

SANPAOLO IMI

FIRST QUARTER 2000 RESULTS APPROVED

All profit indicators up – Consolidated net income Euro 379 million (+66%)

Turin, 28 April 2000 - Consolidated net income of Euro 379 million (734 billion Lire) was achieved by the SANPAOLO IMI Group in the first quarter of the year. The result, an increase of 66.2% compared to the first three months of 1999, was presented this morning to the Board of Directors of the Bank, meeting in Turin before the Annual Shareholders' Meeting.

The major contributor to the results was the increase of 36.5% in commissions from services, thanks above all to the positive performance in asset management, which, at period-end, exceeded Euro 119 billion (more than 230,400 billion Lire), with a increase of more than 30% on an annual basis. The performance of mutual funds and portfolio management in funds allowed the Group to confirm its leadership in the sector: market share in Italy rose in the three months from 17.5% to 17.7%. Life policies grew by 35% on an annual basis, taking technical reserves to more than Euro 11,300 million.

In the quarter there was also an appreciable increase in lending activity. Loans to customers rose in the three months by Euro 1,850 million, with a growth of 7.8% on an annual basis. Sight deposits with the Italian branches of the Parent Bank in the three months saw an inflow of more than Euro 1,000 million and an increase on an annual basis of 9.3%. Total financial assets of customers amounted to Euro 277 billion (more than 536,400 billion Lire), with an annual increase of 16.4%.

The growth in net interest income (+3.3% against the first three months of 1999) was accompanied by further reduction in provisions and adjustments to loans and financial fixed assets, thanks to the continuing improvement in asset quality. Provisions and adjustments were reduced by 12.5%.

The attention paid to risk profile and effective recovery action have made possible, in the three months, a fall in net non-performing loans, which fell to 2.2% of customer loans. The importance attributed to asset quality has also led to the non-recourse sale of almost 40,000 non-performing loans, mostly property: as a result of this transaction, which will be closed in the coming weeks at a price expected to be higher than book value, the ratio of non-performing loans to loans will fall to a little more than 1%.

Control of ordinary costs has been held to 3.5% (net of recoveries) in expenses and amortization and depreciation at Group level, despite investments under way in areas of greatest potential development.

Finally, extraordinary income was attributable to the sale of minority interests and own shares.

On 27 April, the sale to the Group Dexia of the residual share (40%) still held by SANPAOLO IMI in Crediop was closed: a net capital gain of more than 100 million of Euro will be posted to the income statement in the second quarter.

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Key figures

	1st quarter 2000	1st quarter 1999	FY 1999	Change	1st quarter 2000
	(Euro/mil)	pro forma (Euro/mil)	(Euro/mil)	1Q '00 - '99., 1Q pro forma (%)	(L/bln)
CONSOLIDATED STATEMENT OF INCOME					
Net interest income	529	512	2,047	+3.3	1,024
Net commissions and other dealing revenues	647	474	2,066	+36.5	1,253
Administrative expenses	-619	-594	-2,466	+4.2	-1,198
Provisions and net adjustments to loans and financial fixed assets	-91	-104	-481	-12.5	-176
Income before extraordinary	560	384	1,504	+45.8	1,085
Extraordinary income	109	4	294	n.s.	211
Group net income	379	228	1,050	+66.2	734
CONSOLIDATED NET INCOME					
Total assets	137,320	137,292	139,887	0.0	265,889
Loans to customers	75,025	69,589	73,174	+7.8	145,269
Securities	18,094	25,270	18,401	-28.4	35,035
Equity investments	3,871	2,132	3,347	+81.6	7,495
Customer deposits and securities issued	79,834	80,933	78,957	-1.4	154,580
Subordinated liabilities	1,494	1,362	1,524	+9.7	2,893
Group shareholders' equity	8,459	8,897	8,036	-4.9	16,379
FINANCIAL ASSETS OF CUSTOMERS					
Total financial assets	277,032	237,939	260,026	+16.4	536,408
- Direct deposits	79,834	80,933	78,957	-1.4	154,580
- Current accounts and deposits	36,886	32,306	36,096	+14.2	71,421
- Certificates of deposit	9,128	9,796	9,090	-6.8	17,674
- Bonds	23,957	25,416	23,643	-5.7	46,387
- Commercial paper	1,251	1,693	2,584	-26.1	2,422
- Repo and securities lending	4,031	6,850	3,758	-41.2	7,805
- Other deposits	4,581	4,872	3,786	-6.0	8,870
- Indirect deposits	197,198	157,006	181,069	+25.6	381,829
- Asset administration	78,185	65,658	70,597	+19.1	151,388
- Asset management	119,013	91,348	110,472	+30.3	230,441
- Mutual funds	78,878	66,207	76,019	+19.1	152,730
- Portfolio management in funds	21,989	11,083	17,836	+98.4	42,576
- Portfolio management	6,769	5,636	6,117	+20.1	13,106
Life assurance	11,377	8,422	10,500	+35.1	22,029
PROFITABILITY RATIOS (%)					
Annualized RoE	19.4	11.4	14.0		19.4
Cost / Income ratio	49.7	56.0	56.6		49.7
Net commissions / Administrative costs	104.5	79.8	83.8		104.5
CREDIT RISK RATIOS					
Net non-performing loans / Customer loans	2.2	2.8	2.3		2.2
Net problem and loans in restructuring / Customer loans	1.5	2.2	1.6		1.5
CAPITAL ADEQUACY RATIOS (%)					
Tier 1 capital / Weighted assets	n.d.	n.d.	9.6		n.d.
Total capital / Weighted assets	n.d.	n.d.	10.3		n.d.
SANPAOLO IMI SHARES					
Number of shares (millions)	1,402	1,402	1,402	-	1,402
- number of shares in circulation	1,399	1,402	1,375	-0.2	1,399
- number of own shares held by the Parent Bank	3	-	27	n.s.	3
Quoted price per share (Euro; lire)					
- average	13.621	14.741	13.191	-7.6	26,374
- low	11.658	13.738	11.102	-15.1	22,573
- high	16.209	16.035	16.035	+1.1	31,385
Earnings per share in circulation (Euro; lire)	0.27	0.16	0.75	+68.8	521
Dividend per share in circulation (Euro; lire)	-	-	0.52	n.s.	-
Dividend / average annual price (%)	-	-	3.92	n.s.	-
Shareholders' equity per share in circulation (Euro; lire)	6.05	6.35	5.84	-4.7	11,714
OPERATING STRUCTURE					
Employees	24,271	24,272	24,133	0.0	24,271
Domestic branches	1,365	1,348	1,355	+1.3	1,365
Foreign branches and representative offices	77	74	76	+4.1	77
Financial planners	4,925	4,501	4,865	+9.4	4,925

