SANPAOLO IMI Group's performance in 2Q2000 will be held by IR on Friday 28 July at 3.00 pm London Time, 4.00 pm Continental European Time and 10.00 am New York Time. For European participants please dial in +44 (0) 2085152308 (replay numbers for 48 hours: +44 (0) 2087972499, Pin number: 113805#). For USA participants please dial in 1 800 3611028 (replay numbers for 48 hours: 1 877 2898525, Pin number: 12731).

Giorgio Spriano	+39 011 555 2822	Tom Lucassen	+39 011 555 2289
Elena Flor	+39 011 555 2639	Damiano Accattoli	+39 011 555 3590
James Ball	+39 011 555 2546	Anna Monticelli	+39 011 555 2526
Fax	+39 011 555 2989	e-mail	investor.relation@sanpaoloimi.com

KEY FIGURES

	1st half 2000	1st half 1999	FY 1999	Change	1st half 2000
	(Euro/mil)	(Euro/mil)	(Euro/mil)	1st half '00 - 1st half '99 (%)	(L/bln)
CONSOLIDATED STATEMENT OF INCOME					
Net interest income	1,068	1,032	2,047	+3.5	2,068
Net commissions and other dealing revenues	1,247	965	2,066	+29.2	2,415
Administrative expenses	-1,286	-1,211	-2,466	+6.2	-2,490
Operating income	1,185	950	1,985	+24.7	2,294
Provisions and net adjustments to loans and financial fixed assets	-214	-227	-481	-5.7	-415
Income before extraordinary items	971	723	1,504	+34.3	1,879
Extraordinary income	305	301	294	+1.3	592
Group net income	741	605	1,050	+22.5	1,435
CONSOLIDATED BALANCE SHEET					
Total assets	140,611	138,731	139,887	+1.4	272,261
Loans to customers	75,966	71,963	73,174	+5.6	147,091
Securities	20,559	25,352	18,401	-18.9	39,808
Equity investments	3,567	2,351	3,347	+51.7	6,907
Customer deposits and securities issued	78,302	81,521	78,957	-3.9	151,614
Subordinated liabilities	2,174	1,346	1,524	+61.5	4,209
Group shareholders' equity	8,083	8,626	8,036	-6.3	15,651
FINANCIAL ASSETS OF CUSTOMERS					
Total financial assets	266,811	242,094	260,026	+10.2	516,618
* Direct deposits	78,302	81,521	78,957	-3.9	151,614
- Current accounts and deposits	37,662	33,362	36,096	+12.9	72,924
- Certificates of deposit	7,274	8,923	9,090	-18.5	14,084
- Bonds	22,371	24,389	23,643	-8.3	43,316
- Commercial paper	2,013	2,202	2,584	-8.6	3,898
- Repo and securities lending	4,990	6,257	3,758	-20.2	9,662
- Other deposits	3,992	6,388	3,786	-37.5	7,730
* Indirect deposits	188,509	160,573	181,069	+17.4	365,004
- Asset administration	68,413	62,519	70,597	+9.4	132,467
- Asset management	120,096	98,054	110,472	+22.5	232,537
- Mutual funds	78,079	70,087	76,019	+11.4	151,181
- Portfolio management in funds	23,530	12,926	17,836	+82.0	45,560
- Portfolio management	6,659	5,868	6,117	+13.5	12,893
Life assurance	11,828	9,173	10,500	+28.9	22,903
PROFITABILITY RATIOS (%)					
Annualized RoE (Net income / Shareholders' equity less current income)	19.2	15.4	14.0		
Cost / Income ratio (Administrative expenses and amortization and depreciation net of recoveries / Net interest and other banking income)	52.8	57.0	56.6		
Net commissions / Administrative costs	97.0	79.7	83.8		
CREDIT RISK RATIOS					
Net non-performing loans / Customer loans	1.1	2.6	2.3		
Net problem and loans in restructuring / Customer loans	1.3	2.0	1.6		
CAPITAL ADEQUACY RATIOS (%)					
Tier 1 capital / Weighted assets	9.5 ^(*)	9.7	9.6		
Total capital / Weighted assets	11.0 ^(*)	10.6	10.3		
SANPAOLO IMI SHARES					
Number of shares (millions)	1,403	1,402	1,402	+0.1	
* number of shares in circulation	1,399	1,402	1,375	-0.2	
* number of own shares held by the Parent bank	4	-	27	n.s.	
Quoted price per share (Euro; lire)					
* average	14,790	14,043	13,191	+5.3	28,637
* low	11,658	12,330	11,102	-5.5	22,573
* high	18,368	16,035	16,035	+14.5	35,565
Earnings per share in circulation (Euro; lire)	0.53	0.43	0.75	+22.7	1,026
Dividend per share in circulation (Euro; lire)			0.52		
Dividend / average annual price (%)			3.92		
Shareholders' equity per share in circulation (Euro; lire)	5.78	6.15	5.84	-6.1	11,187
OPERATING STRUCTURE					
Employees	24,608	24,224	24,133	+1.6	
Domestic branches	1,381	1,351	1,355	+2.2	
Foreign branches and representative offices	84	76	76	+10.5	
Financial planners	4,989	4,667	4,865	+6.9	

