

SANPAOLO IMI

- FIRST HALF 2000 APPROVED

Growth in margins and volumes confirmed - Consolidated net income 746 million Euro (+23.3%) - Positive expectations for the second half

- MASINI REPLACES PREDA IN THE EXECUTIVE COMMITTEE

- NEW DIRECTORS OF BANCO DI NAPOLI PROPOSED

To be proposed to the shareholders of Banco di Napoli - Amadio Lazzarini to become General Manager

Turin, 12 September 2000 - All the figures communicated at the end of July were confirmed – with some upward adjustments - in the meeting of the Board of Directors of SANPAOLO IMI, which today examined and approved the first half results for 2000. The results of the Group show consolidated net income of 746 million Euro (1,444 billion Lire), up by 23.3% compared to the first half of 1999, and profit margins in growth (see technical note attached with income statement and balance sheet).

The positive performance registered by the Group in the first half continued in July: both the operating result and net income showed rates of growth of more than 20% in the first seven months of the year. Net interest income continued positive, confirming the reversal in the trend registered in the first half of the year, and above all the contribution from commissions, thanks to the asset management portion, was positive; customer assets under management showed a net inflow of 1,058 million Euro in July, which has brought the inflow to 10 billion Euro from the beginning of the year. There was also a positive performance in asset management in August.

Prospects for 2000 are confirmed as positive: growth in Group profitability is envisaged thanks to an increase in all operating margins.

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The Board of Directors has further decided to nominate Prof. Mario Masini, Director, as a member of the Executive Committee.

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The Board of Directors, finally, noting the resignations preannounced today by the majority of the members of the Board of the Banco di Napoli, has decided to propose to the Shareholders Meeting of the Banco di Napoli called for next 26 October the nomination as Members of the Bank's Board of Prof. Federico Pepe, as Chairman, as well as Luigi Maranzana, Rainer Masera, Bruno Picca and Vittorio Serafino.

Amadio Lazzarini, currently Deputy General Manager of SANPAOLO IMI with responsibility for Operations, has been designated General Manager of the Bank.

The Board of Directors has further decided to nominate Prof. Giuseppe Falcone as Chairman of Banca OPI SpA; he will bring his long experience in Public Works financing as General Manager of the Cassa Depositi e Prestiti, as well as Director and Deputy Chairman of IMI to the SANPAOLO IMI Group.

Finally, the Board of Directors has decided to appoint Avv. Enrico Fioravanti, Deputy General Manager of SANPAOLO IMI, as Deputy Chairman of Sanpaolo Invest Banca SpA as part of the development plans of the subsidiary.

HIGHLIGHTS OF FIRST HALF 2000

Turin, 12 September 2000 - Group results show consolidated net income of 746 million Euro (1,444 billion Lire), up by 23.3% compared to the first half of 1999, and profit margins in growth (net interest and other banking income +13.9%, operating income +25.3%, income before extraordinary items +35%). The cost/income ratio, notwithstanding the considerable extraordinary expenses related to investments to develop technological distribution channels and the strengthening of the commercial network, fell in the 12 months from 57% al 52.7%.

These results were achieved on the one hand by the reversal in the trend registered in net interest income, up 3.8% against 30 June 1999, and on the other by significant growth in commissions, up by 29.3% in the 12 months thanks mostly to the development of asset management. In this sector the SANPAOLO IMI Group maintained a volume performance ahead of the system, further reinforcing its market position. The Group achieved a net inflow of asset management of 9 billion Euro in the six months, taking the total to approximately 120 billion Euro (+22% in the 12 months). Group mutual funds and portfolio management in funds amounted to 101 billion Euro, taking domestic market share to 18%, while technical reserves in the life sector reached 11,760 million Euro. Furthermore, the insurance companies registered an increase in embedded value related to new production in the six months estimated respectively at 35.3 million Euro for Sanpaolo Vita and Sanpaolo Life and at 13 million Euro for Fideuram Vita.

Sight deposits of the Italian branches of the Parent Bank registered a change of 10.4% compared to 30 June 1999, amounting to 27,228 million Euro, while loans, net of non-performing loans, rose to 75,133 million Euro, a change of 7.1% in the 12 months.

Asset quality further improved, as net non-performing loans against customer loans fell from 2.3% at the end of 1999 to 1.1%; net problem and loans in restructuring net of adjustments against customer loans fell from 1.6% at the end of December to 1.3%.

Finally, 304 million Euro of net extraordinary results (substantially similar to the figure in the first half of 1999) contributed to the pre-tax profits.