Reclassified consolidated statement of income

	1st quarter 2000 (Euro/mil)	1st quarter 1999 pro forma (Euro/mil)	FY 1999 (Euro/mil)	Change 1Q '00 - 1Q (%)	1st quarter 2000 (L/bln)
NET INTEREST INCOME	529	512	2,047	+3.3	1,024
Net commissions and other dealing revenues	647	474	2,066	+36.5	1,253
Profits and losses from financial transactions and dividends	84	91	251	-7.7	163
Profits from companies carried at equity and dividends from shareholdings	35	33	205	+6.1	68
NET INTEREST AND OTHER BANKING INCOME	1,295	1,110	4,569	+16.7	2,508
Administrative costs	-619	-594	-2,466	+4.2	-1,198
- <i>personnel</i>	-386	-379	-1,534	+1.8	-747
- <i>other administrative costs</i>	-190	-174	-763	+9.2	-368
- <i>indirect duties and taxes</i>	-43	-41	-169	+4.9	-83
Other operating income net	40	42	175	-4.8	77
Adjustments to tangible and intangible fixed assets	-65	-70	-293	-7.1	-126
OPERATING INCOME	651	488	1,985	+33.4	1,261
Provisions for risks and charges	-89	-104	-394	-14.4	-172
Net adjustments to loans and provisions for guarantees and commitments	-2	-	-87	n.s.	-4
INCOME BEFORE EXTRAORDINARY ITEMS	560	384	1,504	+45.8	1,085
Net extraordinary income	109	4	294	n.s.	211
INCOME BEFORE TAXES	669	388	1,798	+72.4	1,296
Income taxes	-268	-150	-685	+78.7	-519
Change in reserve for general banking risks	-	-	-1	n.s.	-
Income attributable to minority interests	-22	-10	-62	+120.0	-43
NET INCOME	379	228	1,050	+66.2	734

Analysis of quarterly consolidated statement of income

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

Reclassified consolidated balance sheet

ASSETS	31/3/2000	31/3/1999 pro forma	31/12/1999	Change 31/3/00 - 31/3/99 pro forma	31/3/2000
	(Euro/mil)	(Euro/mil)	(Euro/mil)	(%)	(L/bln)
Cash and deposits with central banks and post offices	359	574	528	-37.5	695
Loans	94,981	87,598	95,318	+8.4	183,909
- due from banks	19,956	18,009	22,144	+10.8	38,640
- loans to customers	75,025	69,589	73,174	+7.8	145,269
Dealing securities	16,383	23,369	16,645	-29.9	31,722
Fixed assets	6,928	5,901	6,490	+17.4	13,415
- investment securities	1,711	1,901	1,756	-10.0	3,313
- equity investments	3,871	2,132	3,347	+81.6	7,495
- intangible fixed assets	257	280	267	-8.2	498
- tangible fixed assets	1,089	1,588	1,120	-31.4	2,109
Differences arising on consolidation and on application of the equity method	47	51	58	-7.8	91
Other assets	18,622	19,799	20,848	-5.9	36,057
Total assets	137,320	137,292	139,887	0.0	265,889
LIABILITIES	31/3/2000	31/3/1999 pro forma	31/12/1999	Change 31/3/00 - 31/3/99 pro forma	31/3/2000
	(Euro/mil)	(Euro/mil)	(Euro/mil)	(%)	(L/bln)
Payables	105,291	104,350	106,969	+0.9	203,872
- due to banks	25,457	23,417	28,012	+8.7	49,292
- due to customers and securities issued	79,834	80,933	78,957	-1.4	154,580
Reserves:	2,213	2,225	1,950	-0.5	4,285
- for taxation	1,293	1,330	1,029	-2.8	2,504
- for termination indemnities	448	442	438	+1.4	867
- for risks and charges	411	388	421	+5.9	796
- for pensions and similar	61	65	62	-6.2	118
Other liabilities	19,303	20,305	20,869	-4.9	37,376
Subordinated liabilities	1,494	1,362	1,524	+9.7	2,893
Minority interests	560	153	539	+266.0	1,084
Shareholders' equity	8,459	8,897	8,036	-4.9	16,379
- capital	3,926	4,345	3,926	-9.6	7,602
- reserves	4,154	4,324	3,060	-3.9	8,043
- net income	379	228	1,050	+66.2	734
Total liabilities	137,320	137,292	139,887	0.0	265,889