(*) Estimated figure.

The data for the first half of 2000 have not been audited

RECLASSIFIED CONSOLIDATED STATEMENT OF INCOME

	1st half 2000 (Euro/mil)	1st half 1999 (Euro/mil)	FY 1999 (Euro/mil)	Change 1st half '00 - 1st half '99 (%)	1st half 2000 (L/bln)
NET INTEREST INCOME	1,068	1,032	2,047	+3.5	2,068
Net commissions and other dealing revenues	1,247	965	2,066	+29.2	2,415
Profits and losses from financial transactions and dividends	122	144	251	-15.3	236
Profits from companies carried at equity and dividends from shareholdings	73	69	205	+5.8	141
NET INTEREST AND OTHER BANKING INCOME	2,510	2,210	4,569	+13.6	4,860
Administrative costs	-1,286	-1,211	-2,466	+6.2	-2,490
- <i>personnel</i>	-778	-765	-1,534	+1.7	-1,506
- <i>other administrative costs</i>	-423	-363	-763	+16.5	-819
- <i>indirect duties and taxes</i>	-85	-83	-169	+2.4	-165
Other operating income net	92	85	175	+8.2	178
Adjustments to tangible and intangible fixed assets	-131	-134	-293	-2.2	-254
OPERATING INCOME	1,185	950	1,985	+24.7	2,294
Net adjustments to loans and provisions	-210	-201	-394	+4.5	-407
Net adjustments to financial fixed assets	-4	-26	-87	-84.6	-8
INCOME BEFORE EXTRAORDINARY ITEMS	971	723	1,504	+34.3	1,879
Net extraordinary income	305	301	294	+1.3	592
INCOME BEFORE TAXES	1,276	1,024	1,798	+24.6	2,471
Income taxes	-489	-398	-685	+22.9	-947
Change in reserve for general banking risks	3	-	-1	n.s.	6
Income attributable to minority interests	-49	-21	-62	+133.3	-95
NET INCOME	741	605	1,050	+22.5	1,435

The statement of income for the first half of 2000 has not been audited.