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This press release contains forward-looking statements which reflect management's current views with respect to certain future events and financial performance, such as statements that include the words or phrases "positive expectations" or similar expressions. Actual results may differ materially from those projected or implied in the forward-looking statements. Furthermore, certain forward-looking statements are based upon assumptions of future events which may not prove to be accurate. The following could cause actual results to differ materially from those projected or implied in any forward-looking statements: competitive conditions or unexpected changes in the markets served by SANPAOLO IMI, fiscal policy or plans in Italy or the European Union, unexpected turbulence in interest rates, foreign exchange rates or equity prices, regional or general changes in asset valuations, the business and financial condition of the company or its customers, Italian and foreign laws, regulations and taxes and the adequacy of loss reserves and general economic conditions in Italy and in other countries where SANPAOLO IMI conducts its business. The foregoing factors should not be considered as exhaustive. Because of such uncertainties and risks, readers should not place undue reliance on such forward-looking statements, which speak only as of the date of this press release. SANPAOLO IMI assumes no responsibility to update any such forward-looking statements.

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	1,071	1,032	2,047	+3.8	2,074
Net commissions and other dealing revenues	1,248	965	2,066	+29.3	2,417
Profits and losses from financial transactions and dividends from shares	124	144	251	-13.9	240
Profits from companies carried at equity and dividends from shareholdings	74	69	205	+7.2	143
NET INTEREST AND OTHER BANKING INCOME	2,517	2,210	4,569	+13.9	4,874
Administrative costs	-1,279	-1,211	-2,466	+5.6	-2,476
- personnel	-778	-765	-1,534	+1.7	-1,506
- other administrative costs	-416	-363	-763	+14.6	-805
- indirect duties and taxes	-85	-83	-169	+2.4	-165
Other operating income, net	88	85	175	+3.5	169
Adjustments to tangible and intangible fixed assets	-136	-134	-293	+1.5	-263
OPERATING INCOME	1,190	950	1,985	+25.3	2,304
Net adjustments to loans and provisions	-209	-201	-394	+4.0	-404
Net adjustments to financial fixed assets	-5	-26	-87	-80.8	-10
INCOME BEFORE EXTRAORDINARY ITEMS	976	723	1,504	+35.0	1,890
Net extraordinary income	304	301	294	+1.0	588
GROSS INCOME	1,280	1,024	1,798	+25.0	2,478
Income taxes	-488	-398	-685	+22.6	-945
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	746	605	1,050	+23.3	1,444

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	449	431	528	+4.2	869
Loans	97,715	91,968	95,318	+6.2	189,203
- <i>due from banks</i>	21,732	20,005	22,144	+8.6	42,079
- <i>loans to customers</i>	75,983	71,963	73,174	+5.6	147,123
Dealing securities	18,909	23,665	16,645	-20.1	36,613
Fixed assets	6,624	5,780	6,490	+14.6	12,826
- <i>investment securities</i>	1,694	1,687	1,756	+0.4	3,280
- <i>equity investments</i>	3,564	2,351	3,347	+51.6	6,901
- <i>intangible fixed assets</i>	258	267	267	-3.4	500
- <i>tangible fixed assets</i>	1,108	1,475	1,120	-24.9	2,145
Differences arising on consolidation and on application of the equity method	93	45	58	+106.7	180
Other assets	16,916	16,842	20,848	+0.4	32,754
Total assets	140,706	138,731	139,887	+1.4	272,445
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	108,996	107,200	106,969	+1.7	211,046
- <i>due to banks</i>	30,777	25,679	28,012	+19.9	59,593
- <i>due to customers and securities issued</i>	78,219	81,521	78,957	-4.1	151,453
Reserves:	2,012	1,601	1,950	+25.7	3,896
- <i>for taxation</i>	976	727	1,029	+34.3	1,890
- <i>for termination indemnities</i>	447	434	438	+3.0	866
- <i>for risks and charges</i>	545	392	437	+39.0	1,055
- <i>for pensions and similar</i>	44	48	46	-8.3	85
Other liabilities	18,738	19,788	20,869	-5.3	36,282
Subordinated liabilities	2,207	1,346	1,524	+64.0	4,273
Minority interests	588	170	539	+245.9	1,139
Shareholders' equity (*)	8,165	8,626	8,036	-5.3	15,809
- <i>capital</i>	3,930	4,345	3,926	-9.6	7,609
- <i>reserves (**)</i>	3,489	3,676	3,060	-5.1	6,756
- <i>net income</i>	746	605	1,050	+23.3	1,444
Total liabilities	140,706	138,731	139,887	+1.4	272,445

(*) 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 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 (at 30 June 1999 no own shares were held).