ANALYSIS OF QUARTERLY CONSOLIDATED STATEMENT OF INCOME

	2000		1999			
	2nd quarter	1st quarter	4th quarter	3rd quarter	2nd quarter	1st quarter
	(Euro/mil)	(Euro/mil)	(Euro/mil)	(Euro/mil)	(Euro/mil)	(Euro/mil)
						pro forma
NET INTEREST INCOME	539	529	516	499	520	512
Net commissions and other dealing revenues	600	647	579	522	491	474
Profits and losses from financial transactions and dividends	38	84	80	27	53	91
Profits from companies carried at equity and dividends from shareholdings	38	35	84	52	36	33
NET INTEREST AND OTHER BANKING INCOME	1,215	1,295	1,259	1,100	1,100	1,110
Administrative costs	-667	-619	-645	-610	-617	-594
- <i>personnel</i>	-392	-386	-387	-382	-386	-379
- <i>other administrative costs</i>	-233	-190	-217	-183	-189	-174
- <i>indirect duties and taxes</i>	-42	-43	-41	-45	-42	-41
Other operating income net	52	40	50	40	43	42
Adjustments to tangible and intangible fixed assets	-66	-65	-88	-71	-64	-70
OPERATING INCOME	534	651	576	459	462	488
Net adjustments to loans and provisions	-121	-89	-103	-90	-97	-104
Net adjustments to financial fixed assets	-2	-2	-52	-9	-26	-
INCOME BEFORE EXTRAORDINARY ITEMS	411	560	421	360	339	384
Net extraordinary income	196	109	-5	-2	297	4
INCOME BEFORE TAXES	607	669	416	358	636	388
Income taxes	-221	-268	-159	-128	-248	-150
Change in reserve for general banking risks	3	-	-1	-	-	-
Income attributable to minority interests	-27	-22	-18	-23	-11	-10
NET INCOME	362	379	238	207	377	228

The pro forma statement of income for the first quarter of 1999 has been restated consistently with those of successive quarters.

The quarterly statements of income have not been audited.

RECLASSIFIED CONSOLIDATED BALANCE SHEET

ASSETS	30/6/2000	30/6/1999	31/12/1999	Change 30/6/00 - 30/6/99	30/6/2000
	(Euro/mil)	(Euro/mil)	(Euro/mil)	(%)	(L/bln)
Cash and deposits with central banks and post offices	494	431	528	+14.6	957
Loans	97,709	91,968	95,318	+6.2	189,191
- due from banks	21,743	20,005	22,144	+8.7	42,100
- loans to customers	75,966	71,963	73,174	+5.6	147,091
Dealing securities	18,890	23,665	16,645	-20.2	36,576
Fixed assets	6,582	5,780	6,490	+13.9	12,745
- investment securities	1,669	1,687	1,756	-1.1	3,232
- equity investments	3,567	2,351	3,347	+51.7	6,907
- intangible fixed assets	260	267	267	-2.6	503
- tangible fixed assets	1,086	1,475	1,120	-26.4	2,103
Differences arising on consolidation and on application of the equity method	18	45	58	-60.0	35
Other assets	16,918	16,842	20,848	+0.5	32,757
Total assets	140,611	138,731	139,887	+1.4	272,261
LIABILITIES	30/6/2000	30/6/1999	31/12/1999	Change 30/6/00 - 30/6/99	30/6/2000
	(Euro/mil)	(Euro/mil)	(Euro/mil)	(%)	(L/bln)
Payables	108,995	107,200	106,969	+1.7	211,044
- due to banks	30,693	25,679	28,012	+19.5	59,430
- due to customers and securities issued	78,302	81,521	78,957	-3.9	151,614
Reserves:	1,992	1,601	1,950	+24.4	3,857
- for taxation	952	727	1,029	+30.9	1,843
- for termination indemnities	447	434	438	+3.0	866
- for risks and charges	534	375	421	+42.4	1,034
- for pensions and similar	59	65	62	-9.2	114
Other liabilities	18,782	19,788	20,869	-5.1	36,367
Subordinated liabilities	2,174	1,346	1,524	+61.5	4,209
Minority interests	585	170	539	+244.1	1,133
Shareholders' equity	8,083	8,626	8,036	-6.3	15,651
- capital	3,930	4,345	3,926	-9.6	7,609
- reserves	3,412	3,676	3,060	-7.2	6,607
- net income	741	605	1,050	+22.5	1,435
Total liabilities	140,611	138,731	139,887	+1.4	272,261

(*) Shareholders' equity reflects the property spin-off closed on 31/10/99 with a reduction of Euro 701 million, of which Euro 413 million attributable to equity capital.

(**) Reserves are net of own shares held by the Parent Bank: 27,431,500 with a book value of Euro 336 million at 31 December 1999 and 3,709,000 with a book value of Euro 47 million at 30 June 2000.

The balance sheet data at 30/6/00 have not been audited.